PRELIMINARY OFFICIAL STATEMENT DATED APRIL 15, 2021

NEW ISSUE—FULL BOOK-ENTRY

RATING:
S&P: "AA"
(See "RATING" herein)

In the opinion of Quint & Thimmig LLP, Larkspur, California, Special Counsel, subject to compliance by the City with certain covenants, interest with respect to the Certificates is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax ~~for individuals~~. In addition, in the opinion of Special Counsel, interest with respect to the Certificates is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS" herein.

$100,000,000*
CERTIFICATES OF PARTICIPATION
(2021 Capital Improvement Project)
Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the CITY OF CONCORD (Contra Costa County, California), As the Rental for Certain Property Pursuant to a Lease Agreement with the Public Property Financing Corporation of California

Dated: Date of Delivery **Due: April 1, as set forth below**

The $100,000,000* Certificates of Participation (2021 Capital Improvement Project) (the "Certificates"), are being sold to provide funds, together with other available moneys, to (a) finance the cost of various capital improvements within the geographic boundaries (the "Project") of the City of Concord (the "City"), (b) to prepay an outstanding 2015 lease agreement, and (c) pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates. The Certificates will evidence direct, undivided fractional interests of the owners thereof in Lease Payments (as defined herein) to be made by the City to the Public Property Financing Corporation of California (the "Corporation") for the use and occupancy of the Property (as defined herein) under and pursuant to a Lease Agreement, dated as of May 1, 2021, by and between the Corporation and the City (the "Lease Agreement"). The Corporation will assign its right to receive Lease Payments from the City under the Lease Agreement and its right to enforce payment of the Lease Payments when due or otherwise protect its interest in the event of a default by the City thereunder to The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as trustee (the "Trustee"), for the benefit of the registered owners of the Certificates.

The Certificates will be executed and delivered in book-entry form only, and will be initially registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (referred to herein as "DTC"). Purchasers of the Certificates (the "Beneficial Owners") will not receive physical certificates representing their interest in the Certificates. Interest with respect to the Certificates accrues from their date of delivery, and is payable semiannually by check mailed on each April 1 and October 1, commencing October 1, 2021. The Certificates may be executed and delivered in denominations of $5,000 or any integral multiple thereof. Payments of principal and interest with respect to the Certificates will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Certificates. See "THE CERTIFICATES—Book-Entry-Only System."

The Certificates are subject to optional and mandatory redemption, as described herein. See "THE CERTIFICATES—Redemption."

NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTES A DEBT OR INDEBTEDNESS OF THE CITY OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS OR RESTRICTION OR AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

MATURITY SCHEDULE*

$_____ Serial Certificates

CUSIP Prefix: _____†

Maturity (April 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†	Maturity (April 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†

$_____ _____% Term Certificates maturing April 1, _____; Price: _____% to Yield _____%—CUSIP: _____ _____†

The cover page contains certain information for general reference only. It is not a summary of all the provisions of the Certificates. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "RISK FACTORS" herein for a discussion of special risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Certificates.

The Certificates will be offered when, as and if delivered and received by the Underwriter subject to approval by Quint & Thimmig LLP, Larkspur, California, as Special Counsel. Certain matters will be passed upon for the City by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel, and by Susanne Brown, Esq., the City Attorney, and for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California It is anticipated that the Certificates will be available for delivery to DTC in New York, New York, on or about May 19, 2021.

STIFEL

Dated: April ___, 2021

*Preliminary, subject to change.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the City with respect to the Certificates that has been deemed "final" by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

This Official Statement is not to be construed as a contract with the purchasers of the Certificates. 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 facts.

The information set forth herein has been obtained from the City and from other sources and is believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. This Official Statement is submitted in connection with the sale of the Certificates 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 the Certificates, the Lease Agreement, the Trust Agreement, the Assignment Agreement, the Site and Facility Lease (each as defined herein), or other documents, are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Director of Finance for further information. See "INTRODUCTION—Other Information."

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES 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 CERTIFICATES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the City's forecasts in any way. Neither the City nor the Corporation is obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur or do not occur.

The execution, sale and delivery of the Certificates has not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

The City maintains a website. Unless specifically indicated otherwise, the information presented on such website is ***not*** incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Certificates.

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CONCORD • CALIFORNIA

CITY OF CONCORD
1950 Parkside Drive,
Concord, CA 94519
(925) 671-2489
http://www.ci.concord.ca.us

CITY COUNCIL MEMBERS

Tim McGallian, *Mayor, District 5*
Dominic Aliano, *Vice Mayor, District 3*
Edi Birsan, *Councilmember, District 4*
Laura Hoffmeister, *Councilmember, District 1*
Carlyn Obringer, *Councilmember, District 2*

CITY OFFICIALS

Valerie Barone, *City Manager*
Karan Reid, *Director of Finance*
E. Patricia Barsotti, *City Treasurer*
Susanne Brown, Esq., *City Attorney*
Joelle Fockler, MMC, *City Clerk*

SPECIAL SERVICES

Special Counsel and Disclosure Counsel
Quint & Thimmig LLP
Larkspur, California

Municipal Advisor
Fieldman, Rolapp & Associates, Inc.
Irvine, California

Trustee
The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

$100,000,000*
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CITY OF CONCORD
(Contra Costa County, California),
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with the Public Property Financing Corporation of California

INTRODUCTION

This introduction does not purport to be complete and reference is made to the body of this Official Statement, appendices and the documents referred to herein for more complete information with respect to matters concerning the captioned Certificates. Potential investors are encouraged to read this entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement and in APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS.

General

This Official Statement, including the cover page, the inside cover page and appendices hereto, is provided to furnish information in connection with the execution, sale and delivery of $100,000,000* Certificates of Participation (2021 Capital Improvement Project) (the "Certificates"). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of May 1, 2021 (the "Trust Agreement"), by and among the City of Concord (the "City"), the Public Property Financing Corporation of California (the "Corporation") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

The proceeds of the Certificates will provide funds to (a) finance the cost of various capital improvements within the geographic boundaries of the City (the "2021 Project"), (b) prepay a lease agreement entered into in 2015 which was assigned and payable to Bank of the West (the "2015 Lease Agreement"), and (c) pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates. See "PLAN OF FINANCING."

The City will lease certain existing properties (collectively, the "Site") and the improvements thereon (collectively, the "Facility" and, with the Site, the "Property") to the Corporation pursuant to a Site and Facility Lease, dated as of May 1, 2021 (the "Site and Facility Lease"). The Corporation will lease the Property back to the City pursuant to a Lease Agreement, dated as of May 1, 2021 (the "Lease Agreement"). The Certificates are payable solely from and secured by the lease payments (the "Lease Payments") to be made by the City to the Corporation pursuant to the Lease Agreement. See "SOURCE OF PAYMENT FOR THE CERTIFICATES" and "THE PROPERTY."

* Preliminary, subject to change.

Interest with respect to the Certificates is payable on April 1 and October 1 of each year, commencing October 1, 2021. The Certificates will mature in the amounts and on the dates and be payable at the interest rates shown on the cover of this Official Statement. See "THE CERTIFICATES."

The Certificates will be delivered in fully registered form only, in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as the depository for the Certificates and all payments due with respect to the Certificates will be made to Cede & Co., DTC's nominee. Ownership interests in the Certificates may be purchased only in book-entry form. See "THE CERTIFICATES—Book-Entry System" and APPENDIX F—DTC'S BOOK-ENTRY ONLY SYSTEM.

Source of Payment for the Certificates

The Certificates represent direct, undivided interests of the Owners thereof in the Lease Payments to be paid by the City to the Corporation pursuant to the Lease Agreement. The Lease Payments are payable by the City from its General Fund for the right to use and possess the Property. The Lease Payments are subject to abatement during any period in which by reason of damage or destruction there is substantial interference with the use and occupancy by the City of the Property or any portion thereof. The City will covenant under the Lease Agreement to take such action as necessary to include the Lease Payments in its annual budget and to make all necessary appropriations therefor (subject to abatement under certain circumstances described in the Lease Agreement). Pursuant to an Assignment Agreement, dated as of May 1, 2021 (the "Assignment Agreement"), by and between the Corporation and the Trustee, the Corporation will assign to the Trustee, for the benefit of the Owners of the Certificates, certain of its rights under the Lease Agreement, including its right to receive Lease Payments from the City. See "SOURCE OF PAYMENT FOR THE CERTIFICATES" and "RISK FACTORS."

A reserve fund will *not* be funded for the Certificates.

NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTES A DEBT OR INDEBTEDNESS OF THE CITY OR THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS OR RESTRICTION OR AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION

Redemption

The Certificates are subject to optional and mandatory redemption. See "THE CERTIFICATES—Redemption."

The City

The City is located 29 miles east of San Francisco and is the largest city in Contra Costa County (the "County"). The City covers 31.13 square miles and provides a full range of services including: police protection, recreational activities, community and economic development, street improvements and maintenance services, parks maintenance, sewer, and general administrative and support services. In

addition, the City oversees management of the Concord Pavilion, Diablo Creek Golf Course and Camp Concord in South Lake Tahoe, California.

The City is a general law city. The City's governing body, its City Council (the "City Council"), is comprised of five elected members who are elected by district to staggered four-year terms. The voters in the City also elect a City Treasurer who serves a four-year term.

The City is operated under the Council-Manager form of government. The City Council hires the City Manager, who is then responsible for all management functions of the City including the development of the budget, delivery of services, hiring of personnel and implementation of capital projects. The City Council also directly hires the City Attorney who serves as the City's primary legal advisor.

For additional information about the City, see "THE CITY," "CITY FINANCIAL INFORMATION" and APPENDIX A—GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY AND THE COUNTY.

COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "COVID-19 Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the City, the County, the State, and the United States. The COVID-19 Pandemic is ongoing, and has affected and will continue to affect the City and its finances. The duration and severity of the COVID-19 Pandemic and the ramifications of the economic and other actions that have been or may be taken by governmental authorities to contain the COVID-19 Pandemic or to treat its impacts is uncertain. For additional discussion of the COVID-19 Pandemic, see "RISK FACTORS—COVID-19 Pandemic" herein.

The City currently projects that the COVID-19 Pandemic will continue to negatively impact its General Fund revenues in fiscal year 2020-21 and beyond. The City estimates that impacts from the COVID-19 Pandemic will affect its General Fund revenue sources, with the largest General Fund revenue reductions occurring in the City's sales and use tax collections. For a discussion of the City's General Fund revenue sources, including sales and use taxes, see "CITY FINANCIAL INFORMATION" herein.

The City has adopted budget mitigation measures alongside its fiscal year 2020-21 budget with a goal of cutting expenditures to offset COVID-19 Pandemic related impacts. In addition to budget mitigation measures adopted with the City's fiscal year 2020-21 budget, the City drew upon its reserves to close budget shortfalls during fiscal year 2019-20 and plans to draw upon its reserves in fiscal year 2020-21 depending on actual revenues. For a discussion of the City's fiscal year 2020-21 budget and the City's reserve policy, See "CITY FINANCIAL INFORMATION – General Fund Budget."

Continuing Disclosure

The City will covenant in a continuing disclosure certificate to prepare and deliver annual reports to the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system. See "CONTINUING DISCLOSURE" and APPENDIX G—FORM OF CONTINUING DISCLOSURE CERTIFICATE.

Summaries of Documents

This Official Statement contains descriptions of the Certificates, the Trust Agreement, the Site and Facility Lease, the Lease Agreement, the Assignment Agreement and various other agreements and documents. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and, with respect to certain rights and remedies, to laws and principles of equity relating to or affecting creditors' rights generally. Copies of the various documents described herein are available for inspection during business hours at the corporate trust office of the Trustee at 50 Fremont Street, Suite 3900, San Francisco, CA 94111.

Other Information

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

Unless otherwise expressly noted, all references to internet websites in this Official Statement, including without limitation, the City's website, are shown for reference and convenience only and none of their content is incorporated herein by reference. The information contained within such websites has not been reviewed by the City and the City makes no representation regarding the accuracy or completeness of the information therein.

ESTIMATED SOURCES AND USES OF FUNDS

The following table shows the estimated sources and uses of the proceeds from the sale of the Certificates and other moneys:

Sources	
Par Amount of the Certificates	
Plus: Original Issue Premium	
Total Sources	
Uses	
Deposit to the Project Fund [(1)]	
Prepayment of 2015 Lease Agreement	
Costs of Issuance [(2)]	
Total Uses	

(1) Amounts deposited in the Project Fund will be used to finance the 2021 Project. See "PLAN OF FINANCING—The 2021 Project."

(2) Costs of Issuance include the Underwriter's discount, fees and expenses of the municipal advisor, special counsel, disclosure counsel and the Trustee, printing expenses, rating fees, title insurance and other costs.

PLAN OF FINANCING

Proceeds of the Certificates will be used to (a) finance the costs of the 2021 Project, (b) prepay the 2015 Lease Agreement, and (c) pay the delivery costs incurred in connection with the execution, delivery and sale of the Certificates.

The 2021 Project. The Project consists of capital improvements throughout the geographic boundaries of the City consisting primarily of roadway improvements and roadway reconstruction.

Prepayment of the 2015 Lease Agreement. In March of 2015, the City entered into the 2015 Lease Agreement with the Corporation to finance street and other infrastructure improvements throughout the geographic boundaries of the City (the "2015 Project"). The City's obligation to make lease payments under the 2015 Lease Agreement were assigned by the Corporation to the Bank of the West which advanced $22,635,000 to the City for the 2015 Project. The payments under the 2015 Lease Agreement include a principal component and an interest component (payable at the rate of 1.91% per annum) and are scheduled to be paid through March 1, 2025. A portion of the proceeds of the Certificates will be used to prepay the outstanding principal component of the 2015 Lease Agreement ($9,570,000) on the delivery date of the Certificates plus accrued interest to such date.

THE PROPERTY

Pursuant to the Site and Facility Lease, the City will lease the Property to the Corporation. Pursuant to the Lease Agreement, the Corporation will, in turn, lease the Property back to the City. See APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—Site and Facility Lease and APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—Lease Agreement.

The Property consists of the Concord Police Station and the Concord Pavilion and the sites thereof.

City of Concord Police Station and secondary building, is located on the Site at 1350 Galindo Street, Concord, California. The Police Station was constructed in 1997 and contains approximately 67,180 square feet of space. The Police Station includes offices and interrogation rooms, a dispatch center, detention facility (jail), the City's Emergency Operations Center, property and records storage, crime scene investigation processing area and a public community room.

The **Concord Pavilion** (formerly known as Sleep Train Pavilion and Chronicle Pavilion), located at 2000 Kirker Pass Road, Concord, California, is an amphitheater owned by the City and operated by Live Nation. The Pavilion has a capacity of 12,500 people and opened in 1975. It is used for concerts, local community events (including an annual jazz festival) and local high school graduations. The Pavilion was designed by architect Frank Gehry and landscape architect Peter Walker. Gehry also designed its mid-1990s renovations, which included more parking and seats. The venue has hosted numerous professional musical acts over the years of its operation~~ and continues to do so to this day~~. Due to stay at home orders, it has been closed since the beginning of the COVID 19 Pandemic but is expected to reopen when the County permits.

The value of the Property~~, including the real property,~~ is approximately $110,350,000.

For a description of certain terms of the Lease Agreement see "SOURCE OF PAYMENT FOR THE CERTIFICATES" and APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT.

Pursuant to the Lease Agreement, the City may substitute the Property, in whole or in part, by other properties, upon the satisfaction of certain conditions. For more information regarding the substitution of property see "SOURCE OF PAYMENT FOR THE CERTIFICATES—Substitution of Property." ~~and APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT.~~

The City has not granted any security interest in the Property for the benefit of the Certificates and there is no remedy of foreclosure on the Property upon the occurrence of an Event of Default under the Lease Agreement. For a discussion of remedies upon an Event of Default under the Lease Agreement, see "RISK FACTORS—Limitations on Remedies."

DEBT SERVICE SCHEDULE

The following table shows the scheduled annual debt service for the Certificates assuming no redemption:

Principal Payment Date (April 1)	Principal* (1)	Interest (2)	Total
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
Total			

*Preliminary, subject to change.

(1) Principal payments with respect to the Certificates on each April 1 are derived from Lease Payments made by the City on the preceding March 15. Includes sinking fund payments.

(2) Interest payments with respect to the Certificates on each April 1 and October 1 are derived from Lease Payments made by the City on the preceding March 15 and September 15, respectively.

THE CERTIFICATES

General

The Certificates will be executed and delivered in the aggregate principal amount and will mature on the dates and interest with respect thereto will be payable at the rates per annum as set forth on the cover page of this Official Statement. The Certificates will be delivered in the form of fully registered Certificates without coupons in the denomination of $5,000 or any integral multiple thereof. Interest with respect to the Certificates will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable on April 1 and October 1 of each year, commencing October 1, 2021 (each an "Interest Payment Date"), until maturity or earlier redemption thereof. The Certificates will be initially executed, delivered and registered in the name of "Cede & Co." as nominee of DTC and will be evidenced by one Certificate maturing on each of the maturity dates in a denomination corresponding to the total principal therein designated to mature on such date. See "THE CERTIFICATES—Book-Entry System" and APPENDIX F—DTC'S BOOK-ENTRY ONLY SYSTEM.

Interest with respect to the Certificates will be payable from the Interest Payment Date next preceding the date of execution thereof, unless: (i) it is executed as of an Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (ii) it is executed after a Record Date (i.e., the close of business on the 15th day of the month preceding each Interest Payment Date, whether or not such 15th day is a Business Day) and before the following Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (iii) it is executed on or before September 15, 2021, in which event interest with respect thereto will be payable from its dated date; *provided, however*, that if, as of the date of execution of any Certificate, interest is in default with respect to any Outstanding Certificates, interest represented by such Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Certificates. Payment of defaulted interest shall be paid by check mailed to the Owners as of a special record date to be fixed by the Trustee in its sole discretion, notice of which shall be given to the Owners not less than ten (10) days prior to such special record date.

Payment of interest due with respect to any Certificate on any Interest Payment Date will be made to the person appearing on the Registration Books as the Owner thereof as of the Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the Interest Payment Date by first class mail to such Owner at his or her address as it appears on the Registration Books as of such Record Date or, upon written request filed with the Trustee prior to the Record Date by an Owner of at least $1,000,000 in aggregate principal amount of Certificates, by wire transfer in immediately available funds to an account in the United States designated by such Owner in such written request. Any such written request shall remain in effect until rescinded in writing by the Owner. The principal and redemption price with respect to the Certificates at maturity or upon prior redemption shall be payable by check denominated in lawful money of the United States of America upon surrender of the Certificates at the Principal Corporate Trust Office.

Redemption

Optional Redemption. The Certificates maturing on or before April 1, _____, are not subject to optional redemption prior to maturity. The Certificates maturing on and after April 1, _____, are subject to optional redemption in whole or in part in such order of maturity as shall be designated by the City and by lot within a maturity, on any date on or after April 1, _____, at a redemption price equal to the principal amount of the Certificates to be redeemed, together with accrued interest, without premium, to the date fixed for redemption, from the proceeds of the optional redemption of Lease Payments made by the City pursuant to the Lease Agreement.

Mandatory Sinking Fund Redemption. The Certificates maturing on April 1, _____, are subject to mandatory redemption in part on April 1, _____, and on each April 1 thereafter, to and including April 1, _____, from the principal components of scheduled Lease Payments required to be paid by the City pursuant to the Lease Agreement with respect to each such redemption date (subject to abatement, as set forth in the Lease Agreement), at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year (April 1)	Principal Amount of Certificates to be Redeemed

†Maturity.

Redemption from Net Proceeds of Insurance and Condemnation. The Certificates are subject to mandatory redemption in whole or in part on any date from the Net Proceeds of an insurance, title insurance, condemnation, or eminent domain award to the extent credited towards the prepayment of the Lease Payments by the City pursuant to the Lease Agreement, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium..

Selection of Certificates for Redemption. Whenever provision is made in the Trust Agreement for the redemption of Certificates and less than all Outstanding Certificates within a maturity are to be redeemed, Certificates of that maturity shall be selected for redemption in accordance with the rules of the Securities Depositories. For the purposes of such selection, Certificates shall be deemed to be composed of $5,000 portions and any such portion may be separately redeemed.

Notice of Redemption. The City shall be required to give the Trustee written notice of its intention to redeem Certificates at least thirty (30) days prior to the date fixed for redemption unless the Trustee otherwise agrees to a shorter period for such notice. Unless waived in writing by any Owner of a Certificate to be redeemed, notice of any such redemption shall be given by the Trustee on behalf and at the expense of the City, by mailing a copy of a redemption notice by first class mail, postage prepaid, at least twenty (20) days and not more than sixty (60) days prior to the date fixed for redemption to such Owner of the Certificate or Certificates to be redeemed at the address shown on the Registration Books maintained by the Trustee or at such other address as is furnished in writing by such Owner to the Trustee; *provided,*

however, that neither the failure to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Certificates.

All notices of redemption shall be dated and shall state: (i) the redemption date; (ii) the redemption price; (iii) if less than all Outstanding Certificates of a maturity are to be redeemed, the Certificate numbers (and, in the case of partial redemption, the respective principal amounts) of the Certificates to be redeemed; (iv) that on the redemption date the redemption price will become due and payable upon each such Certificate or portion thereof called for redemption and that interest with respect thereto shall cease to accrue from and after said date; (v) the place where such Certificates are to be surrendered for payment of the redemption price, which place of payment shall be the Designated Corporate Trust Office; (vi) the CUSIP numbers of all Certificates being redeemed; (vii) the original date of execution and delivery of the Certificates; (viii) the rate of interest payable with respect to each maturity of Certificates being redeemed; (ix) the maturity date of each Certificate being redeemed; and (x) any other descriptive information needed to identify accurately the Certificates being redeemed.

Notwithstanding the foregoing, in the case of any optional redemption of the Certificates, the notice of redemption shall state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Certificates on the scheduled redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Certificates have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the Certificates to be optionally redeemed, such event shall not constitute an Event of Default; the Trustee shall send written notice to the Owners, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Certificates for which notice of optional redemption was given shall remain Outstanding for all purposes of the Trust Agreement.

Notice of redemption having been given as aforesaid and the deposit of the redemption price having been made by the City, the Certificates or portions of Certificates so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date interest with respect to such Certificates or portions of Certificates shall cease to be payable. Upon surrender of such Certificates for redemption in accordance with said notice, such Certificates shall be paid by the Trustee at the redemption price. Upon the payment of the redemption price of Certificates being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Certificates being redeemed with the proceeds of such check or other transfer, to the extent possible. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Certificates which have been redeemed shall be canceled by the Trustee, shall not be redelivered and shall be destroyed pursuant to the Trust Agreement.

In addition to the foregoing notice to the Owners, notice shall also be given by the Trustee, by telecopy or other electronic transmission, registered, certified or overnight mail, to all Securities Depositories and to an Information Service which shall state the information set forth above, but no defect in said notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption.

The Trustee shall have no responsibility for a defect in the CUSIP number that appears on any Certificate or in the redemption notice. The redemption notice may provide that the CUSIP numbers have been assigned by an independent service and are included in the notice solely for the convenience of

Certificate Owners and that the Trustee and the City shall not be liable in any way for inaccuracies in said numbers.

Partial Redemption of Certificate. Upon surrender of any Certificate redeemed in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the City, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Certificate surrendered and of the same interest rate and the same maturity.

Purchase of Certificates. In lieu of redemption of Certificates, amounts held by the Trustee for such redemption may also be used on any Interest Payment Date, upon receipt by the Trustee at least ninety (90) days prior to the next scheduled Interest Payment Date of the written request of a City Representative, for the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the City may in its discretion direct. Such purchases may be effected through the investment department of the Trustee or of an affiliate of the Trustee. The aggregate principal amount of Certificates of the same maturity purchased in lieu of redemption shall not exceed the aggregate principal amount of Certificates of such maturity which would otherwise be subject to such redemption. Remaining moneys, if any, shall be deposited in the Lease Payment Fund. All Certificates purchased in lieu of redemption shall be canceled by the Trustee.

Transfer and Exchange of Certificates

The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation at the Designated Corporate Trust Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee shall execute and deliver a new Certificate or Certificates of the same maturity and aggregate principal amount, in any authorized denominations.

Certificates may be exchanged at the Corporate Trust Office of the Trustee, for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity. The City shall pay any costs of the Trustee incurred in connection with such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Book-Entry System

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

In the event that such book-entry system is discontinued with respect to the Certificates, the City will cause the Trustee to execute and deliver replacements in the form of registered certificates and, thereafter, the Certificates will be transferable and exchangeable on the terms and conditions provided in the Trust Agreement.

SOURCE OF PAYMENT FOR THE CERTIFICATES

General

Each Certificate represents a direct, undivided fractional interest in the Lease Payments. Pursuant to the Lease Agreement, the City will lease the Property from the Corporation and agree to make Lease Payments. See "THE PROPERTY." Upon satisfaction of certain conditions set forth in the Lease Agreement, the City may substitute the Property with other properties. See "Substitution or Removal of Property" and "Abatement" below.

As security for the Certificates, the Corporation will assign to the Trustee for the payment of principal and interest with respect to the Certificates, the Corporation's rights, title and interest in the Lease Agreement (with certain exceptions), including the right to receive Lease Payments to be made by the City under the Lease Agreement. The Lease Payments are designed to be sufficient, in both time and amount, to pay when due, the principal and interest with respect to the Certificates. The Lease Payments are payable by the City from any source of legally available funds.

THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTES AN INDEBTEDNESS OF THE CITY OR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

Lease Payments; Covenant to Appropriate

Pursuant to the Lease Agreement, the City has agreed to make Lease Payments for the lease of the Property. Lease Payments will be made by the City to the Trustee on March 15 and September 15 in each year, in advance of the corresponding April 1 and October 1 Interest Payment Dates. The City will also pay as additional payments ("Additional Payments"), amounts required for the payment of all costs and expenses incurred by the Corporation to comply with the provisions of the Trust Agreement or in connection with the execution and delivery of the Certificates. The City has covenanted under the Lease Agreement to take such action as may be necessary to include all Lease Payments in its annual budget and to make the necessary annual appropriations for all such payments. Under certain circumstances described under the Lease Agreement, however, Lease Payments are subject to abatement during periods of substantial interference with the City's use and occupancy of the Property or any portion thereof. See "SOURCE OF PAYMENT FOR THE CERTIFICATES—Abatement."

Insurance

The City is required to keep or cause to be kept casualty insurance against loss or damage by fire and lightning, with extended coverage and vandalism and malicious mischief insurance, in an amount at least equal to the lesser of (i) 100% of the replacement cost (without deducting for depreciation) of the Property and (ii) the aggregate principal amount of Certificates at the time outstanding. Such insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance.

To insure against loss of rental income caused by perils mentioned above, the City is required to maintain, or cause to be maintained throughout the term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Property as a result of any of the hazards described above in an amount at least equal to the maximum Lease Payments coming due and payable during any two consecutive fiscal years during the remaining term of the Lease Agreement.

Public liability and property damage insurance coverage is required in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of $150,000 (subject to a deductible clause of not to exceed $250,000, or such higher amount as the City shall determine, provided that such higher deductible shall be considered a self-insured retention) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City and may be maintained in the form of insurance maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the City. The net proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

The City shall provide, from moneys in the Costs of Issuance Fund or at its own expense, on the Closing Date, a CLTA title insurance policy in the amount of not less than the principal amount of the Certificates, insuring the City's leasehold estate in the Property, subject only to Permitted Encumbrances.

See APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT—Insurance.

Abatement

Pursuant to the Lease Agreement, Lease Payments shall be abated during any period in which, by reason of damage or destruction, there is substantial interference with the use and occupancy by the City of the Property or any portion thereof (other than any modified portions of the Property as described in the Lease Agreement) to the extent to be agreed upon by the City and the Corporation and communicated by a City Representative to the Trustee. The parties agree that the amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed), based upon any appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as communicated by a City Representative to the Trustee. In the event of any such

damage or destruction, this Lease Agreement shall continue in full force and effect and the City waives any right to terminate this Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments to the extent that (a) the proceeds of rental interruption insurance or (b) amounts in the Insurance and Condemnation Fund and/or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments. If an abatement event has occurred but remedied, the City shall be required to extend the Term of this Lease Agreement, as described in the Lease Agreement, so that amounts abated are recouped.. See "SOURCE OF PAYMENT FOR THE CERTIFICATES—Insurance," APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—Lease Agreement—Insurance and APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—Lease Agreement—Abatement of Rental Payments in the Event of Damage or Destruction.

Eminent Domain

Pursuant to the Lease Agreement, if all of the Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Property is taken permanently, or if the Property or any part thereof shall be taken temporarily, under the power of eminent domain, (1) the Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments, in an amount to be agreed upon by the City and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

No Reserve Fund

A reserve fund will *not* be funded for the Certificates.

Optional Prepayment

Pursuant to the Lease Agreement, the City has an option to prepay the principal components of the Lease Payments in full, by paying the aggregate unpaid principal components of the Lease Payments, in whole or in part, in a prepayment amount equal to the principal amount of Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, without premium. See "THE CERTIFICATES—Prepayment—Optional Prepayment."

Said option may be exercised on any date on or after March 15, _____. In the event of prepayment in part, the partial prepayment will be applied against Lease Payments in such order of payment date as will be selected by the City. Lease Payments due after any such partial prepayment will be in the amounts set forth in a revised Lease Payment schedule which will be provided by, or caused to be provided by, the City to the Trustee and which will represent an adjustment to the schedule set forth in the Lease Agreement taking into account said partial prepayment.

Prepayment from Net Proceeds of Insurance and Condemnation

The City shall be obligated to prepay the Lease Payments for the Property, in whole or in part on any date, from and to the extent of any Net Proceeds of insurance award or condemnation award with respect to the Property that have been deposited with the Trustee in the Lease Payment Fund for such purpose. Such proceeds shall be applied to the prepayment of the principal component of the Lease Payments and the prepayment of the Certificates. See "THE CERTIFICATES—Prepayment—Prepayment from Net Proceeds of Insurance and Condemnation."

Substitution of Property

Substitution of Site or Facility. The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute other land (a "Substitute Site") and/or a substitute facility (a "Substitute Facility") for the Site (the "Former Site"), or a portion thereof, and/or the Facility (the "Former Facility"), or a portion thereof, provided that the City shall satisfy all of the following requirements (to the extent applicable) which are hereby declared to be conditions precedent to such substitution:

(i) If a substitution of the Site, the City shall file with the Corporation and the Trustee an amended Exhibit A to the Site and Facility Lease which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(ii) If a substitution of the Site, the City shall file with the Corporation and the Trustee an amended Exhibit A to the Lease Agreement which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(iii) If a substitution of the Facility, the City shall file with the Corporation and the Trustee an amended Exhibit B to the Site and Facility Lease which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(iv) If a substitution of the Facility, the City shall file with the Corporation and the Trustee an amended Exhibit B to the Lease Agreement which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(v) The City shall certify in writing to the Corporation and the Trustee that such Substitute Site and/or Substitute Facility serve the purposes of the City, constitutes property that is unencumbered, subject to Permitted Encumbrances, and constitutes property which the City is permitted to lease under the laws of the State;

(vi) The City delivers to the Corporation and the Trustee an Officer's Certificate of the City based on insurance values or any other reasonable basis of valuation received by the City (which need not require an appraisal) that the value of the Property following such substitution is equal to or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee that the indemnification provided pursuant to the Trust Agreement applies with respect to the Substitute Site and/or Substitute Facility;

(vii) The Substitute Site and/or Substitute Facility shall not cause the City to violate any of its covenants, representations and warranties made herein and in the Trust Agreement, as evidenced by an officer's certificate delivered to the Trustee;

(viii) The City shall obtain an amendment to the title insurance policy required pursuant to the Lease Agreement which adds thereto a description of the Substitute Site and deletes therefrom the description of the Former Site;

(ix) The City shall certify that the Substitute Site and/or the Substitute Facility is of the same or greater essentiality to the City as was the Former Site and/or the Former Facility;

(x) The City shall provide notice of the substitution to any rating agency then rating the Certificates which rating was provided at the request of the City or the Corporation; and

(xi) The City shall furnish the Corporation and the Trustee with a written opinion of Bond Counsel, which shall be an Independent Counsel, stating that such substitution does not cause the interest components of the Lease Payments to become subject to federal income taxes or State personal income taxes.

Release of Site. The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Site, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Corporation and the Trustee an amended Exhibit A to the Site and Facility Lease which describes the Site, as revised by such release;

(ii) The City shall file with the Corporation and the Trustee an amended Exhibit A to the Lease Agreement which describes the Site, as revised by such release;

(iii) The City delivers to the Corporation and the Trustee an Officer's Certificate of the City based on insurance values or any other reasonable basis of valuation received by the City (which need not require an appraisal) that the value of the Property, as revised by such release, is equal to or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee and the Corporation that the indemnification provided pursuant to the Trust Agreement applies with respect to the Site, as revised by such release;

(iv) Such release shall not cause the City to violate any of its covenants, representations and warranties made herein and in the Trust Agreement, as evidenced by an officer's certificate delivered to the Trustee;

(v) The City shall obtain an amendment to the title insurance policy required pursuant to the Lease Agreement which describes the Site, as revised by such release; and

(vi) The City shall provide notice of the release to any rating agency then rating the Certificates which rating was provided at the request of the City or the Corporation.

Release of Facility. The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Facility, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Corporation and the Trustee an amended Exhibit B to the Site and Facility Lease which describes the Facility, as revised by such release;

(ii) The City shall file with the Corporation and the Trustee an amended Exhibit B to the Lease Agreement which describes the Facility, as revised by such release;

(iii) The City delivers to the Corporation and the Trustee an Officer's Certificate of the City based on insurance values or any other reasonable basis of valuation received by the City (which need not require an appraisal) that the value of the Property, as revised by such release, is equal to or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee and the Corporation that the indemnification provided pursuant to the Trust Agreement applies with respect to the Facility, as revised by such release;

(iv) Such release shall not cause the City to violate any of its covenants, representations and warranties made herein and in the Trust Agreement, as evidenced by an officer's certificate delivered to the Trustee; and

(v) The City shall provide notice of the release to any rating agency then rating the Certificates which rating was provided at the request of the City or the Corporation.

Events of Default and Remedies

The following shall be "events of default" under the Lease Agreement:

(a) Failure by the City to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease Agreement (including failure to request appropriation pursuant thereunder) or under the Trust Agreement, other than as referred to in clause (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Corporation, the Trustee or the Owners of not less than five percent (5%) in aggregate principal amount of Certificates then outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, the Corporation, the Trustee (as directed by such Owners of not less than 5% in aggregate principal amount of Certificates then Outstanding) and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected.

(c) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings

instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar acts which may hereafter be enacted.

Whenever any event of default shall have happened and be continuing, it shall be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; *provided, however*, that notwithstanding anything in the Lease Agreement or in the Trust Agreement to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant to be kept and performed by the City under the Lease Agreement is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights of entry and re-entry upon the Property, and also, at its option, with or without such entry, may terminate the Lease Agreement. In the event of such default and notwithstanding any re-entry by the Corporation, the City shall, as expressly provided in the Lease Agreement, continue to remain liable for the payment of the Lease Payments and/or damages for breach of the Lease Agreement and the performance of all conditions contained in the Lease Agreement and, in any event, such rent and/or damages shall be payable to the Corporation at the time and in the manner as provided in the Lease Agreement.

Amendment of Lease Agreement

Except as provided below, without the prior written consent of the Trustee, the City will not alter, modify or cancel, or agree or consent to alter, modify or cancel the Lease Agreement, excepting only such alteration or modification as may be permitted by the Trust Agreement.

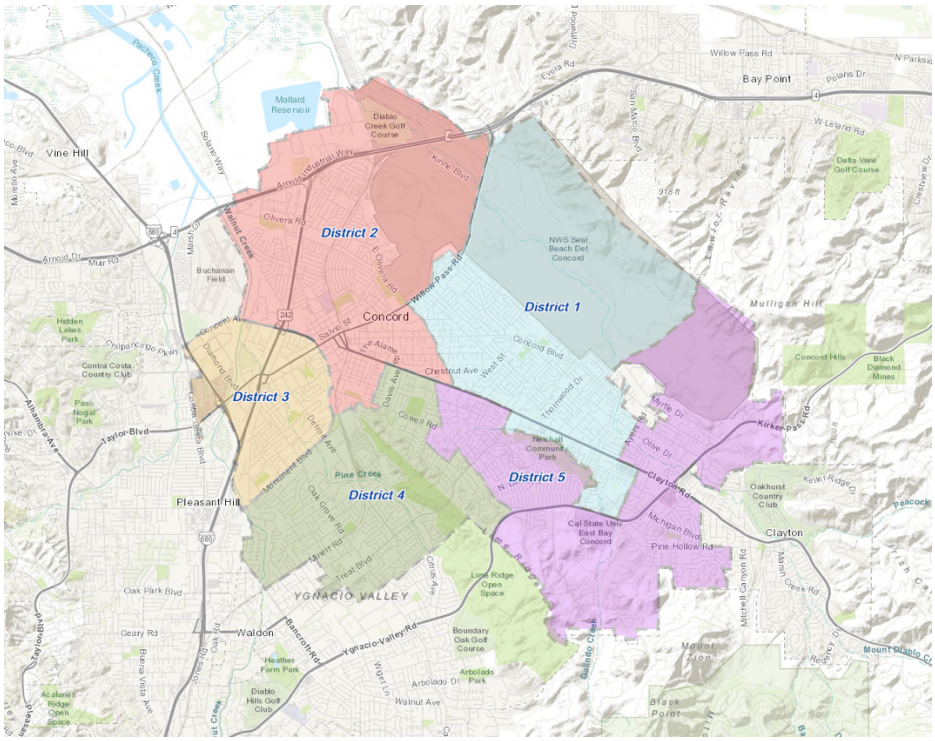
In addition, the Lease Agreement may be amended to obligate the City to pay additional amounts of rental thereunder for the use and occupancy of the Property or any portion thereof, but only if (a) such additional amounts of rental do not cause the total rental payments made by the City under the Lease Agreement to exceed the fair rental value of the Property, (b) the City shall have obtained and filed with the Trustee and the Corporation a written certificate to the effect that the estimated fair market value thereof is not less than the aggregate unpaid principal components of such additional amount of rental plus the existing aggregate unpaid principal components of the Lease Payments, (c) such additional amounts of rental shall be pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which shall be applied to finance the completion of public facilities and (d) the City shall send notification of the additional financing to the rating agency then rating the Certificates.

THE CITY

The City is located 29 miles east of San Francisco and is the largest city in the County. The City covers 31.13 square miles and provides a full range of services including: police protection, recreational activities, community and economic development, street improvements and maintenance services, parks maintenance, sewer, and general administrative and support services. In addition, the City oversees management of the Concord Pavilion, Diablo Creek Golf Course and Camp Concord in South Lake Tahoe, California.

The City is a general law city. The City Council is comprised of five elected members who are elected by district to staggered four-year terms. The voters in the City also elect a City Treasurer who serves a four-year term. See the map below for the locations of the current City Council Districts.

CITY OF CONCORD
COUNCIL DISTRICTS



Source: City of Concord.

The City is operated under the Council-Manager form of government. The City Council hires the City Manager, who is then responsible for all management functions of the City including the development of the budget, delivery of services, hiring of personnel and implementation of capital projects. The City Council also directly hires the City Attorney who serves as the City's primary legal advisor. The City Manager hires the Director of Finance, who is responsible for all aspects of the finances of the City.

Valerie Barone has served as the City Manager for the City since 2012. Prior to her role as City Manager for the City, she served as Assistant City Manager for the City, as Community and Economic Development Director for the City of Walnut Creek and as Community & Recreation Services Director for the City of Milpitas. She also worked as a land use and environmental planner for the Company of Eric J. Toll, a Nevada Company, and served in the Peace Corps as a Community Development Specialist on Panay Island in the Philippines. She holds a B.S. degree in Natural Resources Planning from Humboldt State University and an MBA from Cal State Sacramento.

Karan Reid has served as the Director of Finance for the City since 2013. She has more than 29 years of municipal finance experience and is currently managing a team of 19 and a $200 million dollar operating budget. Before joining the City, she served as Senior Accountant for the City of Napa, as Chief Financial Officer for the City of Emeryville and as Finance Director for the City of Benicia. She holds a B.S. degree in Business Administration, is a Certified Public Accountant and began her career auditing non-profit entities.

Members of the Council and other key administrative personnel of the City are listed at the front of this Official Statement.

See APPENDIX A—GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY AND THE COUNTY for an additional description of the City as well as certain demographic and statistical information.

CITY FINANCIAL INFORMATION

Financial Statements and Budgetary Process

The City's accounting policies conform to generally accepted accounting principles. The audited financial statements also conform to the principles and standards for public financial reporting established by the Governmental Accounting Standards Board.

Basis of Accounting and Financial Statement Presentation. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Audited Financial Statements. The City retained Maze & Associates, Pleasant Hill, California (the "City's Auditor"), to examine the general purpose financial statements of the City as of and for the year ended June 30, 2020. The audited financial statements for fiscal year ended June 30, 2020, are included in APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020. The City has not requested, and the City's Auditor has not provided, any review or update of such financial statements in connection with their inclusion in this Official Statement.

Budget Process. The City adopts a biennial operating budget in June and performs a mid-year update each February or March to update revenue and expenditure projections. A mid-cycle budget review is done in May or June in the second year of the two-year budget. City staff provides additional budget updates to the City Council as needed. The City Manager is authorized to transfer budgeted amounts from one program, department or account to another within the same fund. All transfers of appropriations affecting Personnel Service type accounts require the Director of Human Resources and City Manager approval. Expenditures may not legally exceed budgeted appropriations at the fund level without City Council approval.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the City's operating budget is at the

fund/department level with departmental oversight of major expenditure categories as well as by program area within each fund. For the City's capital improvement budget each individual capital improvement project with budget transfers between subprojects is subject to City Manager approval and budget transfers between projects are subject to City Council approval. Appropriation increases, decreases or transfers between funds require the approval of the City Council.

Generally, all appropriations lapse at the end of the fiscal year. The City Council has delgated the authority to the Finance Director to approve certain carryovers related to outstanding purchase orders.

Certain of the City's revenues are collected and dispersed by the State (such as sales tax) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. See "STATE BUDGET INFORMATION."

Impact of COVID-19 Pandemic on Future Budgeting. The COVID-19 Pandemic is ongoing, and the duration and severity of the outbreak, and the ramifications of the economic and other of actions that have been or may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the City's operations and finances is unknown.

The City continues to monitor the short and long-term impacts of the COVID-19 Pandemic and what, if any, further expenditure reductions will be needed due to reduced revenue in Fiscal Years 2019-20 and 2020-21. The depth, breadth and length of any economic downturn will directly impact the City's planning with regards to reductions in expenditures such as staffing cuts, program elimination, reductions in services.

See the captions "CITY FINANCIAL INFORMATION—General Fund Budget—The City's Fiscal Year 2020-21 General Fund Budget" and "RISK FACTORS—COVID-19 Pandemic."

General Fund Balance Sheet

The following table shows the City's audited General Fund balance sheet for the past five fiscal years.

TABLE 1
CITY OF CONCORD
GENERAL FUND
BALANCE SHEET

	Fiscal Year Ended June 30,				
	2016 Audited	2017 Audited	2018 Audited	2019 Audited	2020 Audited
ASSETS:					
Cash and investments	$ 27,586,834	$ 38,934,327	$ 33,418,330	$ 43,622,869	$ 40,524,634
Accounts receivable	2,773,676	2,546,248	4,120,719	3,971,229	3,388,254
Due from other governments	13,302,682	9,233,603	10,337,014	8,765,269	8,024,939
Interest receivable	-	83,620	231,737	230,497	147,307
Due from other funds	4,323,441	357,069	4,401,641	4,061,180	3,915,945
Inventories	91,353	55,036	52,889	31,281	41,848
Prepaid items	-	17,404	5,023	263	-
Advances to other funds	7,587,104	9,387,104	9,387,104	8,354,631	11,704,631
Total Assets	55,665,090	60,614,411	61,954,457	69,037,219	67,747,558
LIABILITIES:					
Accounts, deposits and contracts payable	4,078,101	4,066,055	6,694,246	9,232,726	8,180,331
Accrued liabilities	3,380,132	3,766,488	3,421,826	3,617,779	3,813,829
Refundable deposits	4,020,575	4,756,038	5,265,606	5,786,416	5,961,901
Unearned revenue	461,627	891,921	877,113	1,014,754	322,251
Advances from other funds	7,907,858	7,556,526	7,227,680	6,778,834	6,299,988
Total Liabilities	19,848,293	21,037,028	23,486,471	26,430,509	24,578,300
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue	13,906	20,285	-	-	400,000
FUND BALANCES:					
Nonspendable	7,678,457	9,459,544	9,445,016	8,386,175	11,746,479
Restricted	-	-	14,424	12,180	10,101
Assigned	4,475,678	1,923,138	2,067,659	2,029,710	1,983,462
Unassigned	23,648,756	28,174,416	26,940,887	32,178,645	29,029,216
Total Fund Balances	35,802,891	39,557,098	38,467,986	42,606,710	42,769,258
Total Liabilities, Deferred Flows, and Fund Balances	55,665,090	60,614,411	61,954,457	69,037,219	67,747,558

Source: City of Concord 2016-20 Comprehensive Annual Financial Reports.

General Fund Revenues, Expenditures, and Changes in Fund Balances

The following table shows the City's audited results for General Fund revenues and expenditures for Fiscal Years 2016-17 through 2019-20 and budgeted projections for Fiscal Year 2020-21.

TABLE 2
CITY OF CONCORD
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

	Fiscal Year Ending June 30,				
	2017 Audited	2018 Audited	2019 Audited	2020 Audited	2021 Budget
REVENUES					
Property taxes	$ 15,408,910	$ 16,334,794	$ 17,771,904	$ 19,128,926	$ 18,713,000
Property taxes in lieu of VLF	10,056,999	10,610,977	11,445,342	12,195,444	12,354,000
Sales taxes	46,004,775[1]	48,474,643[1]	35,827,619	34,732,402	34,138,000
Sales taxes – Measure Q[2]	-[1]	-[1]	13,357,593	13,326,748	15,926,031[2]
Transient occupancy taxes	2,917,223	3,039,725	2,933,099	2,531,487	1,520,000
Franchise fees	7,069,124	7,672,060	7,826,824	8,213,645	7,620,000
Business licenses	3,738,976	3,795,848	4,015,577	3,792,877	3,193,903
Licenses and permits	2,130,108	2,296,620	2,100,235	1,885,163	1,764,620
Intergovernmental	1,335,396	1,265,662	1,643,398	1,385,409	1,051,000
Charges for services	6,208,601	6,236,888	7,135,898	7,050,048	6,403,283
Fines, forfeitures and penalties	723,440	719,231	827,319	678,222	580,000
Parks and recreation	2,859,377	3,131,397	2,959,467	1,845,834	864,029
Use of money and property	1,740,432	2,149,760	2,509,229	4,693,430	1,814,917
Special assessment collections	-	-	-	8,486	-
Other revenues	638,558	1,316,598	1,275,386	1,639,161	873,925
Total Revenues	100,831,919	107,044,203	111,628,890	113,107,282	106,816,708
EXPENDITURES					
General government	15,326,873	19,031,362	15,769,444	16,229,359	16,346,920
Public safety	53,702,047	57,171,112	58,416,527	61,401,027	60,529,533
Public works	8,008,337	7,901,240	8,733,909	9,594,274	8,203,179
Community and economic development	8,943,895	9,924,876	9,942,579	10,845,846	11,562,308
Parks & recreation services	5,271,079	5,340,701	5,663,238	5,690,676	5,531,433
Capital outlay	-	-	45,000	-	114,869
Debt service - Principal	-	-	-	-	-
Debt service - Interest	274,798	351,990	441,363	389,155	271,771
Total Expenditures	91,527,029	99,721,281	99,012,060	104,150,337	102,560,016
REVENUES OVER EXPENDITURES	9,304,890	7,322,922	12,616,830	8,956,945	4,256,691
OTHER FINANCING SOURCES					
Proceeds from sale of property	-	-	-	1,098,988	-
Transfers In	504,820	593,094	793,125	276,876	343,806
Transfers Out	(6,055,503)	(9,005,128)	(9,271,231)	(10,170,261)	(6,179,266)
Total Other Financing Sources	(5,550,683)	(8,412,034)	(8,478,106)	(8,794,397)	(5,835,459)
Change in Fund Balances	3,754,207	(1,089,112)	4,138,724	162,548	(1,578,768)
FUND BALANCES, BEGINNING OF YEAR	35,802,891	39,557,098	38,467,986	42,606,710	42,769,258
FUND BALANCES, END OF YEAR	39,557,098	38,467,986	42,606,710	42,769,258	41,190,489

Source: City of Concord 2017-20 Comprehensive Annual Financial Reports and City of Concord Finance Department.

(1) The City's sales and use tax collections and Measure Q sales and use tax collections are combined into a single line item in FY2016-17 and FY2017-18.

(2) Also reflects partial-year collections from Measure V. Collections from the Measure V sales tax measure began on April 1, 2021. For additional information, see "Sales and Use Taxes."

General Fund Budget

The following table shows the City's General Fund adopted budget figures and a comparison of the final General Fund budgets versus audited actuals for Fiscal Year 2018-19 and Fiscal Year 2019-20.

TABLE 3
CITY OF CONCORD
GENERAL FUND
BUDGET COMPARISON
Fiscal Years 2018-19 and 2019-20

	Fiscal Year Ending June 30, 2019			Fiscal Year Ending June 30, 2020		
	Adopted Budget	Final Budget	Audited Actuals	Adopted Budget	Final Budget	Audited Actuals
REVENUES						
Property taxes	$ 16,182,900	$ 16,632,900	$ 17,771,904	$ 18,445,000	$ 18,149,000	$ 19,128,926
Property taxes in lieu of VLF	11,018,000	11,018,000	11,445,342	11,868,000	11,868,000	12,195,444
Sales taxes	34,979,030	35,399,030	35,827,619	34,921,000	31,808,000	34,732,402
Sales taxes – Measure Q	13,460,000	13,080,000	13,357,593	13,600,292	12,700,292	13,326,748
Transient occupancy taxes	3,187,000	3,187,000	2,933,099	3,160,000	2,082,000	2,531,487
Franchise fees	7,471,591	7,471,591	7,826,824	7,808,000	8,081,000	8,213,645
Business licenses	3,817,818	3,817,818	4,015,577	4,072,646	3,572,646	3,792,877
Licenses and permits	2,135,007	2,135,007	2,100,235	2,079,220	1,689,220	1,885,163
Intergovernmental	897,000	897,000	1,643,398	1,051,000	1,051,000	1,385,409
Charges for services	6,375,178	6,375,178	7,135,898	7,083,648	6,335,072	7,050,048
Fines, forfeitures and penalties	740,000	740,000	827,319	530,000	530,000	678,222
Parks and recreation	2,950,816	2,972,816	2,959,467	3,045,494	2,045,494	1,845,834
Use of money and property	1,787,073	1,787,073	2,509,229	2,305,711	2,305,711	4,693,430
Special assessment collections	-	-	-	-	-	8,486
Other revenues	1,441,898	1,441,898	1,275,386	1,179,518	848,638	1,639,161
Total Revenues	106,443,311	106,955,311	111,628,890	111,149,529	103,066,073	113,107,282
EXPENDITURES						
General government	16,179,696	17,139,497	15,769,444	17,284,208	16,706,862	16,229,359
Public safety	60,230956	59,528,845	58,416,527	60,743,293	61,109,764	61,401,027
Public works	8,643,910	9,091,687	8,733,909	9,429,306	9,313,955	9,594,274
Community and economic development	10,818,589	11,562,906	9,942,579	11,555,154	11,864,117	10,845,846
Parks & recration services	5,807,392	5,870,069	5,663,238	6,310,954	6,370,834	5,690,676
Capital outlay	75,000	675,404	45,000	112,616	740,812	-
Debt service - Principal	-	-	-	-	-	-
Debt service - Interest	167,500	199,500	441,363	267,376	267,376	389,155
Total Expenditures	101,923,043	104,067,908	99,012,060	105,702,907	106,373,720	104,150,337
REVENUES OVER EXPENDITURES	4,520,268	2,887,403	12,616,830	5,446,622	(3,307,647)	8,956,945
OTHER FINANCING SOURCES						
Proceeds from sale of property	-	-	-	-	979,000	1,098,988
Transfers In	462,425	462,425	793,125	403,199	403,199	276,876
Transfers Out	(6,617,619)	(9,289,598)	(9,271,231)	(10,757,893)	(14,090,693)	(10,170,261)
Total Other Financing Sources	(6,155,194)	(8,827,173)	(8,478,106)	(10,354,694)	(12,708,494)	(8,794,397)
NET CHANGE IN FUND BALANCES	(1,634,926)	(5,939,770)	4,138,724	(4,908,072)	(12,708,494)	162,548
FUND BALANCES, BEGINNING OF YEAR			38,467,986			42,606,710
FUND BALANCES, END OF YEAR			42,606,710			42,769,258

Source: City of Concord 2018-19 and 2019-20 Comprehensive Annual Financial Reports.

Mid-Cycle Reductions of Expenditures in the City's Fiscal Year 2020-21 General Fund Budget and Adjustments Related to the COVID-19 Pandemic. Due to the unanticipated and severe disruption of the economy as a result of the COVID-19 pandemic, the City Council adopted a number of reductions in expenditures in June, 2020 during the City's mid-cycle budget review in order to balance the City's General Fund fiscal year 2020-21 budget. The General Fund fiscal year 2020-21 budget adjustments reflected reductions of approximately $10.9 million in General Fund expenses to offset projected General Fund revenue losses over the coming fiscal year. The adopted budget adjustments described below represented

an approximately 10% reduction in expenditures from the City's prior year 2019-20 adopted operating budget.

Staffing Reductions/Adjustments: The City has budgeted for 382 full time positions, representing a reduction of 36 positions from the prior year. The City has budgeted for 23.85 Full-Time-Equivalent ("FTE") part-time staff, representing a reduction of 31.15 FTE for part-time staff from the prior year. Additionally, the City has enacted required 5% furloughs for managers and confidential employees, delayed certain scheduled wage increases for one year, and has temporarily reduced certain benefits to managers and confidential employees. The City's staffing reductions in total represent a reduction of approximately 9% of total staff time.

Renegotiated MOU with Safety Employees. Through negotiations with the City's Police Officers' Association and Police Manager's Association the City saved approximately $1,000,000 in police related personnel costs over the next three fiscal years, beginning in fiscal year 2020-21. The City Council approved the revised MOU for these employees on August 4, 2020.

Closure of Parks and Recreation Facilities and Suspension of Programs. The City suspended most of its parks and recreation programs, activities, and suspended facility operations. Community centers and the City pool were closed. Certain programs were shifted to virtual programs

Federal Aid. On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") into law authorizing more than $2 trillion to battle COVID-19 and its economic effects, including immediate cash relief for individual citizens, expanded unemployment insurance for workers, loan programs for small business, additional funds for state and local governments, support for hospitals and other medical providers, and various types of economic relief for impacted businesses and industries. The City has received approximately $1.6 million in CARES Act funding from the State and $1.56 million in CDBG-CV funding. CDBG-CV funding is available for economic development and meal programs.

The $1.9 trillion American Rescue Plan Act of 2021 (the "American Rescue Plan Act") was signed into law on March 11, 2021, for purposes related to the COVID-19 Pandemic. The American Rescue Plan Act includes $350 billion in state and local government fiscal aid to augment allocations provided in the CARES Act. The City expects to receive $26.4 million from this source. Distributions under the American Rescue Plan Act will occur in two tranches, one each in 2021 and 2022, and are required to be spent by December 31, 2024. Allowable uses for American Rescue Plan Act funds include expenses related to the COVID-19 Pandemic such as assistance to households, small businesses, nonprofits, and aid to impacted industries. American Rescue Plan Act funds may be used for the provision of government services to the extent of the reduction in revenue caused by the COVID-19 Pandemic.

The American Rescue Plan Act also contains $195 billion of aid to states. The City does not yet know whether California will pass through a portion of its aid to local governments, as it did with its Cares Act funding. In addition, the City may benefit from other subventions and grants authorized in the American Rescue Plan Act. The City cannot give any assurance that it will receive any further relief funds.

City Financial Management

The City Council has adopted a comprehensive set of financial management policies to provide for: (i) establishing targeted General Fund reserves; (ii) the prudent investment of City funds, and (iii) management of debt. The City's practice is to incur debt only after deliberation over the effect of such debt on the City's General Fund and other resources of the City, and in those circumstances where the use of debt would be appropriate to the scale and economic life of the asset being financed and the accumulation or availability of reserves to fund the capital requirement.

General Fund Reserve Policy. The following table shows the City's General Fund Reserve Policy guidance, actual reserves for fiscal year 2019-20 and budgeted reserve for fiscal year 2020-21.

CITY OF CONCORD
GENERAL FUND RESERVE POLICY

	Policy Guidance	Actual FY 2019-20	Budgeted FY 2020-21
% of Expenses	17%; target goal of 30%	31%	24%

Source: City of Concord Finance Department.

~~During the 2019-20 fiscal year t~~The City drew $1.0 million from its General Fund reserves during the 2019-20 fiscal year, bringing the remaining balance of General Fund reserves to approximately $32.1 million as of June 30, 2020. The City projects a need to draw $3.0 million from its General Fund reserves for fiscal year 2020-21.

Investment Policy. The investment of funds of the City (except pension and retirement funds) is made in accordance with the City's Investment Policy, most recently approved on May 26, 2020 (the "Investment Policy"), and section 53601 *et seq*. of the California Government Code. The Investment Policy is subject to revision at any time and is reviewed at least annually to ensure compliance with the stated objectives of safety, liquidity, yield, and current laws and financial trends. All amounts held under the Trust Agreement are invested at the direction of the City in Investment Securities, as defined in the Trust Agreement, and are subject to certain limitations contained therein. See APPENDIX C—INVESTMENT POLICY OF THE CITY and APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—TRUST AGREEMENT—Investments.

Debt Management Policy. In accordance with section 8855(i) of the California Government Code the City adopted a debt management policy on January 2, 2018, to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the City's interest and issuance costs; to maintain the highest possible credit rating; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the City.

Primary Sources of General Fund Revenues

The City relies on several sources to balance its General Fund budget. The most important of these revenue sources (based on percentage of the total revenue budget) are property taxes, sales taxes, and franchise fees. These primary sources of General Fund revenues typically account for over 75% of the City's General Fund revenues each year.

The table below shows the City's primary general fund revenue sources for the four most recent fiscal years and budgeted revenues for Fiscal Year 2020-21. Following the table is a brief discussion of each of the City's primary sources of General Fund revenues.

TABLE 4
CITY OF CONCORD
PRIMARY SOURCES OF GENERAL FUND REVENUES

	Fiscal Year Ending June 30,				
	2017 Audited	2018 Audited	2019 Audited	2020 Audited	2021 Budgeted
Property taxes	$ 15,408,910	$ 16,334,794	$ 17,771,904	$ 19,128,926	$ 18,713,000
Property taxes in lieu of VLF	10,056,999	10,610,977	11,445,342	12,195,444	12,354,000
Sales taxes	33,409,090	34,654,952	35,827,619	34,732,402	34,138,000
Sales taxes – Measure Q/V[(1)]	12,595,685	13,819,691	13,357,593	13,326,748	15,926,031[(1)]
Franchise fees	7,069,124	7,672,060	7,826,824	8,213,645	7,620,000
Total Primary Sources	$ 78,539,808	$ 83,092,474	$ 86,229,282	$ 87,597,165	$ 88,751,031
All Other General Fund Revenues	22,292,111	23,951,729	25,399,608	25,510,117	18,065,677
Total General Fund Revenues	$100,831,919	$107,044,203	$111,628,890	$113,107,282	$106,816,708

Source: City of Concord 2017-20 Comprehensive Annual Financial Reports and City of Concord Finance Department.
(1) Amounts for FY2020-21 include partial-year collections from Measure V that replaced Measure Q and began April 1, 2021. For additional information, see "Sales and Use Taxes."

Sales and Use Taxes. Sales and use taxes are the General Fund's largest revenue source. The City receives a 1% share of all taxable sales generated within its borders. Due to Measure Q, a voter approved sales and use tax originally approved in 2010, the City receives an additional 0.5% share of all taxable sales generated within its borders. Beginning on April 1, 2021 the City's Measure Q was replaced by Measure V, which increased the rate to 1% share of all taxable sales within the City's borders.

In Fiscal Year 2018-19, sales and use taxes generated approximately $35.8 million and $13.4 million in Measure Q taxes. In Fiscal Year 2019-20, sales and use taxes generated approximately $34.7 million and $13.3 million in Measure Q taxes. Sales and use taxes are projected to generate $34.1 million in Fiscal Year 2020-21 and $15.9 million in Measure Q taxes, including partial year collection of the increased Measure V taxes beginning on April 1, 2021. Sales and Use Tax revenues for Fiscal Years 2019-20 and 2020-21 have been and are likely to continue to be significantly impacted by the COVID-19 Pandemic. For additional discussion of the City's sales tax revenues, including discussion of Measure Q and Measure V, see "Sales and Use Taxes."

Property Taxes. The County levies a tax of 1% on the assessed valuation of property within the County. The City receives approximately a 10.6% share of this 1% levy for property located within the City limits. In Fiscal Year 2018-19, property taxes generated approximately $17.7 million. In Fiscal Year 2019-20, property taxes generated approximately $19.1 million. Property tax revenues are projected to generate $18.7 million in Fiscal Year 2020-21. Property taxes are the General Fund's second largest revenue source. See "Property Taxes" below for additional information relating to the property taxes and the assessed valuation of property located in the City. Property Tax revenues for Fiscal Year 2019-20 and 2020-21 have not been impacted ~~by impacted~~ by the COVID-19 Pandemic but the City projects that property tax collections in future years could be impacted. For additional discussion, see "Property Taxes."

Franchise Fees. In a franchise agreement, a utility or service provider is granted the use of public rights of way for transmission and distribution, as well as the right to install and maintain infrastructure within the city limits of a municipality in exchange for a franchise fee. The City has franchise agreements for solid waste removal service through Mount Diablo Resource Recovery, electrical and gas service through Pacific Gas & Electric Company, cable television and broadband internet services through AT&T, Comcast, and WAVE, and various other services through other service providers. Franchise fees from these services are available to the City's General Fund for any lawful purpose

Franchise fee revenues for Fiscal Year 2019-20 and 2020-21 have been negatively impacted by the COVID-19 Pandemic primarily with respect to a decline in revenues received from Mount Diablo Resource Recovery, the City's solid waste removal service provider. Solid waste collections from commercial properties in the City and the revenues generated therefrom have declined from Fiscal Year 2018-19 levels as a result of reductions in activity at commercial properties generally due to public health restrictions from State and County public health officials in response to the COVID-19 Pandemic.

The City anticipates that it will experience declines in sales tax and other General Fund revenue sources in the coming months, or longer, as a result of the COVID-19 (coronavirus) Pandemic. See the caption "RISK FACTORS—COVID-19 Pandemic."

Sales and Use Taxes

A sales tax is imposed on the privilege of consuming personal property in the State. The State does not tax services. The tax rate is established by the State Legislature, and is presently 7.25%, statewide (of which 1% is paid to the City) (the "State Sales Tax"). In addition, many of the State's cities, counties, districts and communities have special taxing jurisdiction to impose a transaction (sales) or use tax. These so-called district taxes increase the tax rate in a particular area by adding the local option tax to the statewide tax. While more than one district tax may be in effect for a particular location, counties, municipalities, and districts are allowed to increase the sales tax in specific jurisdictions up to a total of 10.25%.

The State's Department of Tax and Fee Administration actual administrative costs with respect to the portion of sales taxes allocable to the City are deducted before distribution and are determined on a quarterly basis.

The following table shows a breakdown of the composition of the current sales and use tax rate applicable to transactions in the City:

TABLE 5
CITY OF CONCORD
SALES AND USE TAX RATES

Component	Tax Rate
State of California	6.00%
Contra Costa Transportation Authority	0.50
Contra Costa County[(1)]	0.75
Bay Area Rapid Transit	0.50
City General Fund	1.00
Measure V[(2)]	1.00
Total	9.75%

Source: City of Concord
(1) Contra Costa County's sales and use tax increased from 0.25% to 0.75% on April 1, 2021.
(2) Measure Q was replaced by Measure V on April 1, 2021.

Top 25 Sales Tax Generators in the City. The top 25 sales tax producers in the City collectively accounted for 45.45% of the sales tax collections and Measure Q sales tax collections in fiscal year 2019-20. Due to confidentiality restrictions, the exact portion of sales tax paid by each sales tax payer is not available. The following table lists the top 25 sales tax producers in the City during the 2019-20 fiscal year in alphabetical order. The City is not aware of any plans by the top twenty-five sales tax produces to leave the City or terminate operations.

TABLE 6
CITY OF CONCORD
TOP 25 SALES TAX GENERATORS IN FISCAL YEAR 2019-20

Acura of Concord	Dolans Concord Lumber	Lexus of Concord
Ashby Lumber	Elite Motor Cars	Lowes
Audi Concord	Financial Services Vehicle Trust	Macys
BMW Concord	Future Chrusler Dodge Jeep Ram of Concord	Pacific States Petroleum
Concord Chevrolet	Future Ford Lincoln of Concord	Patterson Dental Supply
Concord Honda	Golden State Lumber	Shift.com
Concord Mazda	Home Depot	Sigler
Concord Toyota	Lehmers Buick/Pontiac/GMC	Vici
Costco	Dolans Concord Lumber	

Source: City of Concord Finance Department.
Note: Listed in alphabetical order. Due to confidentiality restrictions, the exact portion of sales tax paid by each sales tax payer is not available.

Measure Q and Measure V. Measure Q, a half-cent transactions and use tax, was originally approved by voters of the City in the November, 2010 election with a five-year sunset. On November 4, 2014, a majority of the voters of the City voting in that election approved a nine-year extension to Measure Q, extending its sunset date to March 2025.

On November 3, 2020, a majority of the voters of the City voting in the election approved a one-cent transaction and use tax, Measure V. Measure V replaces Measure Q. Collections from Measure V began April 1, 2021. Measure V will remain in place until ended by voters. Measure V is expected to produce double the revenue to the City's General Fund that was formerly produced by Measure Q.

Measure V sales taxes are generally imposed upon the same transactions and items that are subject to the State Sales Tax, with generally the same exceptions. Many categories of transactions are exempt for the State Sales Tax and the Measure V Sales Tax. The most important of these exemptions are the sales of food products for home consumption, prescription medicine, edible livestock and their feed, seed and fertilizer used in raising food for human consumption, and gas and electricity and water when delivered to consumers through mains, lines and pipes. In addition, occasional sales (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller's permit) are generally exempt from both the State Sales Tax and the Measure V sales tax; however, the occasional sales exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business

Action by the State Legislature or by voter initiative could change the transactions and items upon which the State Sales Tax and the Measure V sales tax are imposed. Such changes or amendments could have either an adverse or beneficial effect on revenues produced by Measure V. The City is not currently aware of any proposed legislative change that would have a material adverse effect on the State Sales Tax or on the Measure V sales tax.

Historical Taxable Sales in the City. The following table shows a history of the total of taxable sales transactions in the City subject to the State Sales Tax and to the Measure Q sales tax for each of the last 10 fiscal years.

TABLE 7
CITY OF CONCORD
HISTORY OF TOTAL TAXABLE SALES TRANSACTIONS

Fiscal Year Ending June 30,	Taxable Sales	% Change	Measure Q Taxable Sales	% Change
2011	$ 2,424,465,000	n/a	$ 743,515,000	n/a
2012	2,653,920,000	9.46%	1,036,410,000	39.39%
2013	2,827,560,000	6.54	1,113,686,000	7.46
2014	3,024,730,000	6.97	1,162,311,000	4.37
2015	3,291,512,000	8.82	1,210,607,000	4.16
2016	3,414,221,000	3.73	1,250,786,000	3.32
2017	3,588,786,000	5.11	1,334,957,000	6.73
2018	3,767,234,000	4.97	1,388,402,000	4.00
2019	3,845,998,000	2.09	1,429,291,000	2.95
2020	3,849,472,327	0.09	1,430,582,167	0.09

Source: HdL Companies and City of Concord

Note: Measure V replaced Measure Q on April 1, 2021. Measure V sales taxes are imposed upon the same transactions and items that were formerly subject to Measure Q.

Effects of COVID-19 Pandemic on Sales Tax Collections. Sales tax revenues have been impacted by the COVID-19 Pandemic. "Stay at home" orders issued by State and County authorities have impacted consumers' ability (and desire) to go out shopping or to dine out. Similar orders closing bars and prohibiting

"dine in" service have negatively impacted local restaurants. The City's sales tax receipts for Fiscal Years 2019-20 and 2020-21 have been impacted and may decline from historical levels. The City estimates that sales tax collections for Fiscal Year 2020-21 should be approximately 95% of the level of Fiscal Year 2018-19 collections, the last full year prior to the COVID-19 Pandemic.

On March 30, 2020, the Governor signed an executive order allowing the California Department of Tax and Fee Administration to offer a 90-day extension for sales, use and transactions tax returns and tax payment for all businesses filing a return for less than $1 million tax liability. In addition, on April 2, 2020, the Governor announced a one-year sales tax deferral for small businesses limited to $50,000. See the caption "RISK FACTORS—COVID-19 Pandemic." The City has not experienced any significant delays in collections as a result.

Online Purchases. Additionally, the City's sales tax collections may be affected by increasing levels of sales of physical products bought online and delivered in the City by businesses located outside of the State. The City believes that many of these transactions may avoid taxation either through error or deliberate non-reporting and this potentially reduces the amounts of the sales taxes collected. See "RISK FACTORS—Increased Internet Use May Reduce Sales Tax Revenues."

Property Taxes

Under Proposition 13, an amendment to the California Constitution adopted in 1978 that added Article XIIIA of the California Constitution, the county assessor's valuation of real property is established as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, as the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Assessed value of property may be increased annually to reflect inflation at a rate not to exceed 2% per year or reduced to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or in the event of declining property value caused by substantial damage, destruction, market forces or other factors. As a result of these rules, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than that of similar properties more recently sold and may be lower than its own market value. Likewise, changes in ownership of property and reassessment of such property to market value commonly will lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full 2% increase on any property that has not changed ownership.

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

Local agencies and schools will share the growth of "base" sources from all tax rate areas in the County. Each year's growth allocation becomes part of each local agency's allocation in the following year. The availability of revenue from growth in the tax bases in such tax rate areas may be affected by the existence of redevelopment agencies (including their successor agencies) which, under certain circumstances, may be entitled to sources resulting from the increase in certain property values. State law exempts $7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is supplemented by the State.

For assessment and tax collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the SBE is commonly identified for taxation purposes as "utility" property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to any delinquent payment. Property on the secured roll, with respect to which taxes are delinquent, becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of delinquent taxes and the delinquency penalty, plus costs and prepayment penalty of one and one-half percent per month to the time of prepayment. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of one and one-half percent per month attaches to such taxes beginning the second month after the delinquent date, and on the first day of each month until paid. A county has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the delinquent taxpayer.

Teeter Plan

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in section 4701 et seq. of the California Revenue and Taxation Code. The Teeter Plan guarantees distribution of 100% of the general taxes levied to the taxing entities within the County, with the County retaining all penalties and interest penalties affixed upon delinquent properties and redemptions of subsequent collections. Under the Teeter Plan, the County apportions secured property taxes on a cash basis to local political subdivisions, including the City, for which the County acts as the tax-levying or tax-collecting agency. At the conclusion of each fiscal year, the County distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities.

The County cash position is protected by a special fund, known as the "Tax Loss Reserve Fund," which accumulates moneys from interest and penalty collections. In each fiscal year, the Tax Loss Reserve Fund is required to be funded to the amount of delinquent taxes plus one percent of that year's tax levy. Amounts exceeding the amount required to be maintained in the tax loss reserve fund may be credited to the County's general fund. Amounts required to be maintained in the tax loss reserve fund may be drawn on to the extent of the amount of uncollected taxes credited to each agency in advance of receipt.

The Teeter Plan is to remain in effect unless the County Board orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the County Board receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the

participating revenue districts in the County, in which event the County Board is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The County Board may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll in that agency. If the Teeter Plan is discontinued in the future, only those secured property taxes actually collected would be allocated to political subdivisions (including the City) for which the County acts as the tax-levying or tax-collecting agency, but penalties and interest would be credited to the political subdivisions.

The City is not aware of any petitions for the discontinuance of the Teeter Plan in the County.

Assessed Value

The assessed valuation of property in the City is established by the County Assessor, except for public utility property which is assessed by the SBE. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution.

Certain classes of property, such as churches, colleges, not-for-profit hospitals and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions. Property taxes allocated to the City are collected by the County at the same time and on the same tax rolls as are county and special district taxes. The valuation of secured property by the County Assessor is established as of January 1 and is subsequently equalized in September of each year.

The table below shows the assessed valuation of taxable property in the City for the most recent fiscal years.

TABLE 8
CITY OF CONCORD
HISTORIC ASSESSED VALUATIONS
Fiscal Years 2011-12 to 2020-21

Fiscal Year	Local Secured	Utility	Unsecured	Total Assessed Valuation	% Change
2011-12	$11,368,449,215	$444,039	$496,406,247	$11,865,299,501	n/a
2012-13	10,841,340,823	444,039	474,891,256	11,316,676,118	(4.62%)
2013-14	11,448,100,832	444,039	444,071,390	11,892,616,261	5.09
2014-15	12,587,446,507	453,995	469,274,057	13,057,174,559	9.79
2015-16	13,535,950,863	453,995	486,274,432	14,022,679,290	7.39
2016-17	14,323,216,251	453,995	490,290,624	14,813,960,870	5.64
2017-18	15,140,367,206	453,995	489,149,235	15,629,970,436	5.51
2018-19	16,346,971,598	505,449	523,759,026	16,871,236,073	7.94
2019-20	17,408,522,670	505,449	567,911,031	17,976,939,150	6.55
2020-21	18,231,562,302	505,449	612,609,768	18,844,677,519	4.83

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the City's control, such as a general market decline in property

values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must apply to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

In addition, Article XIIIA of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis.

Risk of Decline in Property Values; Fire; Earthquake Risk. Property values could be reduced by factors beyond the City's control, including fire, earthquake and a depressed real estate market due to general economic conditions in the County, the region and the State.

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, fire, drought, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the City in the future.

Assembly Bill 102. On June 27, 2017, the Governor of the State (the "Governor") signed into law Assembly Bill 102 ("AB 102"). AB 102 restructured the functions of the SBE and created two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration took over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE continues to perform the duties assigned by the State Constitution related to property taxes, however, effective January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the City.

State-Assessed Property. Under the Constitution, the SBE assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the City to non-utility companies will increase the assessed value of property in the City, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the City to a State-assessed utility will have the opposite effect, generally reducing the assessed value in the City as the value is shared among the other jurisdictions in the County. The City is unable to predict future transfers of State-assessed property in the City and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the City.

Assessed Valuation by Land Use. The following table gives a distribution of taxable real property located in the City by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

TABLE 9
CITY OF CONCORD
ASSESSED VALUATION AND PARCELS BY LAND USE

	FY2020-21 Assessed Valuation [1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial	$ 2,833,666,676	15.54%	768	2.01%
Vacant Commercial	41,111,489	0.23	64	0.17
Industrial	825,627,048	4.53	306	0.80
Vacant Industrial	6,558,014	0.04	25	0.07
Recreational/Marina	50,625,835	0.28	16	0.04
Government/Social/Institutional	136,620,551	0.75	517	1.35
Miscellaneous	108,868,976	0.60	500	1.31
Subtotal Non-Residential	$ 4,003,078,589	21.96%	2,196	5.75%
Residential:				
Single Family Residence	$11,972,142,450	65.67%	30,305	79.29%
Condominium/Townhouse	886,374,149	4.86	4,378	11.45
Mobile Home	7,723,254	0.04	391	1.02
2+ Residential Units	1,329,303,676	7.29	703	1.84
Vacant Residential	32,940,184	0.18	249	0 .65
Subtotal Residential	$14,228,483,713	78.04%	36,026	94.25%
Total	$18,231,562,302	100.00%	38,222	100.00%

Source: California Municipal Statistics, Inc.
(1) Total secured assessed valuation, excluding tax-exempt property.

Average and Median Assessed Valuation of Single-Family Homes. Single-family residential properties comprise approximately 65.7% of the assessed value of taxable property in the City. The average assessed valuation of a single-family residential property in the City is $395,055 and the median assessed valuation of a single-family residential property in the City in $364,770.

Principal Taxpayers. Based on Fiscal Year 2020-21 locally assessed taxable valuations, the top twenty taxable property owners in the City represent approximately 10.3% of the total Fiscal Year 2020-21 taxable value.

The following table shows the 20 largest owners of taxable property in the City as determined by secured assessed valuation in Fiscal Year 2020-21. The City is not aware of any plans by the top twenty largest local secured taxpayers to leave the City or terminate operations.

TABLE 10
CITY OF CONCORD
TOP 20 LARGEST LOCAL SECURED PROPERTY TAXPAYERS

	Property Owner	Primary Land Use	FY2020-21 Assessed Valuation	% of Total[1]
1.	Taubman Land Associates LLC	Regional Mall	$ 294,884,237	1.62%
2.	Concord Centercal LLC	Shopping Center	207,775,550	1.14
3.	Concord Tech Center Prop Owner	Office Building	135,759,725	0.74
4.	Willows Center Concord	Shopping Center	122,866,618	0.67
5.	Sequoia Equities-Concord PC	Apartments	119,807,424	0.66
6.	Renaissance Res Holdings LLC	Apartments	114,270,367	0.63
7.	Jamestown Concord Tech	Office Building	105,156,492	0.58
8.	Sierra Pacific Properties Inc.	Office Building	104,840,611	0.58
9.	Seecon Financial & Construction Co	Office Building	82,279,120	0.45
10.	Clayton Valley Shopping Center	Shopping Center	77,330,381	0.42
11.	BOF CA One Concord Center LLC	Office Building	73,296,180	0.40
12.	L & L Hospitality Holdings LLC	Hotel	67,610,982	0.37
13.	MH Concord Centre LLC	Office Building	66,065,398	0.36
14.	Prime Detroit LLC	Apartments	62,113,391	0.34
15.	HCP CTE LP	Senior Housing	43,535,181	0.24
16.	Gonsalves & Santucci Inc.	Office Building	42,918,353	0.24
17.	Lowes HIW Inc.	Commercial	42,467,238	0.23
18.	SST II 1597 Market St LLC	Public Storage	39,652,196	0.22
19.	Costco Wholesale Corporation	Commercial	38,800,383	0.21
20.	1200 Concord LLC	Office Building	37,232,510	0.20
	Total Top 20		$1,878,662,337	10.30%

Source: California Municipal Statistics, Inc.
(1) 2020-21 Local Secured Assessed Valuation: $18,231,562,302.

Tax Levies and Delinquencies. Beginning in 1978-79, Article XIIIA and its implementing legislation shifted the function of property taxation primarily to the counties, except for levies to support prior-voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The following table sets forth the secured tax charges and delinquencies for the most recent fiscal years.

TABLE 11
CITY OF CONCORD
SECURED TAX CHARGES AND DELINQUENCIES

Fiscal Year	Secured Tax Charge [1]	Amt. Del. June 30	% Del. June 30
2010-11	$ 11,961,556.49	$ 205,422.36	1.72%
2011-12	11,779,142.38	320,024.36	2.72
2012-13	11,016,389.66	106,828.04	0.97
2013-14	11,705,367.75	98,978.60	0.85
2014-15	12,952,076.14	98,949.44	0.76
2015-16	13,971,123.94	95,947.07	0.69
2016-17	14,821,000.32	101,899.61	0.69
2017-18	15,677,481.09	95,205.50	0.61
2018-19	16,940,027.71	108,997.84	0.64
2019-20	18,054,719.16	147,551.06	0.82

Source: California Municipal Statistics, Inc.
(1) 1% General Fund apportionment

Potential Impacts of COVID-19 (Coronavirus) Pandemic on Property Tax Revenues. In response to the COVID-19 outbreak described under the caption "RISK FACTORS—COVID-19 Pandemic," the Governor of the State signed Executive Order N-61-20 ("Order N-61-20"). Under Order N-61- 20, certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent. Said penalties, costs and interest shall be cancelled under the conditions provided for in Order N-61-20, including if the property is residential real property occupied by the taxpayer or the real property qualifies as a small business under certain State laws, the taxes were not delinquent prior to March 4, 2020, the taxpayer files a claim for relief with the tax collector, and the taxpayer demonstrates economic hardship or other circumstances that have arisen due to the COVID-19 pandemic or due to a local, state, or federal governmental response to COVID-19. The impacts the waiver of penalties, costs or interest on delinquent property taxes under the circumstances described in Order N-61-20 have on property tax revenues are unknown at this time.

The City cannot predict whether the County or the State California will further relax their positions with respect to late payment penalties, which could result in significant property tax delinquencies. The waiver of late payment penalties and resulting property tax delinquencies could have a material adverse impact on the timely payment of property taxes with respect to property in the City. The COVID-19 outbreak may also result in increased property tax assessment appeals which could reduce property tax revenue growth in future years. See the caption "RISK FACTORS— COVID-19 (Coronavirus) Pandemic."

Other Sources of General Fund Revenues

In addition, the City receives the following General Fund revenues:

Transient Occupancy Taxes. The City imposes a transient occupancy tax on all hotels in the City. The current rate is 10.0% of the rent charged.

Licenses and Permits. The City charges certain permits, licenses and fees for the cost recovery of providing current planning, building inspection, recreation and other municipal services.

Charges for Services. The City charges various fees and charges for services provided, including development and inspection fees, paramedic fees, charges for public works, police, fire, library and parks and recreation services. By law, the City may not charge more than the cost of providing the service.

Fines, Forfeitures and Penalties. These revenues include parking citations and other fines for municipal code violations.

Impact of COVID-19 Pandemic on Other Revenue Sources. Fiscal Years 2019-20 and 2020-21 revenues from transient occupancy taxes, charges for services, licenses and permits and fines and forfeitures may be delayed or reduced as compared to prior years. The City has closed or reduced operations at many of its Park & Recreation facilities and has cancelled some of its programs in fiscal years 2019-20 and 2020-21. The City plans to re-instate these programs and classes as conditions related to the COVID-19 Pandemic improve, which will result in reduced revenue in charges for services compared to historical levels. Tenants not paying their monthly lease and rent payments as a result of COVID-19 Pandemic have also negatively affected City revenues. Planning and building activities are still taking place in the City on a similar scale compared to the level of prior years, but at reduced construction valuations. The City anticipates that revenues generated for these activities will recover as the COVID-19 Pandemic subsides. See also "General Fund Budget," herein.

Reliance on State Budget

The City does not rely on the State for a material amount of revenues.

The economic uncertainty caused by the COVID-19 outbreak will significantly affect the State's fiscal outlook, including lower capital gains-related tax revenue due to the volatility in the financial markets, the likelihood that a recession is forthcoming due to pullback in activity across wide swaths of the economy, and substantially increased expenditures related to fighting the COVID-19 Pandemic. The City cannot predict the short or long-term impacts that the COVID-19 Pandemic will have on global, State-wide and local economies, which may impact City operations and local property values.

There can be no assurance that future State budget difficulties will not adversely affect the City's revenues or its ability to pay debt service on the Certificates. See "STATE BUDGET INFORMATION."

OTHER FINANCIAL INFORMATION

Labor Relations

Most full-time City employees are represented by two labor union associations, the principal one being the Teamsters Local 856, which represents approximately 37% of all City employees. Approximately 80% of all permanent City employees are covered by negotiated agreements as shown in the table below.

TABLE 12
CITY OF CONCORD
NEGOTIATED EMPLOYEE AGREEMENTS

Bargaining Unit	Contract Expiration Date	Number of Employees
Teamsters Local 856	6/30/2021	142
OPEIU Local 29	6/30/2021	29
Police Officers' Association	6/30/2023	129
Police Managers' Association	6/30/2023	9
Unrepresented	n/a	73
Total		382

Source: City of Concord

For a discussion of anticipated staffing changes during Fiscal Year 2020-21, see "General Fund Budget" herein.

Risk Management

Insurance Risk Pool. In July 2003, the City joined the California State Association of Counties - Excess Insurance Authority ("CSAC-EIA"), a joint powers authority. During fiscal year 2019-20, CSAC-EIA began operating under the name PRISM. PRISM provides coverage against the following types of loss risks, including commercial insurance coverage, under the terms of a joint-powers agreement with the City and several other cities and governmental agencies as follows:

Type of Coverage (Deductible)	Coverage Limits
General Liability ($500,000)	$ 25,000,000
Optional Excess Liability ($25,000,000)	$ 50,000,000
Workers' Compensation ($500,000)	Statutory
All Risk Property ($10,000 per occurrence)	$ 800,000,000
Property Flood Risk ($50,000 per occurrence)	$ 600,000,000
Earthquake (2 percent with a $100,000 minimum)	$ 50,000,000

Source: City of Concord 2019-20 Comprehensive Annual Financial Report.

PRISM was established for the purpose of creating a risk management pool for all California public entities. PRISM is governed by a Board of Directors consisting of representatives of its member public entities.

The City's deposits with PRISM are in accordance with formulas established by PRISM. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

The City is self-insured for auto physical damage claims.

For the years ended June 30, 2020, 2019 and 2018, the amount of settlements did not exceed the City's insurance coverage, however in certain cases individual claims did exceed the insurance deductibles.

For additional information about the City's Risk Management, see APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020, Note 15.

Employee Retirement Plans

The information set forth below regarding the California Public Employees' Retirement System ("CalPERS") program, other than the information provided by the City regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the City or the Underwriter.

Plan Description. All qualified permanent and probationary employees are eligible to participate in the City's Safety Plan (police and fire) and Miscellaneous Plan (all others) (collectively, the "Plans"), agent multiple employer defined benefit pension plans administered by the CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CCRS Plan. The City of Concord Retirement System Plan (the "CCRS Plan") is a closed plan and is a single employer defined benefit pension plan covering all full-time employees of the City retired prior to June 28, 1999 or who left the employment of the City eligible for a pension. On June 21, 1993, the City converted to the California Public Employees Retirement System, CalPERS. For additional information about the CCRS Plan, see "City of Concord Retirement System Plan."

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 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.

Employees Covered. At June 30, 2020, the following employees were covered by the benefit terms for each Plan.

TABLE 13
CITY OF CONCORD
COVERED EMPLOYEES

	Miscellaneous	Safety	CCRS Plan[1]
Inactive employees or beneficiaries currently receiving benefits	420	166	222
Inactive employees entitled to but not yet receiving benefits	393	61	23
Active employees	261	147	-[1]
Total	1,074	374	245

Source: City of Concord 2019-20 Comprehensive Annual Financial Report.
(1) The CCRS Plan was closed to new enrollments in 1993.

Contributions. 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. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City's contributions to its Miscellaneous and Safety Plans and the CCRS Plan for the past three years is summarized in the following table.

TABLE 14
CITY OF CONCORD
HISTORICAL PENSION CONTRIBUTIONS

Fiscal Year Ending June 30,	Miscellaneous Plan	Safety Plans	CCRS Plan	Total Contributions
2018	$6,081,150	$7,481,823	$5,885,064	$19,448,037
2019	6,548,823	8,023,738	2,822,000	17,394,561
2020	7,398,652	9,097,712	2,715,000	19,211,364

Source: City of Concord 2017-20 Comprehensive Annual Financial Reports.

Changes in the Net Pension Liability. As of June 30, 2020, the City reported a net pension liability for its proportionate share of the net pension liability of approximately $83,326,622 for the Miscellaneous Plan, $107,968,540 for the Safety Plan, and $23,482,731 for the CCRS Plan.

The City's net pension liability for the Plans and the CCRS Plan is measured as the proportionate share of the net pension liabilities. The net pension liabilities of the Plans and the CCRS Plan are measured as of June 30, 2019, and the total pension liabilities for the Plans and the CCRS Plan used to calculate the net pension liabilities were determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures. The City's proportion of the net pension liabilities was based

on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions. For the year ended June 30, 2020, the City recognized pension expense of $14.4 million for the Miscellaneous Plan and $18.8 million for the Safety Plans, respectively. For the year ended June 30, 2020, the City also recognized pension expense of $1.8 million for the CCRS Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TABLE 15
CITY OF CONCORD
DEFERRED OUTFLOWS/INFLOWS OF RESOURCES
FISCAL YEAR 2019-20

	Miscellaneous		Safety		CCRS Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 8,266,205	$ -	$ 10,246,008	$ -	$ -	$ -
Diff. btw. actual and expected experience	3,177,722	-	9,113,659	(733,541)	-	-
Changes in assumptions	-	(292,136)	5,193,237	(513,591)	-	-
Diff. btw. projected and actual earnings on investment	-	(787,422)	-	(730,791)	256,896	-
Total	11,443,927	(1,079,558)	24,552,904	(1,977,923)	256,896	-

Source: City of Concord 2019-20 Comprehensive Annual Financial Report.

For information concerning the City's pension obligations, including descriptions of the actuarial methods and assumptions, and an explanation of the discount rate used, please see APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020, Note 12.

Funded Status. The following table sets forth a summary of the funding progress for the City's Miscellaneous and Safety Plans and the CCRS Plan for the four most recent actuarial valuation dates.

TABLE 16
CITY OF CONCORD
HISTORICAL PENSION FUNDING PROGRESS

Date June 30,	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll
Miscellaneous Plan					
2018	$213,901,134	$139,264,501	$74,636,633	65.11%	$19,770,939
2019	225,544,994	147,552,597	77,992,397	65.42%	21,505,077
2020	237,412,583	154,085,961	83,326,622	64.90%	21,773,599
Safety Plans					
2018	$252,974,826	$162,753,690	$ 90,221,136	64.34%	$18,960,776
2019	273,204,035	174,143,029	99,061,006	63.74%	19,289,474
2020	291,688,027	183,719,487	107,968,540	62.98%	19,552,648
CCRS Plan(1)					
2018	$57,816,259	$32,829,225	$24,987,034	56.78%	$ -(1)
2019	56,282,659	32,064,272	24,218,387	56.97%	-(1)
2020	53,995,067	30,512,336	23,482,731	56.51%	-(1)

Source: City of Concord 2019-20 Comprehensive Annual Financial Report.
(1) The CCRS Plan was closed to new enrollments in 1993.

Coronavirus Impacts on Pension Obligations. Recent ~~investment losses~~volatility in the CalPERS portfolio as a result of the ~~general market downturn caused by the~~ COVID-19 Pandemic ~~will likely~~may result in increases in the City's required contributions in future years. The City cannot predict the level of such increases, if any.

As of June 30, 2020, CalPERS estimated that the rate of return for its investment portfolio for the fiscal year was 4.7%. Investment returns below 7% create additional liabilities for public agencies, including the City. Any increase in the unfunded actuarial liability created by the Fiscal Year 2019-20 rate of return will begin affecting the City's UAL costs starting in Fiscal Year 2021-22. Pursuant to CalPERS methodology, the amounts payable will increase annually during the first five years and then level out for the remaining 15 years over which to amortize investment losses.

CalPERS Amortization Period Reform. On February 13, 2018 the CalPERS Board voted to shorten the period over which actuarial gains and losses are amortized from 30 years to 20 years for new pension liabilities. The new 20-year amortization period begins with new gains or losses accrued starting with the June 30, 2019 actuarial valuations. The first payments on the new 20-year amortization schedule will take place in 2021.

A shorter amortization period will increase annual Unfunded Accrued Liability ("UAL") contributions for cities that participate in CalPERS so long as CalPERS remains underfunded. The shortened amortization period will also lead to reductions of periods of negative amortization of the UAL, interest cost savings, and faster recoveries of funded status after market downturns.

Cities that participate in CalPERS will also see additional volatility in their future UAL contributions due to market performance as gains or losses will be amortized faster under the new amortization period.

The City cannot currently estimate the impact the shorter amortization period will have on its required contributions for its Miscellaneous and Safety Plans.

For additional information concerning the Plans, please see APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020, Note 12.

City of Concord Retirement System Plan (Closed)

CCRS Plan Description. The City of Concord Retirement System Plan is a closed plan and is a single employer defined benefit pension plan covering all full-time employees of the City retired prior to June 28, 1999 or who left the employment of the City eligible for a pension. Participants in the CCRS Plan are divided into two primary groups for coverage: general employees and police employees. Membership in the CCRS Plan comprised 222 inactive members currently receiving benefits and 23 inactive members entitled to but not yet receiving benefits at June 30, 2020. On June 21, 1993, the City converted to the California Public Employees Retirement System, CalPERS, and closed the CCRS plan to new enrollment.

Benefits Provided. The CCRS Plan provides retirement and death benefits for general and police employees as well as disability benefits for police employees. General employees are eligible for retirement benefits at age 55, provided the employee has completed 20 years of service or has accumulated contributions in excess of $500 and was employed before June 30, 1990 or has completed 5 years of service and was terminated after July 1, 1990. Sworn police employees are eligible for retirement at age 50, provided the employee has completed 20 years of service or has accumulated contributions exceeding $500. Retirement benefits are determined based on the employee's length of service, highest one-year compensation upon retirement, and age at retirement.

Contributions. Prior to June 21, 1993, contributions were made to the CCRS Plan by both the City and the employee participants. City contributions were actuarially determined annually to provide the CCRS Plan with assets sufficient to pay basic benefits not provided for by employees' contributions. All general employees were required to contribute 6 percent, and all police employees were required to contribute 8 percent of their base salary (decreased by a Social Security allowance) to the CCRS Plan. The City is funding the CCRS Plan's Unfunded Actuarial Accrued Liability with annual contributions from the General Fund.

Funding Policy. The City holds the assets of the CCRS Plan in an irrevocable trust which allows for the accumulation of resources to be used for retirement annuity payments to CCRS Plan members at appropriate amounts and times in the future. The City administers the CCRS Plan Trust. The City's CCRS Plan funding policy is to fund the actuarially required contribution with additional funding on an ad-hoc basis as the City's finances permit. For the year ended June 30, 2020, the City's contributions to the CCRS Plan totaled $2.715 million.

Changes in the Net Pension Liability. As of June 30, 2020, the City reported a net pension liability of approximately $23,482,731 for the CCRS Plan.

Changes in CCRS Plan Obligation. The following table shows the changes in the City's net obligation to the CCRS Plan:

TABLE 17
CITY OF CONCORD
CHANGE IN NET CCRS PLAN OBLIGATION
Fiscal Year 2019-20

Interest on CCRS Plan liability	$ 3,211,973
Employer contributions	(2,715,000)
Investment income	(1,409,436)
Administrative expenses	176,807
Net changes	(735,656)
Net CCRS Plan obligation, beginning of the year	24,218,387
Net CCRS Plan obligation, end of the year	$23,482,731

Source: City of Concord 2019-20 Comprehensive Annual Financial Report.

For information concerning the City's CCRS Plan, including descriptions of the actuarial methods and assumptions, please see APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020, Note 10.

Defined Contribution Pension Plan

City employees may defer a portion of their compensation under City sponsored Deferred Compensation Plans created in accordance with Internal Revenue Code Section 457 and 401K. Under these plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distribution may be made only at termination, retirement, death or in an emergency as defined by the Plans.

Other Post-Employments Benefits

Plan Description. Substantially all full-time City employees and their eligible dependents are eligible for post-employment health care benefits under Agent Multiple Employer CalPERS sponsored health plans currently funded during the employees' active service. In order to fund retiree health benefits, the City established an irrevocable trust with California Employers Retirees Benefit Trust ("CERBT"). CERBT is administered by CalPERS and is managed by an appointed board not under the control of the City Council. The City's OPEB funding policy is to prefund these benefits by accumulating assets in the CERBT pursuant to City Council Resolution. For the year ended June 30, 2020, the City's contributions totaled $4.9 million.

Benefits Provided. For City employees hired prior to 2016, the City pays health insurance premiums up to $672 for each retiree, up $1,344 for each couple, and up to $1,747 for each family. City employees hired after 2016 receive post-employment health care benefits compliant with PEMHCA minimums.

Employees Covered. Membership of the plan consisted of 405 retirees and beneficiaries receiving benefits, 64 inactive members entitled to but not yet receiving benefits and 383 active plan members at June 30, 2019, the date of the latest actuarial valuation.

Funding Policy. The contribution requirements for plan members and the City are established by a memorandum of understanding negotiated by each group or bargaining unit. The required contribution is based upon the actuarial determined contribution per City Council policy.

Changes in Net OPEB Liability. The following table shows the changes in the City's net OPEB obligations during fiscal year 2019-20:

TABLE 18
CITY OF CONCORD
CHANGE IN NET OPEB LIABILITY
Fiscal Year 2019-20

Service cost	$ 1,469,949
Interest on OPEB liability	4,338,953
Employer contributions	(4,988,337)
Investment income	(1,859,144)
Administrative expenses	54,242
Net changes	(984,337)
Net OPEB obligation, beginning of the year	36,639,785
Net OPEB obligation, end of the year	$35,655,448

Source: City of Concord 2019-20 Comprehensive Annual Financial Report.

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, investment returns, 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.

For information concerning the City's OPEB obligations, including descriptions of the actuarial methods and assumptions, please see APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020, Note 13.

Debt Obligations

Short-Term General Fund-Secured Obligations. The City has no outstanding short-term obligations secured by its General Fund.

Long-Term General Fund-Secured Obligations. In March of 2015, the City entered into the 2015 Lease Agreement which will be prepaid from the proceeds of the Certificates.

In March of 2018, the City entered into a lease agreement with the Corporation (the "2018 Lease Agreement") to refinance a lease entered into in 2011 to finance capital equipment (the "2018 Project"). The City's obligation to make lease payments under the 2018 Lease Agreement was assigned by the Corporation to the Opus Bank which advanced $6,820,000 to the City for the 2018 Project. The payments under the 2018 Lease Agreement include a principal component and an interest component (payable at the rate of 2.78% per annum) payable from the City's General Fund and are scheduled to be paid through December 1, 2026.

The following tables shows the City's total General Fund-secured debt service obligations with respect to the 2015 Lease Agreement and the 2018 Lease Agreement.

TABLE 19
CITY OF CONCORD
DEBT SERVICE REQUIREMENTS ON GENERAL FUND-SECURED OBLIGATIONS

Payment Date	2015 Lease Agreement [1]	2018 Lease Agreement	Total
6/1/21	—	$ 414,152.50	$ 414,152.50
9/1/21	$1,258,424.47	—	1,258,424.47
12/1/21	—	414,357.00	414,357.00
3/1/22	1,240,713.68	—	1,240,713.68
6/1/22	—	429,492.00	429,492.00
9/1/22	1,255,727.30	—	1,255,727.30
12/1/22	—	429,349.00	429,349.00
3/1/23	1,243,194.52	—	1,243,194.52
6/1/23	—	444,136.50	444,136.50
9/1/23	1,257,590.83	—	1,257,590.83
12/1/23	—	443,646.00	443,646.00
3/1/24	1,240,389.65	—	1,240,389.65
6/1/24	—	463,086.00	463,086.00
9/1/24	1,254,015.07	—	1,254,015.07
12/1/24	—	462,178.50	462,178.50
3/1/25	1,241,811.76	—	1,241,811.76
6/1/25	—	476,201.50	476,201.50
12/1/25	—	479,946.50	479,946.50
6/1/26	—	498,552.50	498,552.50
12/1/26	—	496,811.00	496,811.00
Total	$9,991,867.28	$5,451,909.00	$15,443,776.28

(1) To be prepaid from the proceeds of the Certificates of this issue.

Other Obligations

The City has certain other outstanding obligations including wastewater revenue bonds which are not secured by the City's General Fund.

See APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE YEAR ENDED JUNE 30, 2020—Notes to Basic Financial Statements—NOTE 7.

Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective March 1, 2021. The Debt Report is included for general information purposes only. Neither the City nor the Underwriter has reviewed the Debt Report for completeness or accuracy and neither the City nor the Underwriter makes any representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations

secured by land within the City. In many cases, long-term obligations issued by a public agency are payable only from the General Fund or other revenues of such public agency.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the City; (2) the second column shows the respective percentage of the assessed valuation of the overlapping public agencies identified in column 1 which is represented by property located in the City; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the City, as determined by multiplying the total outstanding debt of each agency by the percentage of the City's assessed valuation represented in column 2.

TABLE 20
CITY OF CONCORD
DIRECT AND OVERLAPPING BONDED DEBT
as of March 1, 2021

2020-21 Assessed Valuation: $18,844,677,519

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 3/1/21
Bay Area Rapid Transit District	2.200%	$ 41,181,580
Contra Costa Community College District	8.356	49,828,917
Mt. Diablo Unified School District	40.761	164,374,690
Mt. Diablo Unified School District Community Facilities District No. 1	40.780	2,310,187
East Bay Regional Park District	3.520	4,718,560
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		262,413,934
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Contra Costa County General Fund Obligations	8.328%	19,361,322
Contra Costa County Pension Obligations	8.328	7,136,263
Contra Costa County Fire Protection District Pension Obligations	18.056	4,815,535
Mt. Diablo Unified School District Certificates of Participation	40.761	6,874,343
City of Concord General Fund Obligations	**100.000**	**14,545,000**[1]
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		52,732,463
Less: Contra Costa County supported obligations		7,697,461
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		45,035,002
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	100.000	10,435,000
GROSS COMBINED TOTAL DEBT		325,581,397 [2]
NET COMBINED TOTAL DEBT		317,883,936

Ratios to 2020-21 Assessed Valuation:
Total Overlapping Tax and Assessment Debt.....1.39%
Total Direct Debt ($14,545,000) 0.08%
Gross Combined Total Debt 1.73%
Net Combined Total Debt 1.69%

Ratios to Redevelopment Incremental Valuation ($2,420,552,771):
Total Overlapping Tax Increment Debt..... 0.43%

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

THE CORPORATION

The Corporation is a nonprofit, public benefit corporation duly organized and existing under the laws of the State and is entitled to purchase personal and real property and to sell or lease such property, to contract for construction and improvements and to execute operating agreements regarding such property. The Corporation was formed for the purpose of providing financial assistance to public entities by acquiring, constructing, developing and refinancing certain facilities for the use and benefit of the public. The Corporation has no liability to the Owners of the Certificates.

RISK FACTORS

This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Certificates. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Certificates, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the Certificates are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Certificates. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Lease Payments Are Not Debt

The obligation of the City to make the Lease Payments under the Lease Agreement does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to make Lease 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 limitation or restriction.

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 Lease Payments from any source of legally available funds and the City has covenanted in the Lease Agreement that, for so long as the Property is available for its use, it will make the necessary annual appropriations within its budget for the Lease Payments. The City is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Lease Payments, or which the City, in its discretion, may determine to pay prior to the Lease Payments.

The City has the capacity to enter into other obligations payable from the City's General Fund, without the consent of or prior notice to the Owners of the Certificates. To the extent that additional obligations are incurred by the City, the funds available to make Lease 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 municipal services before making Lease Payments. The same result could occur if, because of State constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. The City's appropriations, however, have never exceeded the limitations on appropriations under Article XIIIB of the California Constitution. For information on the City's current limitations on appropriations, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS–Article XIIIB of the California Constitution."

Valid and Binding Covenant to Budget and Appropriate

Pursuant to the Lease Agreement, the City covenants to take such action as may be necessary to include Lease Payments due in its annual budgets and to make necessary appropriations for all such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of the public officials of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon delivery of the Certificates, Special Counsel will render its opinion (substantially in the form of APPENDIX D–FORM OF SPECIAL COUNSEL OPINION) to the effect that, subject to the limitations and qualifications described therein, the Lease Agreement constitutes a valid and binding obligation of the City.

Additional Obligations of the City

The Lease Agreement does not prohibit the City from incurring additional lease and other obligations payable from the City's General Fund. In that regard, the City may, from time to time, incur General Fund obligations to finance public improvements (see "OTHER CITY FINANCIAL INFORMATION—Long-Term General Fund-Secured Obligations"), which may also include lease obligations payable from its General Fund.

Abatement

In the event of loss or substantial interference in the use and possession by the City of all or any portion of the Property caused by material damage, title defect, destruction to or condemnation of the Property, Lease Payments will be subject to abatement. In the event that such component of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time that proceeds of the City's rental interruption insurance will be available in lieu of Lease Payments, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such component of the Property or prepayment of the Certificates, there could be insufficient funds to make payments to Owners in full. Reduction in Lease Payments due to abatement as provided in the Lease Agreement does not constitute a default thereunder.

It is not possible to predict the circumstances under which such an 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 Certificates. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Certificates.

No Acceleration Upon Default

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement and the Trustee is not empowered to foreclose or sell a fee simple interest in the Property and use the proceeds of such sale to prepay the Certificates or pay debt service thereon. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the

State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest as described below. See "—Limitations on Remedies."

Risk of Uninsured Loss

The City covenants under the Lease Agreement to maintain certain insurance policies on the Property. See "SOURCE OF PAYMENT FOR THE CERTIFICATES—Insurance." These insurance policies do not cover all types of risk, and the City need not obtain insurance except as available on the open market from reputable insurers. The City does not insure its facilities against the risk of earthquake. Additionally, the Property could be the subject of an eminent domain proceeding. Under these circumstances an abatement of Lease Payments could occur and could continue indefinitely. There can be no assurance that the providers of the City's liability and rental interruption insurance will in all events be able or willing to make payments under the respective policies for such loss should a claim be made under such policies. Further, there can be no assurances that amounts received as proceeds from insurance or from condemnation of the Property will be sufficient to prepay the Certificates.

Under the Lease Agreement the City may obtain casualty insurance which provides for a deductible up to $250,000. Should the City be required to meet such deductible expenses, the availability of General Fund revenues to make Lease Payments may be correspondingly affected.

Eminent Domain

If the Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement will cease as of the day possession is taken. If less than all of the Property is taken permanently, or if the Property or any part thereof is taken temporarily, under the power of eminent domain, (a) the Lease Agreement will continue in full force and effect and will not be terminated by virtue of such taking, and (b) there will be a partial abatement of Lease Payments as a result of the application of net proceeds of any eminent domain award to the prepayment of the Lease Payments, in an amount to be agreed upon by the City and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property. The City covenants in the Lease Agreement to contest any eminent domain award which is insufficient to either: (i) prepay the Lease Payments in whole, if all the Property is condemned; or (ii) prepay a pro rata share of Lease Payments, in the event that less than all of the Property is condemned.

Hazardous Substances

The existence or discovery of hazardous materials may limit the beneficial use of the Property. In general, the owners and lessees of the Property may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or lessee is obligated to remedy a hazardous substance condition of the property whether or not the owner or lessee had anything to do with creating or handling the hazardous substance.

Further it is possible that the beneficial use of the Property may be limited in the future resulting from the current existence on the Property of a substance currently classified as hazardous, but which has

not been released or the release of which is not presently threatened or may arise in the future resulting from the current existence on the Property of a substance not presently classified as hazardous, but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could significantly limit the beneficial use of the Property.

The City is unaware of the existence of hazardous substances on the Property site which would materially interfere with the beneficial use thereof.

Natural Calamities

General. From time to time, the City has been and could be subject to natural calamities, including, but not limited to, earthquake, flood or wildfire, that may adversely affect economic activity in the City, and which could have a negative impact on City finances. There can be no assurance that the occurrence of any natural calamity would not cause substantial interference to the Property, or that the City would have insurance or other resources available to make repairs to the Property in order to make the Lease Payments under the Lease. See "—Abatement" above.

Seismic. Like most regions in California, the City is in an area of significant seismic activity. There are numerous earthquake faults near the City, including particularly the Hayward fault. The Hayward fault covers the hills on the east side of the San Francisco Bay and into San Pablo Bay. Numerous other faults are capable of producing damaging earthquakes similar in magnitude to the 1989 Loma Prieta earthquake. Soils in lowland areas away from major faults may also be unable to support buildings during major earthquakes. Landslides are likely on hillsides during major earthquakes. Coastal areas are also at risk of tsunamis, generated from earthquakes on local faults or across the Pacific.

If there were to be an occurrence of severe seismic activity in the City, there could be substantial damage to and interference with the City's right to use and occupy all or a portion of the Property, which could result in Lease Payments being subject to abatement. See "—Abatement" above. Damage resulting from such an event could have a material adverse effect on the City's financial condition as well, through unexpected recovery costs and reduced tax and other revenues.

See "SOURCE OF PAYMENT FOR THE CERTIFICATES—Insurance" above. Also see "THE PROPERTY" for information about the Property.

Flood. Like most of the State, the City is subject to unpredictable seasonal rainfall, with periods of intense and sustained precipitation occurring every few years. The Property is not located in the 100-year floodplain.

Climate Change/Sea Level Rise. Although none of the property in the City directly abuts the San Francisco Bay, certain parcels may still be vulnerable to property damage or reductions in assessed value as a result of future sea level rise in the San Francisco Bay or other negative impacts resulting from climate change.

The predictions for sea level rise in the San Francisco Bay vary. A report released by the San Francisco Bay Conservation Development Commission ("BCDC") predicts sea levels in the Bay to rise 16 inches by 2050 and 55 inches by 2100. The State's Fourth Climate Change Assessment, released in 2017, estimates sea level rise for the year 2100 in the range of 14 inches to 94 inches (36 cm to 239 cm) with an

additional very low probability, worst case estimate that exceeds 108 inches (274 cm). A draft paper from the California Climate Change Center posits that increases in sea level will be a significant consequence of climate change over the next century.

Local impacts of climate change are not definitive, but parcels in the City could experience changes to local and regional weather patterns, rising bay water levels, increased risk of flooding, changes in salinity and tidal patterns of San Francisco Bay, coastal erosion, water restrictions and vegetation changes.

Wildfire. In recent years, wildfires have caused extensive damage to cities throughout the State. In some instances, entire neighborhoods have been destroyed. Areas effected by wildfires may be more prone to flooding and mudslides. In addition to the direct impact of wildfires on health and safety and property damage, the smoke from wildfires has negatively impacted the quality of life in the Bay Area and the City and may have short-term and future impacts on residential and commercial activity in the City.

Recent wildfires in the State have been driven in large measure by drought conditions and low humidity. Experts expect that California will continue to be subject to wildfire conditions as a result in changing weather patterns due to climate change. There can be no assurances that wildfires will not occur within the City or the region or that the City will not be negatively impacted by sustained smoky conditions caused by wildfires.

If there were to be a natural calamity in the City, there could be substantial damage to and interference with the City's right to use and occupy all or a portion of the Property, which could result in Lease Payments being subject to abatement. See "—Abatement" above. Damage resulting from such an event could have a material adverse effect on the City's financial condition as well, through unexpected recovery costs and reduced tax and other revenues.

Climate Action Plan. The City adopted a Climate Action Plan on July 23, 2013. The City's Climate Action Plan contains guidance and strategies for the reduction of greenhouse gasses, building performance strategies for energy, water and waste, municipal operations strategies, and strategies related to climate change adaptation generally.

Bankruptcy

The City is a unit of State government and therefore is not subject to the involuntary procedures of the United States Bankruptcy Code (the "Bankruptcy Code"). However, pursuant to Chapter 9 of the Bankruptcy Code, the City may seek voluntary protection from its creditors for purposes of adjusting its debts. A City bankruptcy petition could have a material adverse effect on the payment of the Certificates. The following paragraphs present a discussion of certain potential consequences surrounding a potential City bankruptcy. It is not intended to be an exhaustive discussion of all potential adverse consequences or potential outcomes.

In the event the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may

have a priority of payment superior to that of Owners of Certificates; and (iv) the possibility of the adoption of a plan for the adjustment of the City's debt (a "Plan") without the consent of the Trustee or all of the Owners of Certificates, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable.

In addition, the City could either reject the Lease Agreement or assume the Lease Agreement despite any provision of the Lease Agreement which makes the bankruptcy or insolvency of the City an event of default thereunder. In the event the City rejects the Lease Agreement, the Trustee, on behalf of the Owners of the Certificates, would have a pre-petition claim that may be limited under the Bankruptcy Code and treated in a manner under a Plan over the objections of the Trustee or Owners of the Certificates. Moreover, such rejection would terminate the Lease Agreement and the City's obligations to make payments thereunder.

COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized by the World Health Organization and is currently affecting many parts of the world, including the City, California, and the United States. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. ~~Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.~~

~~The COVID-19 Pandemic has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including schools in the City). The United States is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile.~~

On March 4, 2020, the Governor of the State proclaimed a state of emergency in California as a result of the threat of COVID-19. Under the California Emergency Services Act, during a state of emergency, the Governor has authority over all agencies of the state government and can exercise the State's police powers. His powers also include the power to promulgate, issue, and enforce orders and regulations as he deems necessary.

To mitigate the spread of the pandemic, several cities and counties throughout the state (including the City) announced shelter-in-place ("Shelter-in-Place") emergency orders on March 13, 2020, which generally directed individuals to stay home, except for certain limited travel for the conduct of essential activities and services. Most retail establishments (e.g., restaurants, bars and nightclubs, entertainment venues, gyms, etc.) were closed in response to the Shelter-in-Place order. On March 17, 2020, the County Health Officer issued a Shelter-in-Place order and on March 19, 2020, California's Governor announced a similar Shelter-in-Place emergency executive order (N 33-20) effective for the entire State.

Blueprint for a Safer Economy. On August 29, 2020, the Governor announced a color-coded statewide system called "Blueprint for a Safer Economy." The color-coded structure replaces the county monitoring list. The color-coded system became effective as of August 31, 2020. As detailed below, the new system features a color-coded list benchmarked to each county's rate of new cases per 100,000 residents per day (based on a seven-day average with seven-day lag), the percentage of positive COVID-19 tests, and

as of October 6, 2020 a health equity metric targeted to ensure the test positivity rates in disadvantaged neighborhoods do not significantly fall behind overall county test positivity rate. The health equity metric evaluates whether test positivity in neighborhoods in the lowest quartile of the California Health Places Index within each County fall within or near an acceptable range from the County's overall positivity rate. Hospitalizations and capacity at intensive care units are given less weight than under the prior system.

Under the color-coded system, each county is given a designation of "purple" (widespread), "red" (substantial) "orange" (moderate) or "yellow" (minimal) that measures the spread of COVID-19 and dictates what types of businesses and activities are allowed to open in each county.

Each county will be assigned its tier every Tuesday, and a county must remain in a tier for 21 consecutive days before moving to the next one. To move forward, a county must meet the next tier's criteria for 14 consecutive days. A county can move backwards by failing to meet the criteria for two consecutive weeks, or if state officials see a rapid rise in hospitalizations. County guidelines may override the state's reopening thresholds, but only if they are stricter.

A brief summary of the four tiers is below:

Purple tier: County risk level is "widespread"

- *Benchmark* - More than seven daily new cases per 100,000 residents, or test positivity greater than 8%, or health equity metric > 8%.
- Most non-essential indoor businesses operations are closed, but indoor hair salons and barbershops can reopen effective immediately.
- All retail stores and shopping malls may open at a maximum of 25% capacity.

Red tier: County risk level is "substantial"

- Benchmark - Four to seven daily new cases per 100,000 residents, or test positivity between 5% and 8%, and health equity metric between 8% and 5.2%.
- Some non-essential indoor business operations (office spaces, card rooms) are closed, but gyms, movie theaters and indoor dining can reopen with modifications and capacity limitations.
- Schools can open for in-person instruction two weeks after a county moves from purple to red.
- All retail stores and shopping malls may increase occupancy to a maximum of 50% capacity.
- ~~**The County is currently in the Red/Substantial tier.**~~

Orange tier: County risk is "moderate"

- Benchmark - One to four daily new cases per 100,000 residents, or test positivity between 2% and 5%, and health equity metric between 5.2% and 2.1%.
- Most non-essential indoor business operations including office spaces, card rooms, gyms, movie theaters and indoor dining can reopen with modifications and capacity limitations.
- Bars may open outdoor service with modification.

The County is currently in the Orange/Moderate tier.

Yellow tier: County risk is "minimal"

- Benchmark - Less than 1 new daily case per 100,000 residents, or test positivity less than 2%, and health equity metric less than 2.1%.
- non-essential indoor business operations (office spaces, card rooms) are closed, but gyms, movie theaters and indoor dining can reopen with modifications. Capacity limitations are increased.
- Bars may open indoors with modifications and capacity limitations.

On April 6, 2021, the Governor announced that the State plans to eliminate the "Blueprint for a Safer Economy" reopening system and will lift all COVID-19 restrictions on business closures and indoor and outdoor occupancy limitations on June 15, 2021. Face masking requirements are expected to remain in place.

Additional information about the State's reopening plans and the County's current status can be found at the State's website, www.covid19.ca.gov. Also see the County's website www.coronavirus.cchealth.org for up to date information regarding COVID-19 restrictions in place in the County. Reference to the State's and the County's website is included in this Official Statement for general information only and information on such website is not included in this Official Statement by reference to such website.

The COVID-19 Pandemic has negatively affected travel, commerce, investment values, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the City. While federal and state governments (including California) have enacted legislation and taken executive actions seeking to mitigate the negative public health and economic impacts of the Pandemic, the City offers no assurances that these interventions will have the intended effects.

These negative economic impacts may reduce or otherwise negatively affect revenues to the City's General Fund including declines in sales tax, property tax, and transient occupancy tax revenues as discussed under "CITY FINANCIAL INFORMATION." The City has developed what it believes to be reasonable budgeted projections of the magnitude of these impacts on its revenues and on its expenditures, the COVID-19 Pandemic is ongoing and the City cannot predict how and when it will be resolved.

The COVID-19 Pandemic is ongoing and the duration and severity of the outbreak and the economic and other of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of the COVID-19 Pandemic on the City's operations and finances is unknown. As of the date of this Official Statement, the City does not believe that the impacts of the COVID-19 Pandemic will prevent the City from making the Lease Payments when due.

Potential Impact of State Financial Condition on the City

During the most recent recession, the State faced a structural deficit that resulted in substantial annual deficits and reductions in expenditures. Although the State has had a budget surplus in the more recent fiscal years, according to the State there remain a number of major risks and pressures that threaten the State's financial condition, including the threat of recession, potential changes to federal fiscal policies and unfunded long-term liabilities of more than $200 billion related to pensions and other post-retirement benefits. These risks and financial pressures could result in future reductions or deferrals in amounts payable to the City. The State's financial condition and budget policies affect local public agencies throughout California. To the extent that the State budget process results in reduced revenues to the City,

the City will be required to adjust its budget. State budget policies can also impact conditions in the local economy and could have an adverse effect on the local economy and the City's major revenue sources.

No prediction can be made by the City as to whether the State will 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 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 over which the City has no control (see "STATE BUDGET INFORMATION"). The ability of the state to divert funds from the City has been limited by Proposition 1A and Proposition 22, which are discussed herein. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS."

Increased Internet Use May Reduce Sales Tax Revenues

The increasing use of the Internet to conduct electronic commerce may affect the levels of the sales tax revenues collected by the City. Online sales of physical products by businesses located in the State, and online sales of physical products delivered to the State by businesses located outside of the State are generally subject to the sales taxes. However, the City believes that many of these transactions may avoid taxation either through error or deliberate non-reporting and this potentially reduces the amounts of the sales tax revenues collected. As a result, the more that the Internet is used to conduct electronic commerce, along with the failure to collect sales taxes on such online purchases, the more that the City may experience reductions sales tax collections. On September 23, 2011, Governor Jerry Brown signed into law a settlement with Amazon.com Inc., one of the largest internet retailers in the State. As a result, beginning in September 2012, Amazon started collecting taxes from its online sales in the State, to remit to the California Department of Tax and Fee Administration ("CDTFA"). On June 21, 2018, in the case of South Dakota v. Wayfair, the Supreme Court of the United States ruled that state and local governments have the authority to require out-of-state vendors with no local physical presence in a state to collect and remit sales taxes to state and local governments. As of April 1, 2019, retailers located outside of the State are required to register with CDTFA, collect the California use tax and pay the tax to CDTFA based on the amount of their sales into California, even if they do not have a physical presence in the state, with exceptions for retailers with California sales below certain volume and dollar thresholds. The City cannot predict the degree that the collection of the California use tax on such retailers will affect the collection of sales taxes on a going forward basis.

Risks Related to Cyber Security

The City relies on computers and technology to conduct its operations. The City and its departments face cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. The City owns and operates its own enterprise class data network serving the municipal city government and its operations. The City has retained information technology professionals to support, maintain and protect these operations locally in a purpose-built and physically secure environment. This network and its operations are governed by and in compliance with all applicable governmental regulations as well as the City's own administrative regulations. Within the City's operations and guidance is an active cyber-security program designed to protect from, and to quickly identify and

mitigate, a multitude of complex security threats. While no network is completely immune from all possible compromise, the City exercises its due diligence in protecting the data it possesses and the systems it operates. To date, there have been no significant cyber-attacks on the City's computers and technologies.

The City adopted formal cybersecurity policies that became effective in August 1, 2016. The goal of the City's cybersecurity policies are to protect the City's computer and communication systems; to ensure a reasonable level of security; to establish an understanding of privacy and accepted uses; to protect information generated by or stored on any City-owned computer or communication system; and to protect the City's investment in technology. The City was awarded a Municipal Information Systems Association of California award for Excellence in IT Practices in December 2020.

While the City routinely maintains its technology systems and continuously implements new information security controls, no assurances can be given that the City's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the City's computer and technology could negatively impact the City's operations, and the costs related to such attacks could be substantial.

Pension Benefit Liability

Many factors influence the amount of the City's pension benefit liabilities, including, without limitation, inflationary factors, changes in statutory provisions of CalPERS retirement system laws, changes in the level of benefits provided or in the contribution rates of the City, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods (including but not limited to the assumed rate of return), and differences between actual and anticipated investment experience of CalPERS. Any of these factors could give rise to additional liability of the City to its pension plans as a result of which the City would be obligated to make additional payments to its pension plans in order to fully fund the City's obligations to its pension plans.

Early Prepayment Risk

Early prepayment of the Certificates may occur in whole or in part without premium, on any date if the Property or a portion thereof is lost, destroyed or damaged beyond repair or taken by eminent domain and from the proceeds of title insurance, or on any Interest Payment Date, without a premium (see "THE CERTIFICATES—Prepayment"), if the City exercises its right to prepay Lease Payments in whole or in part pursuant to the provisions of the Lease Agreement and the Trust Agreement. If Certificates are purchased at a premium, the Owners may receive less than their purchase price in the event of a prepayment.

Limitations on Remedies

The enforcement of any remedies provided in the Lease Agreement and the Trust Agreement could prove both expensive and time consuming. Although the Lease Agreement provides that if the City defaults the Trustee may enter the Property and re-let the Property, portions of the Property may not be easily recoverable, and even if recovered, could be of little value to others because of the Property's specialized nature. Additionally, the Trustee may have limited ability to re-let the Property to provide a source of rental payments sufficient to pay the principal of and interest with respect to the Certificates so as to preserve the tax-exempt nature of interest with respect to the Certificates. Furthermore, due to the governmental nature

of the Property, it is not certain whether a court would permit the exercise of the remedy of re-letting with respect thereto.

Alternatively, the Trustee may terminate the Lease Agreement and proceed against the City to recover damages pursuant to the Lease Agreement. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

The rights of the Owners of the Certificates are subject to certain limitations on legal remedies against cities, redevelopment agencies and other governmental entities in the State, including but not limited to a limitation on enforcement against funds that are otherwise needed to serve the public welfare and interest. Additionally, the rights of the Owners of the Certificates may be subject to (i) bankruptcy, insolvency, reorganization, moratorium, or similar laws limiting or otherwise affecting the enforcement of creditors' rights generally (as such laws are now or hereafter may be in effect), (ii) equity principles (including but not limited to concepts of materiality, reasonableness, good faith and fair dealing) and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or law, (iii) the exercise by the United States of America of the powers delegated to it by the Constitution, and (iv) 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. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs bankruptcy proceedings for public agencies, there are no involuntary petitions in bankruptcy. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Corporation could be prohibited or severely restricted 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.

Special Counsel has limited its opinion as to the enforceability of the Lease Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. Additionally, the Certificates are not subject to acceleration in the event of the breach of any covenant or duty under the Lease Agreement. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

No Reserve Fund

No debt service reserve fund has been established with respect to the Certificates.

Secondary Market Risk

There can be no assurance that there will be a secondary market for purchase or sale of the Certificates, and from time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market and the financial condition of the City.

Changes in Law

There can be no assurance that the electorate of the State will not at some future time adopt additional initiatives or that the Legislature will not enact legislation that will amend the laws or the Constitution of the State resulting in a reduction of the General Fund revenues of the City and consequently, having an adverse effect on the security for the Certificates.

STATE BUDGET INFORMATION

Information regarding the State Budget is regularly available at various State-maintained websites. The fiscal year 2020-21 State Budget and Proposed 2021-22 Budget further described below can be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." Additionally, an impartial analysis of the State's Budgets is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and neither the City nor the Underwriters takes responsibility for the continued accuracy of the 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 Process. Through the State budget process, the State enacts legislation that significantly impacts the source, amount and timing of the receipt of revenues by local agencies, including the City. As in recent years, State budget deficits can result in legislation that adversely impacts local agency budgets.

The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "Governor's Budget"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a two-thirds majority vote of each House of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets. Certain information about the State budgeting process and the State Budget is available through several State sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. The references to internet websites shown below are shown for reference and convenience only; the information contained within the websites has not been reviewed by the City and is not incorporated herein by reference.

The California State Treasurer's Internet home page at www.treasurer.ca.gov, under the heading "Financial Information," posts the State's audited financial statements. In addition, the "Financial Information" section includes the State's Rule 15c2-12 filings for State bond issues. The "Financial Information" section also includes the "Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation" from the State's most current Official Statement, which discusses the State budget and the state budget process in greater detail.

The State Legislative Analyst's Office ("LAO") prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Products."

2020-21 State Budget

On June 29, 2020, Governor Gavin Newsom signed the State budget for Fiscal Year 2020-21 (the "2020-21 Budget"). While the Governor's initial budget projections in January 2020 projected a budget surplus of $5.6 billion, the 2020-21 Budget addresses a projected budget deficit of $54.3 billion, representing a four-month swing of approximately $60 billion caused primarily by the effects of the COVID-19 Pandemic. The 2020-21 Budget projects general fund revenues decreasing by $9.8 billion compared to 2019-20 levels due in part to a combination of projected decreases of nearly 20% in income tax collections and sales and use tax collections. The 2020-21 Budget cuts general fund expenditures by $13.0 billion compared to 2019-20 levels with substantial cuts to spending on K-12 and higher education, legislative, judicial, executive functions and general reductions in governmental operations.

While the State anticipates future federal COVID-19 Pandemic funding relief, should such additional relief not be forthcoming the State will face additional restrictions and deferrals.

For additional information regarding the 2020-21 Budget, please see the Department of Finance website at ebudget.ca.gov. The City can take no responsibility for the continued accuracy of the above-referenced internet address as for the or for the accuracy, completeness, or timeliness of information posted therein, and such information is not incorporated herein by reference.

2021-22 Proposed State Budget

On January 8, 2021, Governor Gavin Newsom released his proposed budget for the State's 2020-21 fiscal year (the "Proposed 2021-22 Budget"). California's economic outlook and revenue forecasts have improved since adoption of the 2020-21 Budget on June 29, 2020; however, risks are expected to remain higher than usual due to the continuing effects the COVID-19 Pandemic.

The Proposed 2021-22 Budget projects general fund revenues increasing by $3.2 billion over 2020-21 levels to a total of $161.4 billion, while expenditures are projected to also increase by $8.6 billion over 2020-21 levels to a total of $164.5 billion. The largest areas of general fund expenditure increases in the Proposed 2021-22 Budget over 2020-21 expenditure levels include health and human services, government operations, and transportation programs. K-12 education expenditures (as detailed below), the single largest category of expenditures in the Proposed 2021-22 Budget, will increase by $1.8 billion over the prior year to a total of $59.6 billion.

Under the Proposed 2021-22 Budget, the State is projected to have approximately $34 billion in budget resiliency, comprised of budgetary reserves and surplus including $15.6 billion in the Proposition 2 Budget Stabilization Account (the Rainy Day Fund) for fiscal emergencies; $450 million in the Safety Net Reserve, $3 billion in the Public School System Stabilization Account, and an estimated $2.9 billion in the State's operating reserves.

Notable specific areas of expenditures from the Proposed 2021-22 Budget reflecting changes from prior years identified in analysis prepared by the Legislative Analysts' Office ("LAO") and published on the LAO's website on January 10, 2021 include:

Tax Refunds to Low-Income Californians. The Proposed 2021-22 Budget includes a one-time $600 tax refund to taxpayers who received the California Earned Income Tax Credit (EITC) for 2019 and taxpayers who will receive the EITC for 2020. The Proposed 2021-22 Budget assumes a cost of $2.4 billion in 2020-21 for these refunds.

Tax Incentives. The Proposed 2021-22 Budget proposes one-time increases of several existing tax credits and exclusions including:

Affordable Housing. $500 million for tax credits to builders of rental housing affordable to low-income households.

California Competes. $180 million for California Competes to award tax credits aimed at attracting or retaining businesses in California.

Hiring Credit. $100 million for tax credits to smaller businesses that increase their number of employees.

Sales Tax Exemption. $100 million for sales tax exclusions awarded by the California Alternative Energy and Advanced Transportation Financing Authority ("CAEATFA") on purchases of equipment for certain manufacturing activities.

One-Time Grants to Various Entities. The Proposed 2021-22 Budget includes several one-time proposals to provide assistance to businesses:

Small Business Grants. $550 million to double the size of a recently created program that awards grants up to $25,000 to businesses and nonprofits with revenues under $2.5 million that were impacted by the pandemic.

Other Business Grants. $250 million for California Competes to provide grants to businesses in addition to its traditional tax credits.

Fee Waivers. $71 million to waive some of the fees paid by certain professionals and businesses disproportionately affected by the pandemic, such as manicurists and small restaurant owners.

Other. $135 million for a variety of other grant and loan programs aimed at helping small businesses, with a focus on those from underserved communities. Also, the Proposed

2021-22 Budget provides $25 million to the Governor's Office of Business and Economic Development for cultural institutions.

Homelessness Proposals. The Proposed 2021-22 Budget includes $1.75 billion in one-time general fund expenditures for various programs related to homelessness, including, among other proposals, $750 million to continue the Homekey Program administered through the Department of Housing and Community Development (HCD), $750 million for the Department of Health Care Services (DHCS) to provide grants to counties for the acquisition and rehabilitation of properties to expand behavioral health treatment resources, and $11.7 million to trial courts for the implementation of the Tenant, Homeowner, and Small Landlord Relief and Stabilization Act of 2020.

Health and Behavioral Health. The Proposed 2021-22 Budget reintroduces the California Advancing and Innovating Medi-Cal ("CalAIM") Proposal. The CalAIM Proposal aims to: (1) provide a more comprehensive suite of services to high-risk, high-need Medi-Cal beneficiaries (such as transitional housing services to protect against homelessness); (2) standardize and streamline Medi-Cal managed care; (3) extend programs and the associated federal funding for Medi-Cal currently authorized under temporary waiver authority; and (4) rethink how mental health and substance use services are delivered and financed.

Zero-Emission Vehicles (ZEVs) and Infrastructure. The Proposed 2021-22 Budget includes three proposals that would provide a total increase of up to $1.5 billion (various funds) to promote ZEVs.

Disaster Response and Preparedness. The Proposed 2021-22 Budget includes a total of $1 billion—$323 million in 2020-21 and $677 million in 2021-22—for 15 departments to implement various efforts related to improving forest health and making communities more resilient to future wildfires, $256 million to assist local governments with emergency response and recovery through the California Disaster Assistance Act to (1) restore or replace public real property damaged during disasters or (2) reimburse local governments for eligible emergency response costs, and $158 million over the subsequent three years, to fund the state's share of a large federal flood risk reduction project along the American River.

Proposed 2021-22 Budget Proposals Concerning K-14 Education. Under Proposition 98, the Proposed 2021-22 Budget includes $85.8 billion in spending for K-14 education. As described below, the Proposed 2021-22 Budget includes a significant portion of additional funding to pay deferrals implemented in 2020-21, return students to in-person instruction, and provide a 3.84% cost-of-living adjustment to the Local Control Funding Formula.

The LAO estimates that under the Proposed 2021-22 Budget, the State has approximately $19.1 billion available for new spending on K-14 programs as compared to prior years. The increased spending is allocated to three main priorities:

Paying Down Deferrals. The 2020-21 Budget deferred $12.5 billion in payments to schools and community colleges. The Proposed 2021-22 Budget pays down $8.4 billion of this amount, with districts receiving the associated cash in 2021-22. Slightly more than $4 billion would remain deferred from 2021-22 to 2022-23.

Providing In-Person Instruction and Expanding Academic Support. The Proposed 2021-22 Budget includes $2 billion in one-time grants to incentivize schools to offer in-person instruction for younger students and students with high needs. To receive this additional funding, school districts must (1) develop or update a school reopening plan consistent with updated guidance from the California Department of Public Health, including a plan for asymptomatic testing of all students and staff potentially as often as every week, and (2) approve collective bargaining agreements to implement the new school reopening plan by February 1. The Proposed 2021-22 Budget also proposes early action to provide schools with $4.6 billion in grants to offer additional academic support for disadvantaged students, which could include summer school, longer school days, community learning hubs, and other locally developed interventions.

Funding Cost-of-Living Adjustments. The Proposed 2021-22 Budget includes a 3.84 percent COLA for the Local Control Funding Formula. This COLA rate reflects the estimated statutory COLA for 2021-22 (1.5 percent) plus the compounded value of the COLA the state did not provide in 2020-21. For other education programs, including community college apportionments, the budget provides only the 1.5 percent COLA.

For additional information regarding the Proposed 2021-22 Budget, please see the Department of Finance website at ebudget.ca.gov and the LAO's website at lao.ca.gov. The City can take no responsibility for the continued accuracy of the above-referenced internet address as for the or for the accuracy, completeness, or timeliness of information posted therein, and such information is not incorporated herein by reference.

Though the City does not expect that the State's 2021-22 Budget will have a materially negative effect on its finances, the City cannot predict such impacts with certainty. Additionally, the City cannot predict the accuracy of any projections made in the State's 2020-21 Budget or Proposed 2021-22 Budget.

Future State Budgets. The City receives a portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the City and other cities in the State.

In addition, the City cannot predict the final outcome of current and future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the COVID-19 Pandemic and the associated economic downturn, over which the City has no control.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

The constitutional and statutory provisions discussed in this section have the potential to affect the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIIIA 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 XIIIA to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash 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 July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition.

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

The voters of the State subsequently approved various measures which further amended Article XIIIA. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first $1,000,000 of the Full Cash Value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reappraisal under Article XIIIA. Other amendments permitted the State Legislature to allow persons over the age of 55 who meet certain criteria or "severely disabled homeowners" who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. Other amendments permit the State Legislature to allow persons who are either 55 years of age or older, or who are "severely disabled," to transfer the old residence's assessed value to their new residence located in either the same or a different county and acquired or newly constructed within two years of the sale of their old residence.

In the November 1990 election, the voters approved an amendment of Article XIIIA to permit the State Legislature to exclude from the definition of "new construction" certain additions and improvements, including seismic retrofitting improvements and improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIIIA has also been amended to provide that there would be no increase in the Full Cash Value base in the event of reconstruction of the property damaged or destroyed in a disaster.

Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property.

Section 4 of Article XIIIA also provides that cities, counties and special districts cannot, without a two-thirds vote of the qualified electors, impose special taxes, which has been interpreted to include special fees in excess of the cost of providing the services or facility for which the fee is charged, or fees levied for general revenue purposes.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIIIA.

Article XIIIB of the California Constitution

On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIIIB to the California Constitution. In June 1990, Article XIIIB was amended by the voters through their approval of Proposition 111. Article XIIIB of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is Fiscal Year 1978-79. Increases in appropriations by a governmental entity are also permitted (1) if financial responsibility for providing services is transferred to the governmental entity, or (2) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIIIB include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIIIB do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (1) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (2) the investment of tax revenues and (3) certain State subventions received by local governments. As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the City over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

As amended in June 1990, the appropriations limit for the City in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of

government. The change in the cost of living is, at the City's option, either (1) the percentage change in California per capita personal income, or (2) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college ("K-14") districts.

Article XIIIB permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

Articles XIIIC and XIIID (Proposition 218) of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Articles XIIIC and XIIID to the California Constitution and contained a number of interrelated provisions affecting the ability of local governments, including the City, to levy and collect both existing and future taxes and assessments, fees and charges.

Article XIIIC

Section 2 of Article XIIIC requires majority voter approval for the imposition, extension or increase of general taxes and requires two thirds voter approval for the imposition, extension or increase of special taxes. These voter approval requirements of Article XIIIC reduce the flexibility of the City to raise revenues by the levy of general or special taxes and, given such voter approval requirements, no assurance can be given that the City will be able to enact, impose, extend or increase any such taxes in the future to meet increased expenditure requirements.

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 either imposed, extended or increased prior to the effective date of Proposition 218 or 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, such as the TOT, Proposition 172 revenues, or storm water fees which support the City's General Fund. TOT and other local taxes, assessments, fees and charges, could be subject to reduction or repeal by initiative under Proposition 218.

Section 3 of Article XIIIC expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. Section 3 expands the initiative power to include reducing or repealing assessments, fees and charges that had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIIIC to fees imposed after November 6, 1996, the effective date of Proposition 218, and absent other legal authority could result in the reduction in any existing taxes, assessments or fees and charges imposed prior to November 6, 1996.

"Fees" and "charges" are not expressly defined in Article XIIIC or in SB 919, the Proposition 218 Omnibus Implementation Act enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions in complying with Article XIIIC and Article XIIID ("SB 919"). However, on July 24, 2006, the California Supreme Court ruled in Bighorn-Desert View Water Agency v. Virjil (Kelley) (the "Bighorn

Decision") that charges for ongoing water delivery are fees and charges within the meaning Section 3 of Article XIIIC. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to Section 3 of Article XIIIC. The Bighorn Decision has been interpreted to mean that ongoing water delivery charges are also property-related fees and charges within the meaning of Article XIIID.

In the Bighorn Decision, the Supreme Court stated that nothing in Section 3 of Article XIIIC authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge.

The Supreme Court further stated in the Bighorn Decision that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that water and wastewater service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Additionally, SB 919 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.

Article XIIIC also removes many of the limitations on the initiative power in matters of reducing or repealing any local tax, assessment, fee or charge. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. "Assessments," "fees" and "charges" are not defined in Article XIIIC, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIIIC as for Article XIIID described below. If not, the scope of the initiative power under Article XIIIC potentially could include any General Fund local tax, assessment, or fee not received from or imposed by the federal or State government or derived from investment income.

If the City is unable to continue to collect assessment revenues for a particular program, the program might have to be curtailed and/or funded by the City's General Fund. Given the approval requirements imposed by Article XIIID, the City is unable to predict whether it will be able to continue to collect assessment revenues for these programs. If the City chose to fund any such programs from the General Fund instead, the General Fund budget would be affected.

Article XIIID

Article XIIID defines a "fee" or "charge" as any levy other than an ad valorem tax, special tax, or assessment imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property-related service. A "property-related service" is defined as "a public service having a direct relationship to a property ownership" herein. Article XIIID further provides that reliance by an agency on any parcel map (including an assessor's parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership. In the Bighorn Decision, the Supreme Court stated that ongoing water delivery charges are also property-related fees and charges within the meaning of Article XIIID.

Article XIIID requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, if and to the extent that a fee or charge imposed by a local government for water service is ultimately determined to be a "fee" or "charge" as defined in Article XIIID, the local government's ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIIID also includes a number of limitations applicable to existing fees and charges including provisions to the effect that (i) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service; (ii) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed; (iii) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel; and (iv) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Depending on the interpretation of what constitutes a "property-related fee" under Article XIIID, there could be future restrictions on the ability of the City's General Fund to charge its enterprise funds for various services provided. In the event that fees and charges of enterprise funds cannot be appropriately increased or are reduced pursuant to exercise of the initiative power, the City may have to decide whether to supplement any deficiencies in these enterprise funds with moneys from the General Fund or to curtail service, or both.

The interpretation and application of Proposition 218 will ultimately be determined by the courts or through implementing legislation with respect to a number of the matters described above, and it is not possible at this time to predict with certainty the outcome of such determination or the nature or scope of any such legislation.

Both Articles XIIIA and XIIIB, as well as Articles XIIIC and XIIID described above, were adopted as measures that qualified for the ballot pursuant to California's constitutional initiative process. From time to time other initiative measures could be adopted, affecting the ability of the City to increase revenues and to increase appropriations.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIIIA of the California Constitution, (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 October 15, 1985, be ratified

by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of *Contra Costa County Local Transportation Corporation v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a county-wide sales tax of one-half of one percent was a special tax that, under section 53722 of the Government Code, required a two-thirds voter approval. The county-wide sales tax at issue received an affirmative vote of only 54.1% and was found to be invalid.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* ("*La Habra*"). In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

Proposition 1A of 2004

The California Constitution and existing statutes give the legislature authority over property taxes, sales taxes and the VLF. The legislature has authority to change tax rates, the items subject to taxation and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse the local governments when the State "mandates" a new local program or higher level of service. Due to the ongoing financial difficulties of the State, it has not provided in recent years reimbursements for many mandated costs. In other cases, the State has "suspended" mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

The 2004 Budget Act, related legislation and the enactment of Proposition 1A of 2004 (described below) dramatically changed the State-local fiscal relationship. These constitutional and statutory changes implemented an agreement negotiated between the Governor and local government officials (the "State-local agreement") in connection with the 2004 Budget Act.

One change related to the reduction of the VLF rate from 2% to 0.65% of the market value of the vehicle. In order to protect local governments, which had previously received all VLF revenues, the 1.35 percent reduction in VLF revenue to cities and counties from this rate change was backfilled by an increase in the amount of property tax revenues they receive. This worked to the benefit of local governments, because the backfill amount annually increases in proportion to the growth in secured roll property tax revenues, which has historically grown at a higher rate than VLF revenues. Proposition 1A of 2004 requires the State to provide local governments with equal replacement revenues.

On November 3, 2004 the voters of the State approved Proposition 1A ("Proposition 1A of 2004"). Proposition 1A of 2004 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 tax, sales tax, and VLF revenues as of November 3, 2004. Pursuant to Proposition 1A of 2004, the State is able to borrow up to 8% 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 State Legislature approve the borrowing. Any amounts borrowed are required to be repaid within three years. Proposition 1A of 2004 also permits the State to borrow from local property tax revenues for no more than two fiscal years within a period of 10 fiscal years, and only if previous borrowings have been repaid. In addition, the State cannot reduce the local sales tax rate or restrict the authority of the local governments to impose or change the distribution of the statewide local sales tax. Proposition 1A of 2004 generally prohibits the State from mandating activities on cities, counties, or special districts without providing the funding needed to comply with the mandates, and if the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties, or special districts to abide by the mandate is suspended. Proposition 1A of 2004 also expanded the definition of what constitutes a mandate to encompass State action that transfers to cities, counties, and special districts financial responsibility for a required program for which the State previously had partial or complete responsibility. The State mandate provisions of Proposition 1A of 2004 do not apply to schools or community colleges or to mandates relating to employee rights.

Pursuant to statutory changes made in conjunction with amendments to the fiscal year 2008-09 State Budget Act, the Fiscal Year 2009-10 State Budget Act and related budget legislation adopted by the State Legislature and signed by the Governor in February 2012 (collectively, the "February 2012 Budget Package"), the VLF rate increased from 0.65% to 1.15% effective May 19, 2012. Of this 0.50% increase, 0.35% will flow to the State General Fund, and 0.15% will support various law enforcement programs previously funded by the State General Fund.

Proposition 22

Proposition 22 ("Proposition 22"), which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. Due to the prohibition with respect to State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See " – Proposition 1 A of 2004" herein. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase schools' and community college districts' share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The LAO states that Proposition 22 will prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures

involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009. The LAO anticipated that Proposition 22 would require the State to adopt alternative actions to address its fiscal and policy objectives, particularly with respect to short-term cash flow need. The City does not believe that Proposition 22 will have a significant impact on its revenues and expenditures.

Proposition 26

Proposition 26 ("Proposition 26"), which was approved by California voters on November 2, 2010, revises the California Constitution to expand the definition of "taxes." Proposition 26 re-categorizes many State and local fees as taxes and specifies a requirement of two-thirds voter approval for taxes levied by local governments.

Proposition 26 requires the State obtain the approval of two-thirds of both houses of the State Legislature for any proposed change in State statutes, which would result in any taxpayer paying a higher tax. Proposition 26 eliminates the previous practice whereby a tax increase coupled with a tax reduction that resulted in an overall neutral fiscal effect was subject only to a majority vote in the State Legislature. Furthermore, pursuant to Proposition 26, any increase in a fee above the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require such two-thirds vote of approval to be effective. In addition, for State imposed fees and charges, any fee or charge adopted after January 1, 2010 with a majority vote of approval of the State Legislature which would have required a two-thirds vote of approval of the State Legislature if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a "tax" means a levy, charge or exaction of any kind imposed by a local government, except (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; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010, unless exempted, as stated above. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies. As of the date hereof, none of the City's fees or charges has been challenged in a court of law in connection with the requirements of Proposition 26.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter

requirement. Proposed local government fees that are not subject to Proposition 26 generally are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of the affected property owners.

Proposition 30

On November 6, 2012, voters approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2017. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax will be levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending August 1, 2019, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $680,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $608,000 for joint filers).

The revenues generated from the temporary tax increases will be included in the calculation of the minimum funding guarantee for school districts and community college districts contained in the State Constitution. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). By dedicating the Proposition 30 funds to education, other revenues in the State General Fund are freed up to fund other programs. Proposition 30 also placed into the state Constitution the current statutory provisions transferring 1.0625 percent of the state sales tax to local governments to fund realignment.

The 0.25% sales tax increase expired as planned at the end of 2016. The higher income tax rates have been extended for 12 years through the end of 2030 with the passage of Proposition 55 by the voters of the State in 2016.

Proposition 19

On November 3, 2020, State voters approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment ("Proposition 19"), which will: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) broaden the scope of legal entity ownership changes that trigger reassessment of properties. The City cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the City.

Future Initiatives

Articles XIIIA, XIIIB, XIIIC and XIIID, Propositions 62, 1A, 22, 26, 30 and 19 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, which may place further limitations on the ability of the State, the City or local districts to increase revenues or to increase appropriations which may affect the City's revenues or its ability to expend its revenues.

LITIGATION

At the time of delivery of and payment for the Certificates, the City and the Corporation will certify that there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court or regulatory agency, public board, or body pending or threatened against the City or the Corporation affecting their existence or the titles of their respective officers or seeking to restrain or to enjoin the issuance, sale, or delivery of the Certificates, or the application of the proceeds thereof in accordance with the Trust Agreement, or in any way contesting or affecting the validity or enforceability of the Certificates, any agreement entered into between the City and any purchaser of the Certificates, the Lease Agreement, the Trust Agreement, the Assignment Agreement, the Site and Facility Lease or any other applicable agreements or any action of the City or the Corporation contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or the Corporation or their authority with respect to the Certificates or any action of the City or the Corporation contemplated by any of said documents, nor, to the knowledge of the City or the Corporation, is there any basis therefor. There is no litigation pending or threatened against the City that could affect the City's ability to make the Lease Payments.

CONTINUING DISCLOSURE

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the City has agreed, for the benefit of holders of the Certificates, to provide certain financial information and operating data relating to the City and the balances of funds relating to the Certificates, by not later than March 31 of each year commencing on March 31, 2022, with the report for the 2020-21 fiscal year (the "Annual Information"), and to provide notices of the occurrence of certain enumerated events. The Annual Information and notices of enumerated events will be filed by the City with the Municipal Securities Rulemaking Board (the "MSRB"), via its Electronic Municipal Market Access ("EMMA") system. The nature of the information to be provided in the Annual Information and the notices of certain events is set forth in APPENDIX G—FORM OF CONTINUING DISCLOSURE CERTIFICATE.

Within the last five years, the City has failed to timely file notice of certain rating actions.

The City failed to timely file notice of Moody's rating upgrade to A1 on August 4, 2016, with respect to the City's 1998 Certificates of Participation (ABAG 41) and its 1995 Lease Revenue Bonds. This upgrade notice was subsequently filed. These issues are no longer outstanding.

The City has otherwise been in compliance in all material respects with previous undertakings with regard to the Rule to provide annual reports or notices of material events within the last five years.

MUNICIPAL ADVISOR

The City has retained Fieldman, Rolapp & Associates, Inc., Irvine, California, as municipal advisor (the "Municipal Advisor") in connection with the delivery of the Certificates. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Compensation of the Municipal Advisor is contingent upon the issuance and delivery of the Certificates.

LEGAL MATTERS

All legal matters in connection with the execution and delivery of the Certificates are subject to the approval of Quint & Thimmig LLP, Larkspur, California, Special Counsel. Special Counsel's opinion with respect to the Certificates will be substantially in the form set forth in APPENDIX D—FORM OF SPECIAL COUNSEL OPINION. Certain legal matters will also be passed on for the City by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel, and by the City Attorney. Certain legal matters will also be passed on for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California. The fees and expenses of Special Counsel, Disclosure Counsel and counsel to the Underwriter are contingent upon the execution and delivery of the Certificates.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Certificates, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest with respect to the Certificates to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest with respect to the Certificates to become includible in gross income for federal income tax purposes retroactively to the date of delivery of the Certificates.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Special Counsel, interest with respect to the Certificates is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax under the Internal Revenue Code of 1986, as amended (the "Code").

In rendering its opinion, Special Counsel will rely upon certifications of the City with respect to certain material facts within the City's knowledge. Special Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad

Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Certificates should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the Certificates is the price at which a substantial amount of such maturity of the Certificates is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Certificates may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the Certificates is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Certificates (the "OID Certificates") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Certificate in the initial public offering at the OID Issue Price for such maturity and who holds such OID Certificate to its stated maturity, subject to the condition that the City complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Certificate constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Certificate at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Certificates should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Certificates.

Owners of Certificates who dispose of Certificates prior to the stated maturity (whether by sale, redemption or otherwise), purchase Certificates in the initial public offering, but at a price different from the OID Issue Price or purchase Certificates subsequent to the initial public offering should consult their own tax advisors.

If a Certificate is purchased at any time for a price that is less than the Certificate's stated redemption price at maturity or, in the case of an OID Certificate, its OID Issue Price plus accreted original issue discount reduced by payments of interest included in the computation of original issue discount and previously paid (the "Revised Issue Price"), the purchaser will be treated as having purchased a Certificate with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Certificate is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Certificate for a price that is less than its Revised Issue Price even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Certificate. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Certificates.

An investor may purchase a Certificate at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Certificate in a manner that takes into

account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Certificate. Investors who purchase a Certificate at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Certificate's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Certificate.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Certificates delivered prior to enactment. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal tax legislation. Special Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Certificates. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Owners may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Certificates until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Certificates, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Certificate owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Certificate owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Special Counsel, interest with respect to the Certificates is exempt from California personal income taxes.

Ownership of the Certificates may result in other state and local tax consequences to certain taxpayers. Special Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Certificates. Prospective purchasers of the Certificates should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Special Counsel expects to deliver upon the delivery of the Certificates is set forth in APPENDIX D—FORM OF OPINION OF SPECIAL COUNSEL.

UNDERWRITING

The Certificates were purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Certificates at a purchase price of

$_____ (being equal to the aggregate principal amount of the Certificates of $_____, plus a net original issue premium of $_____, less an underwriter's discount of $_____). The Underwriter will purchase all of the Certificates if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the notice of sale for the Certificates, the approval of certain legal matters by counsel and certain other conditions. The Underwriter may offer and sell Certificates to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") has assigned the rating of "AA" to the Certificates. Such rating reflects only the view of S&P and any desired explanation of the significance of such rating should be obtained from S&P at the following address: 55 Water Street, New York, NY 10041, (212) 208-8000. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price for the Certificates.

FINANCIAL STATEMENTS

The City's Audited Financial Statements for fiscal year ended June 30, 2020, and the City's Auditor's Report regarding such financial statements, are set forth in APPENDIX B—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE YEAR ENDED JUNE 30, 2020. The City's Auditor was not requested to consent to the inclusion of its report in Appendix B and it has not undertaken to update financial statements included in Appendix B. No opinion is expressed by the City's Auditor with respect to any event subsequent to its report. This and prior year's annual financial reports can also be obtained at: http://www.ci.concord.ca.us/268/Financial-Reports, although such reports are not incorporated herein.

ADDITIONAL INFORMATION

All of the preceding summaries of the Certificates, the Trust Agreement, the Lease Agreement, the Assignment Agreement, the Site and Facility Lease, and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Certificates.

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

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.

The City will furnish a certificate dated the date of delivery of the Certificates, from an appropriate officer of the City, to the effect that to the best of such officer's knowledge and belief, and after reasonable investigation, (i) neither the Official Statement or any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (ii) since the date of the Official Statement, no event has occurred which should have been set forth in an amendment or supplement to the Official Statement which has not been set forth in such an amendment or supplement, and the Certificates, the Trust Agreement, the Lease Agreement, the Assignment Agreement, the Site and Facility Lease, and other applicable agreements conform as to form and tenor to the descriptions thereof contained in the Official Statement; and (iii) the City has complied with all the agreements and has satisfied all the conditions on its part to be performed or satisfied under the Trust Agreement at and prior to the date of the issuance of the Certificates.

The execution and delivery of the Official Statement by the City have been duly authorized by the City Council on behalf of the City.

CITY OF CONCORD

By _____

Valerie Barone,
City Manager

APPENDIX A

GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY AND THE COUNTY

The following information concerning the City of Concord and Contra Costa County is included only for the purpose of supplying general information regarding the City and the County. The Certificates are not a debt of the County, the State or any of its political subdivisions, and none of the County, the State nor any of their political subdivisions, except for the City, are liable therefor.

Although reasonable efforts have been made to include up-to-date information in this Appendix A, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

Introduction

City of Concord. Located 29 miles east of San Francisco, the City of Concord (the "City") is the largest city in Contra Costa County (the "County"). Concord covers 31.13 square miles and provides a full range of services including: police protection, recreational activities, community and economic development, street improvements and maintenance services, parks maintenance, sewer, and general administrative and support services. In addition, Concord oversees management of the Concord Pavilion, Diablo Creek Golf Course and Camp Concord in South Lake Tahoe, California.

The City is the job center of the County and is the County's strongest retail location. The City is connected to the surrounding areas by an extensive transportation system including freeway access, two rapid rail transit stations, bus services and a regional airport.

Contra Costa County. The County is bounded by San Francisco Bay to the west, the San Pablo Bay and the Sacramento River delta to the north, and by Alameda County on the south. Ranges of hills effectively divide the County into three distinct regions. The western portion, with its access to water, contains much of the County's heavy industry. The central section is rapidly developing from a suburban area into a major commercial and financial headquarters center. The eastern part is also undergoing substantial change, from a rural, agricultural area, to a suburban region. the County has extensive and varied transportation facilities, ports accessible to ocean-going vessels, railroads, freeways, and rapid transit lines connecting the area with Alameda County and San Francisco.

The County's physical geography is dominated by the bayside alluvial plain, the Oakland Hills–Berkeley Hills, several inland valleys, and Mount Diablo, an isolated 3,849-foot (1,173 m) upthrust peak at the north end of the Diablo Range of hills. The summit of Mount Diablo is the origin of the Mount Diablo Meridian and Base Line, on which the surveys of much of the State of California (the "State") and western Nevada are based.

The County was incorporated in 1850 as one of the original 27 counties of the State with the City of Martinez as the County Seat. It is one of the nine counties in the San Francisco-Oakland Bay Area. The County is the ninth most populous county in the State.

Population

The table below summarizes population of the City, the County, and the State of California for the last five years.

CITY OF CONCORD, CONTRA COSTA COUNTY, and CALIFORNIA
Population

Year	City of Concord	Contra Costa County	State of California
2016	129,220	1,128,405	39,131,307
2017	129,825	1,138,861	39,398,702
2018	130,269	1,145,141	39,586,646
2019	130,435	1,150,621	39,695,376
2020	130,143	1,153,561	39,782,870

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2011-20, with 2010 Census Benchmark.

Employment

The following table summarizes historical employment and unemployment for the County, the State and the United States:

CONTRA COSTA COUNTY, CALIFORNIA, and UNITED STATES
Civilian Labor Force, Employment, and Unemployment
(Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate [1]
2016	Contra Costa County	556,500	531,800	24,600	4.4%
		19,102,700	18,065,000	1,037,700	5.4
	United States	159,187,000	151,436,000	7,751,000	4.9
2017	Contra Costa County	563,900	542,500	21,400	3.8
	California	19,312,000	18,393,100	918,900	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018	Contra Costa County	564,600	546,800	17,800	3.2
	California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9
2019	Contra Costa County	561,800	544,500	17,300	3.1
	California	19,411,600	18,627,400	784,200	4.0
	United States	163,539,000	157,538,000	6,001,000	3.7
2020[2]	Contra Costa County	541,300	493,200	48,000	8.9
	California	18,821,200	16,913,100	1,908,100	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-20, and US Department of Labor.

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

(2) Latest available full-year data.

Major Industries in the County

The table below sets forth the largest employers by employment in Contra Costa County in 2020.

CONTRA COSTA COUNTY
Top Employers
as of June 30, 2020

Employer	Employees	% of Total County Employment
Chevron Corporation	10,000+	2.11%
St. Mary's College	1,000-4,999	0.63
Bio-Rad Labratories, Inc.	1,000-4,999	0.63
Job Connections	1,000-4,999	0.63
John Muir Medical Center	1,000-4,999	0.63
Kaiser Permanente	1,000-4,999	0.63
La Raza Market	1,000-4,999	0.63
Martinez Medical Offices	1,000-4,999	0.63
USS-POSCO Industries	1,000-4,999	0.63

Source: Contra Costa County 2019-20 Comprehensive Annual Financial Report.

Construction Activity

The following table reflects the five-year history of building permit valuation for the City and the County:

CITY OF CONCORD
Building Permits and Valuation
(Dollars in Thousands)

	2015	2016	2017	2018	2019[1]
Permit Valuation:					
New Single-family	$ 6,426	$ 8,665	$ 15,025	$ 2,595	$ 6,642
New Multi-family	-	33,000	1,338	-	-
Res. Alterations/Additions	13,205	36,105	53,378	21,309	16,660
Total Residential	19,631	77,771	69,742	23,904	23,303
Total Nonresidential	10,126	62,350	94,666	62,727	65,187
Total All Building	$29,758	$140,121	$164,408	$86,632	$88,490
New Dwelling Units:					
Single Family	24	24	76	18	30
Multiple Family	-	180	8	-	-
Total	24	204	84	18	30

CONTRA COSTA COUNTY
Building Permits and Valuation
(Dollars in Thousands)

	2015	2016	2017	2018	2019[1]
Permit Valuation:					
New Single-family	$ 629,638	$ 605,151	$ 541,940	$ 576,115	$ 502,567
New Multi-family	123,088	155,051	55,154	169,461	213,697
Res. Alterations/Additions	301,221	312,967	354,340	337,089	300,066
Total Residential	1,053,948	1,073,170	951,435	1,082,666	1,016,331
Total Nonresidential	526,816	668,424	607,768	729,897	472,955
Total All Building	$1,580,765	$1,741,595	$1,559,204	$1,812,564	$1,489,287
New Dwelling Units:					
Single Family	1,909	1,853	1,732	1,647	1,573
Multiple Family	629	1,043	272	1,161	1,229
Total	2,538	2,896	2,004	2,808	2,802

Source: Construction Industry Research Board: "Building Permit Summary."
Note: Columns may not sum to totals due to independent rounding.
(1) Latest available full year data.

Median Household Income

The following table summarizes the median household effective buying income for the City, the County, the State and the nation for the past five years.

CITY OF CONCORD, CONTRA COSTA COUNTY, STATE OF CALIFORNIA AND UNITED STATES
Median Household Effective Buying Income

	2016	2017	2018	2019	2020
City of Concord	$61,319	$66,037	$70,582	$73,788	$78,221
Contra Costa County	69,967	74,398	79,603	83,242	87,804
California	55,681	59,646	62,637	65,870	67,956
United States	48,043	50,735	52,841	55,303	56,790

Source: Nielsen, Inc.

APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE YEAR ENDED JUNE 30, 2020

The Auditor was not requested to consent to the inclusion of its report in this Appendix B and it has not undertaken to update financial statements included in this Appendix B. No opinion is expressed by the Auditor with respect to any event subsequent to its report.

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City of Concord, California

Fiscal Year Ended June 30, 2020

Comprehensive Annual Financial Report

Concord
www.cityofconcord.org

CITY OF CONCORD, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal year ENDED June 30, 2020

Prepared by

The Finance Department

Karan Reid
Director of Finance

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Notes to the Basic Financial Statements:

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SUPPLEMENTARY INFORMATION:

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STATISTICAL TABLES AND OTHER SCHEDULES (UNAUDITED)

MUNICIPAL DEBT CONTINUING DISCLOSURE:

Municipal Debt Continuing Disclosure – See Rule 15c2-12(b)(5)

City of Concord Joint Powers Financing Authority
Lease Revenue Bonds (Concord Pavilion) Series 1995

City of Concord Joint Powers Financing Authority
Certificates of Participation – 2007 Wastewater System Improvement Projects (Refunded)
Certificates of Participation – 2004 Wastewater System Improvement Projects (Refunded)
Wastewater Revenue Refunding Bonds Series 2012

Page

MUNICIPAL DEBT CONTINUING DISCLOSURE (CONTINUED)

Successor Agency of the Former Redevelopment Agency of the City of Concord (Central Concord Redevelopment Project) Tax Allocation Refunding Bonds Series 2004 (Refunded)

Successor Agency of the Former Redevelopment Agency of the City of Concord (Contra Costa County, California) Tax Allocation Refunding Bonds Series 2014

Concord

Mission Statement for the Organization

Our mission is to join with our community to make Concord a city of the highest quality. We do this by providing responsive, cost-effective, and innovative local government services.

Our Vision for the Future

- We will be a customer based, performance driven, results oriented organization, focused on finding the answer, solving the problem, and achieving positive outcomes.
- We will partner with the Concord community to maximize resources, deliver high quality services, and be recognized as setting the standard for excellence.
- We will be trustworthy guardians of the public's resources.
- We will make Concord a premier business location.
- We will collaborate to provide "seamless" services that benefit both our external and internal customers, streamlining our work processes and removing barriers wherever they arise.
- We will accept the challenge of change and be committed to continually enhancing the safety, environment, quality of life, and economic vitality of our community.
- We will constantly look for new and better ways to deliver services. We will seek to be innovative, take reasonable risks, learn from our mistakes and always strive for excellence.
- We will welcome diversity in our community and our work place.
- We will conduct our work in an atmosphere of trust, respect and courtesy with open doors and open communication for our customers and each other.
- We will provide ethical, dynamic and effective leadership, establish clear direction and priorities, and model the mission and values in support of our common Vision.
- We will be accountable for our performance and our organization's success, and be recognized for our achievements.

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Corporate Goals

Goal 1	Continue to make Concord a desirable place to live, work, and raise a family.
Goal 2	Be responsive to the needs of Concord citizens, maintain a high level of customer satisfaction, and provide quality public information and outreach.
Goal 3	Promote and improve Concord as a premier location for existing, expanding, and new businesses.
Goal 4	Ensure a balanced budget for a ten-year planning period with adequate replacement funds for buildings and equipment.
Goal 5	Preserve and enhance the livability of Concord's residential neighborhoods with opportunities for a broad range of housing options.
Goal 6	Offer an array of recreation, leisure, and cultural events and programs to meet the needs of citizens of all ages, with an emphasis on the well-being of youth.
Goal 7	Maintain a safe and efficient traffic circulation system.
Goal 8	Have Concord be among the safest cities of comparable size in California and have citizens feel safe in their homes, places of work, and throughout the City.
Goal 9	Maintain City parks, recreation facilities, streets, buildings, and other infrastructure to meet high standards of condition and appearance.
Goal 10	Guide Concord's development according to the General Plan and manage physical resources based on sound environmental principles.

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INTRODUCTORY SECTION

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City of Concord
Finance Department
1950 Parkside Drive MS/06
Concord, CA 94519-2578
Fax (925) 671-3353

Telephone (925) 671-3192

December 29, 2020

Honorable Mayor, City Council and
Members of the Concord Community:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Concord (City) for the fiscal year ended June 30, 2020 in accordance with Municipal Code, Title 2, Section 15.030. The financial statements are presented in conformity with generally accepted accounting principles (GAAP). These financial statements have been audited by Maze & Associates Accountancy Corporation, a firm of certified public accountants, in accordance with generally accepted auditing standards. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2020 are free of material misstatements. Maze & Associates Accountancy Corporation has issued an unmodified ("clean") opinion on the City of Concord's financial statements.

This letter of transmittal provides a non-technical summary of City finances, services, achievements, and economic prospects. We ask that readers who wish a more detailed discussion of the City's financial results refer to Management's Discussion & Analysis (MD&A) contained in the Financial Section of the CAFR.

The CAFR was prepared by the City's Finance Department in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standard Board (GASB). Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe the data is presented in a manner designed to present a fair representation of the financial position and results of operations of the City as measured by the financial activity of its various funds; and that disclosures enable the reader to gain an understanding of the City's financial affairs.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. Further discussion of the accounting policies used by the City can be found in the notes to the financial statements.

The City of Concord is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles and Audit Requirements*

for Federal Awards (2 CFR 200). Information related to this single audit, including a schedule of federal expenditures of federal awards, the independent auditor's report on internal control and compliance with applicable laws and regulations are included in a separately issued single audit report.

Reporting Entity

Located 29 miles east of San Francisco, Concord is the largest city in Contra Costa County with a population of 130,435. The City covers 31.13 square miles and provides a full range of services including: police protection, recreational activities, community and economic development, street improvements and maintenance services, parks maintenance, sewer, and general administrative and support services. In addition, the City oversees management of the Concord Pavilion, Diablo Creek Golf Course and Camp Concord in South Lake Tahoe, California.

Concord is a General Law city formed under the State legislative process and structured under provisions of the California constitution. Concord's governing body, the City Council, is comprised of five elected members, who serve by district, each for four-year terms. City voters also elect a City Treasurer who serves a four-year term.

Every year, the Council selects one of its members to serve as Mayor and annually one of its members is selected to serve as Vice Mayor.

Concord is operated under the Council-Manager form of government. The Council hires the City Manager, who is then responsible for all management functions of the City, including the development of the budget, delivery of services, hiring of personnel and implementation of capital projects. The City Council also directly hires the City Attorney who serves as the City's primary legal advisor.

Concord is the job center of Contra Costa County and is the County's strongest retail location. Concord offers the amenities that many businesses require for success. In Concord, business-friendly government policies, outstanding Class A office space values, numerous industrial parks and excellent transportation options combine with favorable home prices, an educated workforce and a dynamic retail environment to create ideal conditions for businesses to locate and expand. These qualities make Concord a premier business location.

The City Council's commitment to families and to the community fosters a high quality of life with attractive residential neighborhoods, and abundant recreational and entertainment opportunities for all ages. Concord, the city where "Families Come First," is a community of friendly neighborhoods with an excellent park system, convenient shopping, large preserves of open space, and an exciting downtown, which features Todos Santos Plaza as the focal point.

Concord's housing mix offers residents to live where they work and play. An extensive transportation system, including easy freeway access, two rapid rail transit stations (Bay Area Rapid Transit (BART)), bus services and a regional airport operated by Contra Costa County, makes Concord's location convenient to San Francisco and other Bay area cities.

The CAFR includes all funds of the City, as well as all governmental organizations and activities for which the Council has financial accountability. These include the Concord Public Financing Authority (the Authority), the City of Concord Retirement System, and the Concord/ Pleasant Hill Health Care District.

The Concord Redevelopment Agency (RDA) was dissolved on February 1, 2012, and was replaced by the Redevelopment Successor Agency (SA). The SA is not a component unit of the City and is instead a separate legal entity overseen by the County Oversight Board and the State Department of Finance. The City's role in the SA is fiduciary in nature. The SA is reported as a private-public trust fund, a fiduciary fund type. Additional information about the dissolution of the RDA is included in the MD&A and the notes to the financial statements.

Economic Condition and Outlook

The local, regional and state economies have all been negatively impacted by the Coronavirus (COVID-19) Pandemic. In order to combat the spread of the COVID-19 virus, the region, like much of the United States and the world, was forced to abide by restrictive public health orders. The orders resulted in temporary business closures, heavy job losses, particularly in the hospitality and service sectors. Future economic prospects will depend on the status of public health orders, public health condition and consumer confidence, which remain uncertain.

From a financial perspective, the COVID-19 pandemic has abruptly halted many of the City's major revenue sources, including sales tax, hotel tax, and business license tax and recreation program fees. While grappling with difficult choices to maintain its fiscal stability, the City of Concord was still able to provide needed resources to many in the community most affected by the pandemic. Some of these efforts are detailed in the Significant Community Events and Accomplishments section of this letter.

Prior to this unprecedented event, the City was facing significant financial challenges. These challenges increased substantially as the City recognizes the fiscal impacts of the COVID-19 shelter-in-place order. As a result, the 2020-2021 Adopted Budget includes significant decreases to position levels and expenditures throughout the organization. The budget was reduced by $10.5 million and staffing decreased by 36 positions 9%. While the City is relying on reserves to close its budget gap in 2020-21, work continues to stabilize the budget and live within resource levels in the next biennial budget for Fiscal Years 2021-22 and 2022-23.

As the City and nation continue to navigate the pandemic and the many uncertainties that lie ahead, staff is seeking to preserve the City's fiscal health while also making available necessary resources and services to provide for the health and safety of the community.

The City's local transactions and use tax, Measure Q, is a vital, locally controlled, revenue source supporting day-to-day City operations. Measure Q is a voter approved half-cent transactions and use tax that was originally approved by voters in 2010 with a five-year sunset. On November 4, 2014, voters approved a nine-year extension to the use and transactions tax and it was scheduled to sunset in March 2025. On November 3, 2020, voters approved a one-cent transaction and use tax, Measure V, to replace Measure Q. Measure V stays in place until ended by voters. Collections from Measure V will begin April 1, 2021 and ensures that the City will be able to maintain essential City services and begin to address the City's remaining fiscal challenges. The table below provides an overview of the use of Measure Q funds through the end of FY 2019-20.

Table 1: Annual Measure Q Use Tax Receipts and Uses As of June 30, 2020 (Dollars in Millions)

	Receipts	General Fund Programs & Reserves	Measure Q Contributions to Reserves
Fiscal Year 2010-11 Activity (April 1 through June 30)	$2.144	$2.144	$0.000
Fiscal Year 2011-12 Activity	9.971	5.171	4.799
Fiscal Year 2012-13 Activity	10.641	5.393	5.248
Fiscal Year 2013-14 Activity	11.432	9.109	2.323
Fiscal Year 2014-15 Activity	11.554	10.843	0.711
Fiscal Year 2015-16 Activity	12.135	12.333	(0.198)
Fiscal Year 2016-17 Activity	12.596	12.224	0.372
Fiscal Year 2017-18 Activity	13.820	13.198	0.622
Fiscal Year 2018-19 Activity	13.358	13.902	(0.544)
Fiscal Year 2019-20 Activity	13.327	13.309	0.018
Total	**$110.978**	**$97.626**	**$13.351**

Sales tax revenue (Measure Q Transactions & Use Tax and the City's Bradley Burnes Sales Tax) remains the largest General Fund revenue source and provides for 35 percent of general municipal services such as public safety, street maintenance, and parks and recreation programs. While sales tax revenue has steadily increased since the Great Recession, the impacts from the COVID-19 pandemic began to be realized in fiscal 2019-20. Sales taxes decreased to $48.1 million in FY 2020-21, a decrease of $1.1 million from fiscal year 2018-2019.

Property tax revenue represents the second most significant General Fund revenue source making up 17 percent of total General Fund revenues. Property taxes increased $1.4 million over fiscal year 2018-19. The City's net taxable assessed value increased 6.6% in fiscal year 2019-20, comparable to the countywide increase of 5.3%. Further signs of a strengthening housing recovery are reflected in the fiscal year 2020-21 County Property Tax Assessment Roll released in August 2020, in which the City's net taxable assessed value increased 4.9%.

The City's unemployment rate was 13.4% in June 2020 compared to 3.1% in the previous year. This is similar to the County's rate of 13.4% in June 2020 (vs. 3.2% in June 2019). The region's unemployment rates are lower than the State rate of 15.1%, which increased from 4.1% in June 2019. Beacon Economics Winter 2020 Regional Outlook notes that the East Bay Region labor force remains 1% below pre-pandemic levels. Although the East Bay continues to add jobs since the onset of the pandemic, the East Bay Region trails other metropolitan areas in job recovery. As COVID-19 cases surge again this winter across the state and the country, the unemployment rates will continue to be challenged.

The City's ability to sustain a vibrant local economy to insure future fiscal strength will depend on the City's ability to attract, retain and expand businesses while balancing the needs of the business and residential communities. The City's past success in attracting and retaining businesses has not been coincidental. Concord is a leader in providing a variety of economic development services and programs to enhance Concord's economic vitality and increase private investment in the City. The City's Economic Vitality Strategy and Action Plan promotes leveraging resources, marketing the City's strengths to decision makers, partnering with interested business and community groups and engaging City Staff to facilitate economic

development. Concord's award winning One-Stop Permit Center provides permit services to reduce development timelines and enable developers to complete projects efficiently thereby producing revenue sooner to the City's General Fund. Concord's Business Retention Program offers a variety of services to assist the retention and expansion of Concord businesses. The program enhances Concord's business relationships by strengthening communication, facilitating entitlements and assisting with site selection.

The City's current general obligation credit rating is Aa2 from Moody's Investor Service.

Significant Community Events and Accomplishments

The COVID-19 pandemic and the resulting shelter-in-place orders have affected many members of the Concord community. In response, the City of Concord implemented its own programs to support local businesses and residents. Those initiatives include:

- **Concord Forward Action Plan**: The *Concord Forward Action Plan* sets forth a number of proactive initiatives and streamlines temporary use licenses to allow for expanded outdoor dining and retailing. The Action Plan provides opportunities to close streets on a case-by-case basis and/or use public sidewalks, parking spaces or public rights-of-way to create appropriate physical distancing space for restaurant, retail and other applicable business uses.

- **#ConcordEats marketing campaign:** Partnered with the Concord Chamber and Visit Concord to create a webpage promoting Concord restaurants with take-out and delivery options. The website was promoted through social media and email blasts from the City, Chamber of Commerce and Visit Concord.

- **Concord Open Business List:** City-created directory and map of open Concord businesses, promoted through social media platforms, press releases, and email blasts from the City, Chamber of Commerce and Visit Concord.

- **Concord COVID-19 Business Resources webpage:** Curated listing of pertinent Federal, State and local business resources and programs as a "one-stop shop" of contact information.

- **Concord Forward webpage:** listing of City-led programs and efforts to support local businesses during shelter-in-place orders.

- **Concord Commercial Eviction Moratorium:** City-initiated legislative action to protect residential and commercial tenants from being evicted or experiencing rent increases during the COVID-19 public health emergency. Economic Development staff served as the frontline response to inquiries from both commercial landlords and tenants.

- **Concord Business License Relief:** Allows businesses to delay payment of business license renewals until the final day of the month when ninety days after the shelter-in-place order is lifted.

- **Concord Auto Dealership Support:** Facilitated and promoted on social media the opening of dealerships' indoor sales for Memorial Day weekend.

Examples of other significant community events and accomplishments for the fiscal year ended June 30, 2020 include the following:

Camp Concord: Camp Concord Family Camp and Group Camp programs were near capacity in FY 2019/2020, achieving 83% of Camp Concord revenue goals and were on track to exceed revenue before the COVID-19 pandemic. A new program model will be implemented in FY2020-21 to enhance cost recovery significantly.

City's Sidewalk Improvement Program: The program allows property owners the opportunity to participate in the City's sidewalk repair activities in order to take advantage of lower costs (due to the size of the contracts) and elimination of City inspection fees.

Tree City USA: Named a Tree City USA community by the National Arbor Day Foundation for the 39th consecutive year. The national award honors Concord's commitment to its community forest. Concord is also the recipient of a Tree City Growth Award for the 21st year for demonstrating progress in its community forestry program.

Budgetary Control

The City maintains budgetary controls through the City Council's adoption of an annual budget and by maintaining an encumbrance accounting system. Expenditures for City operations and other purposes identified in the annual budget cannot legally exceed the budgeted amounts approved by the City Council.

The Concord Municipal Code requires the City Manager to present the Annual Operating Budget to the City Council for approval. In June 2019, the City Council adopted a biennial budget encompassing Fiscal Years 2019-20 and 2020-21. The City Council has adopted a number of Policies & Procedures, including Budget and Fiscal Policies; Budget Preparation; Budget Appropriation and Transfer Controls, which provide direction in the development of the Annual Operating Budget. The City Manager has also authorized several Administrative Directives, which further clarify budget policies, processes and related controls.

Ultimate budgetary control resides at the fund level; however, the City has adopted a number of budgetary appropriation and transfer procedures to provide strong internal controls while encouraging improved accountability and administrative responsiveness. All budgetary transfers require Director of Finance review and approval. All transfers of appropriations affecting Personnel Services (wages & benefits) require Director of Human Resources and City Manager review and approval. Additionally, all transfers between funds and between departments require City Manager or City Council review and approval.

All capital project appropriation transfers require City Manager approval. Transfers in excess of $20,000 require City Council approval. The City Council's approval is required for new appropriations with the exception of money received for specific purposes (e.g. Developer Contributions) where the appropriation and revenue received are of equal value. Special revenue budget appropriations based on funds provided by grants, donations or contributions require City Manager and City Council approval.

The City also uses encumbrance accounting as another technique for accomplishing budgetary control. An encumbrance is a commitment of a future expenditure earmarked for a particular purpose that reduces the amount of budgetary authority available for general spending. At the

end of the fiscal year, encumbered appropriations are carried forward and become part of the following year's budget while appropriations that have not been encumbered lapse.

The City continues to meet its responsibility for sound financial management as demonstrated by the statements and schedules included in the financial section of this report.

Internal Controls

In developing and enhancing the City's accounting system, significant consideration is given to the adequacy of the City's system of internal accounting controls. Internal controls are designed to provide reasonable assurance regarding the safeguarding of assets against the loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management.

Budget and Fiscal Policies: Long Range Financial Forecasting

The City of Concord has utilized a Ten Year Financial Forecast Program since 1995. The Ten Year Financial Forecast Program requires that the City Manager biennially present balanced ten-year financial forecasts for all major funds. Beginning with 2018, the City developed a long-range forecast for the General Fund that projects out twenty years, in order to provide a longer-term view of the City's fiscal condition, and incorporates both the operating and capital needs in the community. All other funds still present balanced ten-year forecasts. These funds include Special Revenue Funds, Capital Improvement Funds, and Proprietary Funds including the Post-Retirement Benefits Funds. In addition, the Twenty Year Financial Forecast for the General Fund is updated annually. The Twenty Year Financial Forecast includes all projected sources of revenue and all projected expenditures including salaries, benefits, materials, services and capital improvement projects. Each budget cycle, all forecasts are revisited, and assumptions are evaluated and updated.

Reserve Policy

To address financial uncertainties, the City maintains various General Fund reserves and contingency funds that, when combined, total not less than 17% of the General Fund's operating expenditures, with a Council adopted goal of 30%. The reserve and contingency funds include: the General Fund Operating Contingency Reserve fund; the Benefit Reserve fund; the Capital Maintenance Reserve fund; the Economic Contingency Reserve fund; and the Unforecasted Reserve fund. The total combined general fund reserve balance for these funds is $32.1 million or 31% of General Fund Operating Expenditures

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded its Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2019 This was the twenty-seventh consecutive year that the City of Concord has been recognized for excellence in financial reporting. To qualify for the Certificate of Achievement, the governmental entity must publish an easily readable and

efficiently organized CAFR, the content of which conform to program standards. Such report must satisfy accounting principles generally accepted in the United States of America, as well as all applicable legal requirements.

The Certificate of Achievement is valid for only one year. The City believes this CAFR continues to conform to the Certificate of Achievement Program requirements and will be submitting it to GFOA for consideration of the annual award.

Acknowledgments

The preparation of this CAFR could not have been accomplished without the professional, efficient and dedicated services of the entire staff of the Finance Department, in particular Suzanne McDonald, Jonathan Palmer, George Villa, and Blake Muller.

In addition, staff in all City departments should be recognized for responding so positively to the requests for detailed information that accompanies each annual audit. The City also recognizes the contributions and positive working relationship with Maze & Associates Accountancy Corporation.

Finally, we wish to express our sincere appreciation to the Mayor, City Council and the City Manager for their unfailing support for maintaining the highest standards of professionalism in the financial management of the City of Concord.

Respectfully submitted,

Karan Reid
Director of Finance

PRINCIPAL OFFICERS

(June 30, 2020)

Elected Officials

Tim McGallian
Mayor

Dominic Aliano
Vice Mayor

Edi Birsan
Councilmember

Laura M. Hoffmeister
Councilmember

Carlyn Obringer
Councilmember

Patti Barsotti
City Treasurer

Executive Team

Valerie Barone
City Manager

Susanne Brown
City Attorney

Andrea Ouse
Director of Community
& Economic Development

Guy Bjerke
Director of Community
Reuse Planning

Karan Reid
Director of Finance

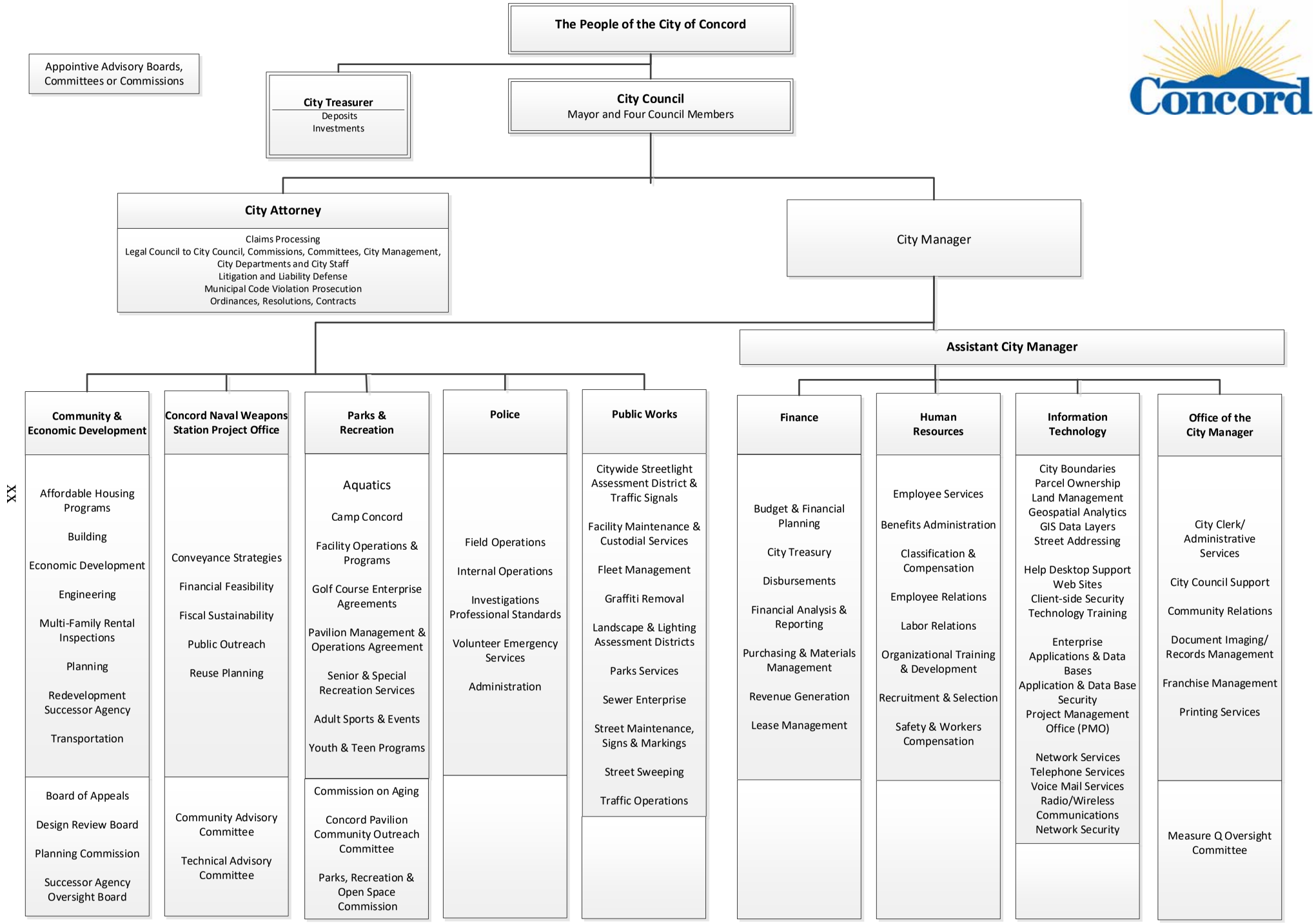
Jasmin Loi
Director of
Human Resources

Greg Taylor
Director of
Information Technology

Steve Voorhies
Director of
Parks & Recreation

Mark Bustillos
Chief of Police

Justin Ezell
Director of
Public Works



The City of Concord has a City Council/City Manger form of government. Five Council Members and the City Treasurer are elected. The Council appoints the City Manager and the City Attorney. The City Manager appoints the City Clerk and department heads and hires employees to carry out program services. The City Council appoints qualified citizens from the community to serve on advisory boards and commissions.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Concord
California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Concord, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Concord, California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory, Statistical Section and Municipal Debt Continuing Disclosure Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29,2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 29,2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Concord issues its financial statements in the format prescribed by generally accepted accounting principles. The Management's Discussion and Analysis provides an overview of the City's financial activities for the fiscal year, which should be read in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

FISCAL 2020 FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

Government-Wide

- The City's total net position was down $12 million, from $593 million at June 30, 2019 to $581 million at June 30, 2020. Of this total, $503 million was governmental activities net position and $78 million was business-type activities net position.
- Government-wide governmental revenues included program revenues of $31 million and general revenues of $107 million for a total of $138 million, an increase of $4 million from the prior year's total.
- Total government-wide governmental activities expenses were $153 million, up $2 million from the prior year.
- Government-wide business-type activities revenues were $41 million while expenses were $38 million.

Fund Level

- Governmental Fund balances increased $4 million in fiscal 2020 to $121 million.
- Governmental Fund revenues decreased $1 million in fiscal 2020 to $137 million.
- Governmental Fund expenditures increased to $132 million in fiscal 2020, up $2 million from the prior year.
- General Fund revenues of $113 million in fiscal 2020 reflected an increase of $1 million from the prior year.
- General Fund expenditures of $104 million reflected an increase of $5 million when compared to the prior year.
- General Fund balance of $43 million at June 30, 2020 was the same as fiscal 2019.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in five parts:

1. Introductory section, which includes the Transmittal Letter and general information;
2. Management's Discussion and Analysis (this part);
3. The Basic Financial Statements, which include the Government-Wide and the Fund financial statements, along with the Notes to these financial statements;
4. Supplemental Information for Non-Major Governmental Funds and Internal Service Funds; and
5. Statistical information and other schedules.

THE BASIC FINANCIAL STATEMENTS

The Basic Financial Statements comprise the Government-Wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

The Government-Wide Financial Statements provide a longer-term view of the City's activities as a whole, and comprise the Statement of Net position and the Statement of Activities. The Statement of Net position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses for each of the City's programs. The Statement of Activities explains in detail the change in Net position for the year.

All of the City's activities are grouped into Governmental Activities and Business-Type Activities, as explained below. All the amounts in the Statement of Net position and the Statement of Activities are separated into Governmental Activities and Business-Type Activities in order to provide a summary of these two activities of the City as a whole.

The Fund Financial Statements report the City's operations in more detail than the Government-Wide Statements and focus primarily on the short-term activities of the City's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the City and are presented individually, while the activities of Non-Major Funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. Major Funds are explained below.

The fiduciary statements provide financial information about the activities of the Concord Retirement System Pension Trust Fund, the Agency Fund and the Redevelopment Successor Agency (SA), for which the City acts solely as agent.

The Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the following:

- **Governmental Activities** - All of the City's basic services are considered to be Governmental Activities, including General Government; Public Safety; Public Works; Community and Economic Development; and Parks and Recreation Services. These services are supported by general City revenues such as taxes, and by specific program revenues such as developer fees.

  The City's Governmental Activities include the activities of two separate legal entities: the Concord Pleasant Hill Health Care District and the City of Concord Joint Powers Financing Authority. The City is financially accountable for these entities.

- **Business-Type Activities** - The City's two enterprise activities, the sewer and the golf course, are reported here. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

Government-Wide Financial Statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of major funds and the determination of which funds are major funds were established by GASB 34 and replace the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-Major Funds summarized and presented in a single column. Subordinate schedules present the detail of these Non-Major Funds. Major Funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of City's activities.

In the City's case, the Concord Housing Fund and the General Projects Fund are the only Major Governmental Funds in addition to the General Fund.

Fund Financial Statements include Governmental, Proprietary and Agency Funds as discussed below.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Proprietary Fund Financial Statements are prepared on the full accrual basis, and include all their assets and liabilities, current and long-term.

Since the City's Internal Service Funds provide goods and services only to the City's Governmental and Business-Type Activities, their activities are reported only in total at the Fund level. Internal Service Funds may not be Major Funds because their revenues are derived from other City Funds. These revenues are eliminated in the Government-Wide Financial Statements and any related profits or losses are returned to the Activities that created them, along with any residual net position of the Internal Service Funds.

Comparisons of Budget and Actual financial information are presented for the General Fund, Concord Housing Fund, Special Revenue Funds and Debt Service Funds.

Fiduciary Fund Statements

The City's fiduciary fund activities are reported in the separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. Fiduciary funds include the City of Concord Retirement System Pension Trust Fund, the Successor Agency Private Purpose Trust Fund (SAPPTF) and the Agency Fund. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

Financial Activities of the City as a Whole

The analyses presented below focus on the net position (Table 1) and changes in net position (Table 2) of the City as a whole. The information summarizes the Citywide Statement of Net Position and Statement of Activities stated more fully in the Financial Section of this report.

Table 1: Citywide Net Position
As of June 30, 2020 and 2019 (Dollars in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Cash and Investments	$148.2	$138.4	$55.0	$47.9	$203.2	$186.3
Other Assets	50.3	52.2	2.0	2.3	52.3	54.5
Current and Other Assets	$198.5	$190.6	$57.0	$50.2	$255.5	$240.8
Capital Assets, net of depreciation	581.1	593.9	64.1	64.6	645.2	658.5
Total Assets	**779.6**	**784.5**	**121.1**	**114.8**	**900.7**	**899.3**
Deferred Outflows of Resources	**40.9**	**41.8**			**40.9**	**41.8**
Current and Other Liabilities	30.8	34.5	29.8	24.4	60.6	58.9
Noncurrent Liabilities	283.0	268.9	12.9	15.0	295.9	283.9
Total Liabilities	**313.8**	**303.4**	**42.7**	**39.4**	**356.5**	**342.8**
Deferred Inflows of Resources	**4.0**	**5.1**			**4.0**	**5.1**
Net Position:						
Net Investment in Capital Assets	561.5	572.8	50.3	49.7	611.8	622.5
Restricted	65.1	64.5			65.1	64.5
Unrestricted	(123.9)	(119.5)	28.1	25.7	(95.8)	(93.8)
Total Net Position	**$502.7**	**$517.8**	**$78.4**	**$75.4**	**$581.1**	**$593.2**

Table 2: Citywide Changes in Net Position
For the Years Ended June 30, 2020 and 2019 (Dollars in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
EXPENSES						
General Government	$39.8	$39.8			$39.8	$39.8
Public Safety	72.5	68.7			72.5	68.7
Public Works	14.5	15.3			14.5	15.3
Community and Economic Development	17.8	18.2			17.8	18.2
Parks and Recreation Services	7.1	7.2			7.1	7.2
Interest on Long-Term Debt	0.9	1.0			0.9	1.0
Sewer			$36.6	$32.9	36.6	32.9
Golf Course			1.6	1.5	1.6	1.5
Total Expenses	**152.6**	**150.2**	**38.2**	**34.4**	**190.8**	**184.6**
REVENUES						
Program Revenues:						
Charges for Services	15.0	13.6	40.0	37.4	55.0	51.0
Operating Contributions and Grants	4.0	4.3			4.0	4.3
Capital Grants	11.9	13.5			11.9	13.5
Total Program Revenues	30.9	31.4	40.0	37.4	70.9	68.8
General Revenues:						
Taxes:						
Property Taxes	23.2	21.8			23.2	21.8
Sales Taxes	34.7	35.8			34.7	35.8
Measure Q Sales Taxes	13.3	13.4			13.3	13.4
Other Taxes	15.4	15.2			15.4	15.2
Motor Vehicle in Lieu	12.2	11.5			12.2	11.5
Investment Earnings	6.7	4.1	1.2	1.0	7.9	5.1
Misc. Revenues and Transfers	1.1	0.5			1.1	0.5
Total General Revenues	106.6	102.3	1.2	1.0	107.8	103.3
Total Revenues	**137.5**	**133.7**	**41.2**	**38.4**	**178.7**	**172.1**
Change in Net Position	**(15.1)**	**(16.5)**	**3.0**	**4.0**	**(12.1)**	**(12.5)**
Beginning Net Position	**517.8**	**534.3**	**75.4**	**71.4**	**593.2**	**605.7**
Ending Net Position	**$502.7**	**$517.8**	**$78.4**	**$75.4**	**$581.1**	**$593.2**

The analyses below focus on the net position and changes in net position of the City's Governmental Activities (Table 3, 4 and 5) and Business-Type Activities (Table 6 and 7) presented in the Citywide Statement of Net position and Statement of Activities that follow.

Governmental Activities

Table 3: Governmental Net Position As of June 30, 2020 and 2019 (Dollars in Millions)

	Governmental Activities	
	2020	2019
Current and other assets	$198.5	$190.6
Capital Assets, net of depreciation	581.1	593.9
Total Assets	**779.6**	**784.5**
Deferred Outflows of Resources	**40.9**	**41.8**
Current and Other Liabilities	30.8	34.5
Noncurrent Liabilities	283.0	268.9
Total Liabilities	**313.8**	**303.4**
Deferred Inflows of Resources	**4.0**	**5.1**
Net Position:		
Net investment in Capital Assets	561.2	572.8
Restricted	65.1	64.5
Unrestricted	(123.6)	(119.5)
Total Net Position	**$502.7**	**$517.8**

The City's net position from Governmental Activities decreased $15.1 million to $502.7 million in 2020. The decrease in Governmental Net position is due primarily to the increase in the City's net pension liability.

- Current and other assets increased $7.9 million which is attributable to a $10.4 million increase in Cash and Investments, partially driven by an increase of $4.4 million in the Cash and Investments of the Capital Projects funds. In addition, the Storm Water cash balance increased $1.0 million over prior year.

- Capital assets, net of depreciation, decreased $12.8 million, primarily due to depreciation. The majority of the depreciation decrease is from the City's streets and storm drains. Although the City capitalized $11.0 million in street assets in fiscal year 2020, $15.5 million of the existing street assets were depreciated. Storm drains assets recognized $4.4 million in depreciation. For more on Capital Assets see Note 6.

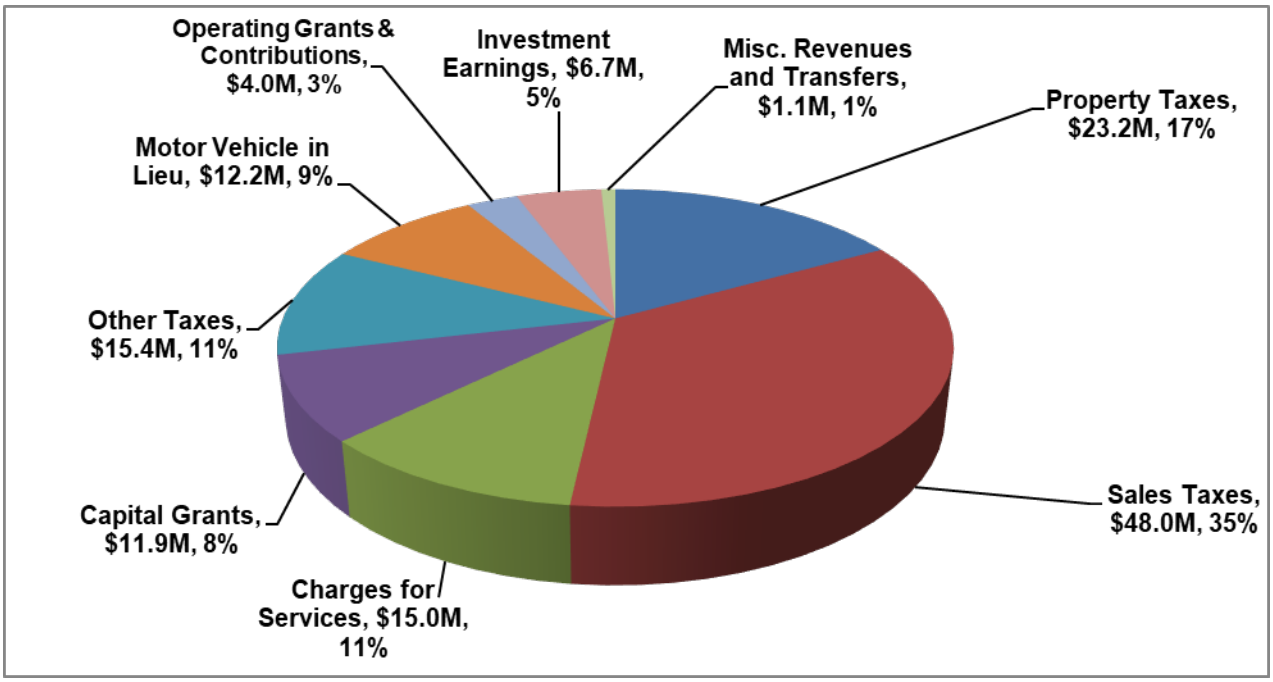
- Noncurrent liabilities increased $14.1 million, due to the increase in the CalPERS pension liability which increased $14.2 million from 2019. The CalPERS pension liability increase is mainly due to the three year phase-in by CalPERS to reduce the discount rate from 7.5% to 7.0%. CalPERS also had other actuarial assumptions changes that affected the City's long-term pension liability.

- The reduction in Capital Assets resulted in the decrease of Net investment in capital assets by $11.6 million.

- Restricted net position increased $0.6 million.

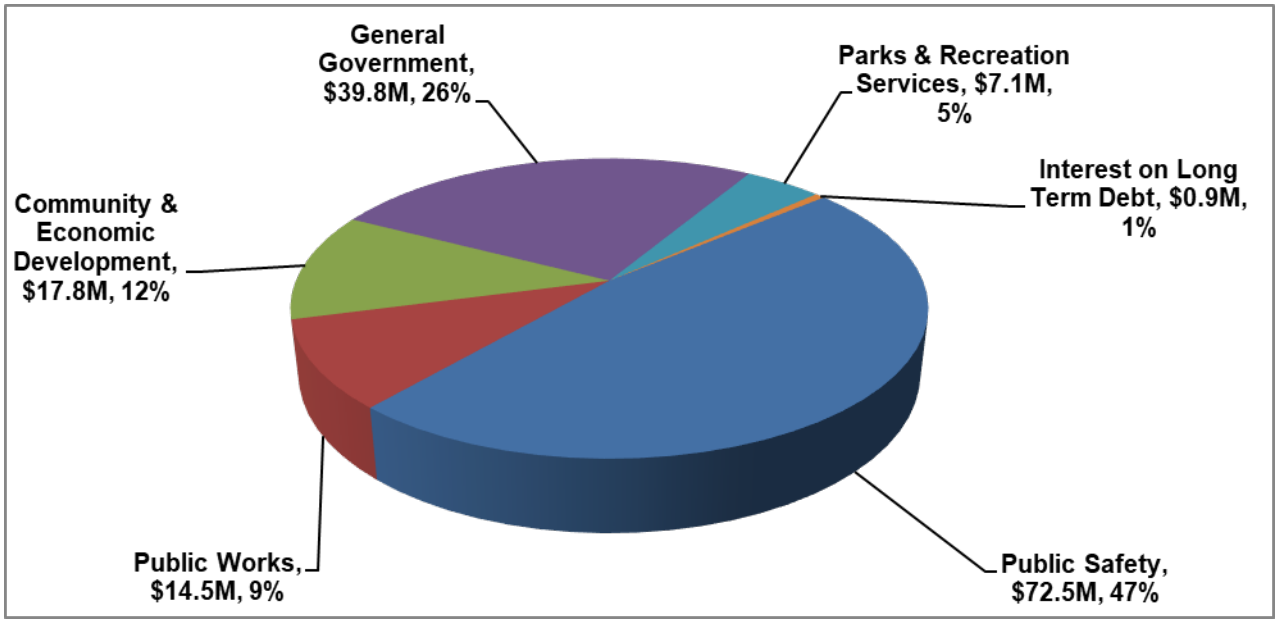
- Unrestricted net position reflects the resources that can be used to finance day-to-day operations. Unrestricted net position decreased $4.1 million from the prior fiscal year to negative $123.6 million at June 30, 2020.

Governmental Activities - Sources of Revenues For the Year Ended June 30, 2020 (see Table 4)



As the Sources of Revenues Chart above shows, 35%, or $48.0 million, of the City's fiscal 2020 governmental activities revenue came from sales taxes; 17%, or $23.2 million, came from property taxes; 11%, or $15.4 million, came from other taxes; 11%, or $15.0 million, came from charges for services; 9%, or $12.2 million, came from motor vehicle in lieu; and 8%, or $11.9 million, came from capital grants. The remaining 9% came primarily from two sources – operating grants and contributions, and investment earnings.

Governmental Activities - Functional Expenses
For the Year Ended June 30, 2020 (see Table 4)



The Functional Expenses Chart above includes only current year expenses, which are discussed in detail below. Public Safety accounted for $72.5 million or 47% of expenses, while General Government accounted for $39.8 million or 26% of expenses, followed by Community and Economic Development, which accounted for $17.8 million or 12% of expenses. The remaining 15% was spread among Public Works, Parks and Recreation Services, and Interest Expense.

The expenses reflected above do not include capital outlay, which is added to the City's capital assets on the Government-Wide Financial Statements. In 2020, the City capitalized $16.3 million dollars in infrastructure and equipment. The details of the changes in capital assets are discussed in Note 6.

The Statement of Activities presents program revenues and expenses and general revenues in detail. These are elements in the Changes in Governmental Net position which summarized below:

Table 4: Changes in Governmental Net Position For the Years Ended June 30, 2020 and 2019 (Dollars in Millions)

	Governmental Activities 2020	2019
EXPENSES		
General Government	$39.8	$39.8
Public Safety	72.5	68.7
Public Works	14.5	15.3
Community & Economic Development	17.8	18.2
Parks & Recreation Services	7.1	7.2
Interest on Long-Term Debt	0.9	1.0
Total Expenses	**152.6**	**150.2**
REVENUES		
Program Revenues:		
Charges for Services	15.0	13.6
Operating Contributions and Grants	4.0	4.3
Capital Grants	11.9	13.5
Total Program Revenues	30.9	31.4
General Revenues:		
Taxes:		
Property Taxes	23.2	21.8
Sales Taxes	34.7	35.8
Measure Q	13.3	13.4
Other Taxes	15.4	15.2
Motor Vehicle in Lieu	12.2	11.5
Investment Earnings	6.7	4.1
Miscellaneous Revenues	1.1	0.5
Total General Revenues	106.6	102.3
Total Revenues	**137.5**	**133.7**
Change in Net Position	**($15.1)**	**($16.5)**

Total governmental expenses were $152.6 million in fiscal year 2020, reflecting a $2.4 million increase from the prior year. This increase is due to an increase of $3.8 million in Public Safety spending caused by increased personnel costs. Public Works decreased $0.8 million, Community and Economic Development decreased $0.4 million, and Parks and Recreation decreased $0.1 million. General Government expenses remained flat, at $39.8.

Total governmental revenues increased $3.8 million to $137.5 million in fiscal 2020. Investment earnings increased $2.6 million due to recognition of unrealized gains on investments as revenue. Property taxes increased $1.4 million from the prior year due to the steady increase in net taxable assessed property values noted in the City.

Governmental Activities

Table 5 presents the net expense of each of the City's programs. Net expense is defined as total program cost offset by revenues generated by those specific activities. In the City's case, the net expenses of several programs varied significantly from the total expense above. The City's program revenues include charges for services such as developer fees, plan check fees, building inspection fees, recreation fees, police fees, traffic fines and operating or capital grants.

Table 5: Governmental Activities Net Program Expense As of June 30, 2020 and 2019 (Dollars in Millions)

	Net (Expense) Revenue from Services	
	2020	2019
General Government	($37.8)	($37.7)
Public Safety	(69.1)	(65.4)
Public Works	(2.7)	(4.7)
Community & Economic Development	(6.4)	(6.3)
	(4.8)	(3.6)
Interest on Long-Term Debt	(0.9)	(1.0)
Total	**($121.7)**	**($118.7)**

Business-Type Activities

The net position of Business-Type Activities increased to $78.4 million in fiscal 2020, up $3.0 million from $75.4 million from the prior year. This increase is mainly attributable to an increase in sewer service fees and sewer connection fees. Adopted sewer rate increases will help fund future capital improvement projects. Business-Type activities include the Sewer Fund and the Golf Course Fund with net positions of $76.4 million and $2 million, respectively.

Table 6: Business-Type Activities Net Position As of June 30, 2020 and 2019 (Dollars in Millions)

	Business-Type Activities	
	2020	2019
Current and other assets	$57.0	$50.2
Capital Assets, net of depreciation	64.1	64.6
Total Assets	**121.1**	**114.8**
Current and Other Liabilities	29.8	24.4
Long-Term Debt Outstanding	12.9	15.0
Total Liabilities	**42.7**	**39.4**
Net Position:		
Net investment in Capital Assets	50.3	49.7
Unrestricted	28.1	25.7
Total Net Position	**$78.4**	**$75.4**

Table 7: Changes in Business-Type Activities Net Position As of June 30, 2020 and 2019 (Dollars in Millions)

	Business-Type Activities 2020	2019
Net Revenues/(Expense) from Business-Type Activities:		
Sewer Fund	$1.8	$3.0
Golf Course Fund	0.0	0.0
General Revenues:		
Investment Earnings	1.2	1.0
Other	0.0	0.0
Total	**$3.0**	**$4.0**

The Sewer Fund generated service fee revenues of $38.4 million in fiscal 2020, reflecting a $2.5 million increase over the prior year. Operating expenses increased by $3.7 million, or 11%, to $36.2 million. As a result, the Sewer Fund experienced a $2.2 million operating gain for the year while the Golf Course Fund realized a nominal gain in fiscal year 2020.

THE CITY'S FUND FINANCIAL STATEMENTS

Governmental Funds

At June 30, 2020, the City's governmental funds reported combined fund balances of $121.1 million, a $4.0 million increase when compared with last year's combined fund balance of $117.1 million. General fund balance increased $0.2 million and General Projects fund balance decreased by $2.7 million. The Concord Housing fund balance increased $0.5 million, and Other Governmental fund balance increased $6.0 million.

Governmental fund revenues decreased $0.7 million this year to $137.0 million from $137.7 million in the prior year. This decrease is due to: General Fund revenues increased $1.5 million; Concord Housing Fund revenues declined $0.1 million; General Project revenues decreased $0.3 million; and Other Governmental fund revenues decreased $1.8 million.

Governmental expenditures increased $2.0 million this year to $131.7 million from $129.7 million in the prior year. This decrease is due to the changes noted in the following funds: General Fund expenditures increased $5.1 million to $104 million; Concord Housing Fund expenditures remained consistent from the prior year; General Project expenditures decreased $4.2 million; and Other Governmental fund expenditures increased $1.1 million.

Other Financing Sources (Uses) are primarily comprised of proceeds from sale of property and transfers among the various funds in the City. During fiscal year 2020, the General Fund recorded proceeds from sale of property of $1.1 million. The General Fund received transfers in of approximately $0.3 million to reimburse operating costs and transferred out $10.2 million to fund capital projects and debt service. Additional information regarding these transfers can be found in Note 4.

Proprietary Funds

Enterprise fund net position increased to $78.4 million in fiscal 2020, up $3.0 million from $75.4 million in the prior year. Enterprise operating revenues were $40 million this year, up $2.7 million from last year. Enterprise Fund operating expenses were $37.8 million in fiscal 2020, up $3.8 million

from $34.0 million in the prior year. The net position increase is mainly due to an increase in sewer service rates. The additional revenue will be used to fund capital projects.

Internal service fund net position increased to $49.0 million in fiscal 2020, up $4.0 million from the net position of $45.0 million at the end of the prior year. This increase is due largely in part to $2.1 million contributed capital to the IT Replacement Fund and additional $2.5 million contribution to the Workers Compensation Fund from the General Fund.

ANALYSES OF MAJOR GOVERNMENTAL FUNDS

General Fund

General Fund revenues totaled $113.1 million, reflecting an increase of $1.5 million, or 1%, over the prior fiscal year. Property tax revenue increased $1.4 million, and in lieu property tax revenue increased $0.8 million, both due to an increase in taxable assessed property values. Other notable revenue increases were a $2.2 million increase of use of money and property, a $0.4 million increase in franchise fees, and a $0.4 million increase in other revenue. General Fund operating expenditures increased $5.1 million primarily due to a $3.0 million increase in Public Safety mainly due to increased personnel costs. Community and Economic Development and Public Works both increased $0.9 million due to an increase in personnel costs.

Table 8: Changes in General Fund
As of June 30, 2020 and 2019 (Dollars in Millions)

	General Fund Revenues and Expenditures	
	2020	2019
REVENUES		
Taxes:		
Property Taxes	$19.1	$17.8
Motor Vehicle In Lieu, Unrestricted	12.2	11.5
Sales Taxes	34.7	35.8
Measure Q	13.3	13.4
Other Taxes	14.5	14.7
Licenses and Permits	1.9	2.1
Intergovernmental	1.4	1.6
Charges for Services	7.1	7.1
Investment Earnings	4.7	2.5
Miscellaneous Revenues	4.2	5.1
Total Revenues	**113.1**	**111.6**
EXPENDITURES		
General Government	16.2	15.8
Public Safety	61.4	58.4
Public Works	9.6	8.7
Community and Economic Development	10.8	9.9
Parks and Recreation Services	5.7	5.7
Interest on Long-Term Debt	0.4	0.4
Total Expenditures	**104.1**	**99.0**
Excess (Deficiency) of Revenues Over Expenditures	**9.0**	**12.6**
OTHER FINANCING SOURCES (USES)		
Proceeds from Sale of property	1.1	0.0
Transfers In	0.3	0.8
Transfers Out	(10.2)	(9.3)
Total Other Financing Sources (Uses)	**(8.8)**	**(8.5)**
Net Change in Fund Balance	**0.2**	**4.1**
Fund Balance at Beginning of Year	**42.6**	**38.5**
Ending Fund Balance	**$42.8**	**$42.6**

At June 30, 2020, the General Fund balance totaled $42.8 million compared to $42.6 million in the prior year. The increase of $0.2 million in fund balance was primarily due to an increase in revenues, as discussed above and proceeds of $1.1 million from the sale of a property that was transferred to the City from the former redevelopment agency (RDA) as part of the dissolution of the RDA.

Fiscal year 2020 had transfers out of $10.2 million, which mainly supported debt service payments and construction projects. Details of the City's transfers can be found in Note 4. This year's ending fund balance consisted of $11.7 million categorized as non-spendable, $2.0 million as assigned and $29.0 million as unassigned. Refer to Note 8 for more information regarding the fund balance details.

Concord Housing Fund

The Concord Housing Fund accounts for the activities related to the assets assumed by the City of Concord as the Housing Successor to the housing activities of the former Redevelopment Agency. The Total Fund Balance as of June 30, 2020 was $34.0 million, an increase of $0.5 million over last year's fund balance of $33.5 million. The increase in fund balance was mainly attributable to revenue from interest and loan repayments exceeding expenditures.

General Projects Fund

This fund tracks capital project costs that are reimbursable from grants. The fund's revenues were $3.7 million in fiscal 2020, a decrease of $0.3 million from fiscal 2019. Fund expenditures were $9.9 million in fiscal 2020 compared to $14.1 million in fiscal 2019. The fund balance decreased by $2.7 million to $1.8 million primarily due to the timing of grant reimbursements.

Other Governmental Funds

These funds are not presented separately in the Basic Financial Statements, but are individually presented as Supplemental Information.

Analyses of Major Proprietary Fund

Sewer Fund

Net position of the Sewer Fund at fiscal year-end was $76.4 million, an increase of $3.0 million compared to $73.4 million at June 30, 2019. Net investment in capital assets was $48.5 million and unrestricted net position was $27.9 million at June 30, 2020. As mentioned previously, this increase in the net position is mainly due to an increase in sewer rates, which will be used to fund capital projects.

Capital Assets

GASB 34 requires the City to record all its capital assets, including infrastructure, in its financial statements. Infrastructure includes roads, bridges, signals, storm drains and other similar assets.

In accordance with GASB 34, in fiscal 2002, the City recorded the cost of all its infrastructure assets and computed the amount of accumulated depreciation for these assets based on their original acquisition dates. At the end of fiscal 2020, the cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 9 below:

Table 9: Capital Assets
For the Years Ended June 30, 2020 and 2019 (Dollars in Millions)

	Balance at June 30, 2020	Balance at June 30, 2019
Governmental Activities		
Land	$26.4	$26.4
Construction in Progress	8.6	11.5
Ground Improvements	23.7	23.4
Buildings and Improvements	81.7	81.5
Machinery and Equipment	24.9	19.4
Vehicles	12.6	11.1
Streets	480.6	470.0
Sidewalks	61.4	61.0
Storm Drains/Catch Basins	443.6	443.6
Street Lights	5.8	5.8
Traffic Signals	31.4	31.3
Less: Accumulated Depreciation	(619.6)	(591.1)
Governmental Activities Capital Assets, Net	**$581.1**	**$593.9**
Business-Type Activities		
Land	$0.4	$0.4
Construction in Progress	13.8	9.8
Buildings and Improvements	8.7	8.7
Machinery and Equipment	0.4	0.4
Sewer Lines	219.5	219.5
Less: Accumulated Depreciation	(178.7)	(174.2)
Business-Type Activities Capital Assets, Net	**$64.1**	**$64.6**

The principal additions to governmental capital assets in fiscal 2020 were streets and equipment, including the $2.2 million for the Oak Grove Road Pavement Rehabilitation project, $1.8 million for the Measure Q Street Maintenance projects and rehabilitation of numerous streets throughout the City. Equipment additions were mainly replacements of obsolete technology hardware. Business-Type Activities experienced an increase of $4 million in construction in progress, due to sewer projects still in progress as of June 30, 2020. The City depreciates all its capital assets over their estimated useful lives, as required by GASB 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Further detail on capital assets, current year additions, construction in progress and depreciation can be found in Note 6.

DEBT ADMINISTRATION

The City made all scheduled debt service payments. Each of the City's debt issues is discussed in detail in Note 7 to the Financial Statements. At June 30, 2020, the City's debt was comprised of the following issues:

Table 10: Outstanding Debt
As of June 30, 2020 and 2019 (Dollars in Millions)

	June 30, 2020	June 30, 2019	Net Change
Governmental Activities Debt:			
Revenue Bonds:			
1995 Lease Revenue Bonds, 6.33 - 8.24%, due 8/1/20	$0.3	$0.6	($0.3)
Lease Revenue Financing Agreement			
1.912 % due 3/1/25	11.9	14.1	(2.2)
Refunding Lease Agreement			
3.3%, due 9/1/19	0.0	0.5	(0.5)
Lease Purchase Agreement			
2.78%, due 12/01/26	5.3	5.9	(0.6)
Capital Lease:			
Motorola Lease Agreement, due 11/15/26	2.5	0.0	2.5
Total Governmental Activities Debt	**$20.0**	**$21.1**	**($1.1)**
Business-Type Activities Debt:			
Enterprise Long Term Debt:			
2012 - Wastewater Revenue Refunding Bonds, 1.50-4.00%, due 2/1/29	$5.9	$6.5	($0.6)
2018 - Wastewater Revenue Refunding Bonds, 1.25-3.24%, due 2/1/32	7.9	8.4	(0.5)
Total Business-Type Activities Debt	**$13.8**	**$14.9**	**($1.1)**

Both Total Governmental Activities and Business-Type Activities Debt decreased slightly over prior year because of the scheduled pay down of outstanding debt.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The economy of the City and its major initiatives for fiscal year 2019/2020 are discussed in detail in the accompanying Transmittal Letter.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the Finance Department, at 1950 Parkside Drive, Concord, CA 94519-2578.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Position reports the difference between the City's total assets, deferred outflows of resources and the City's total liabilities, deferred inflows of resources including all the City's capital assets and all its long-term debt. The Statement of Net Position summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's Net Position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the “modified accrual” basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses, first, listed by program, and follows these with the expenses of its Business-Type Activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City, Concord/Pleasant Hill Health Care District and the City of Concord Joint Powers Financing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the component units' activities.

CITY OF CONCORD
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments (Note 3)	$ 147,918,388	$ 55,009,695	$ 202,928,083
Cash with Fiscal Agents (Note 3)	330,245	322	330,567
Receivables (Net of Allowances for Uncollectibles):			
Accounts	8,132,718	138,595	8,271,313
Due from Other Governments	11,593,997	-	11,593,997
Interest	4,749,058	117,427	4,866,485
Loans and Notes (Note 5)	27,429,556	10,463	27,440,019
Inventories	41,848	-	41,848
Internal Balances (Note 4)	(1,683,618)	1,683,618	-
Capital Assets (Note 6):			
Nondepreciable Capital Assets	35,028,074	14,270,640	49,298,714
Depreciable Capital Assets, Net of Accumulated Depreciation	546,093,674	49,857,133	595,950,807
Total Assets	779,633,940	121,087,893	900,721,833
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pension - CalPERS (Note 12)	35,996,831	-	35,996,831
Deferred Outflows Related to Pension - CCRS (Note 10)	256,896	-	256,896
Deferred Outflows Related to OPEB - (Note 13)	4,627,297	-	4,627,297
Total Deferred Outflows of Resources	40,881,024	-	40,881,024
LIABILITIES			
Accounts, Deposits and Contracts Payable	9,364,254	28,469,603	37,833,857
Accrued Liabilities	4,358,056	10,008	4,368,064
Interest Payable	98,669	198,409	297,078
Refundable Deposits	5,990,786	-	5,990,786
Unearned Revenue	1,003,779	-	1,003,779
Compensated Absences (Note 7):			
Due in Less Than One Year	2,435,916	47,024	2,482,940
Due in More Than One Year	3,123,389	161,180	3,284,569
Claims Payable (Note 15):			
Due in Less Than One Year	4,039,004	-	4,039,004
Due in More Than One Year	13,091,629	-	13,091,629
Long-Term Debt (Note 7):			
Due in Less Than One Year	3,549,569	1,045,000	4,594,569
Due in More Than One Year	16,374,109	12,754,512	29,128,621
Net OPEB Liability, Due in More Than One Year (Note 13)	35,655,448	-	35,655,448
Net Pension Liability CCRS, Due in More Than One Year (Note 10)	23,482,731	-	23,482,731
Net Pension Liability CalPERS, Due in More Than One Year (Note 12)	191,295,162	-	191,295,162
Total Liabilities	313,862,501	42,685,736	356,548,237
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pension - CalPERS (Note 12)	3,057,481	-	3,057,481
Deferred Inflows Related to OPEB (Note 13)	921,589	-	921,589
Total Deferred Inflows of Resources	3,979,070	-	3,979,070
NET POSITION (Note 1)			
Net Investment in Capital Assets	561,198,070	50,328,261	611,526,331
Restricted for:			
Capital Projects	15,770,781	-	15,770,781
Debt Service	467,699	-	467,699
Community Development Projects	48,820,275	-	48,820,275
Total Restricted Net Position	65,058,755	-	65,058,755
Unrestricted Net Position	(123,583,432)	28,073,896	(95,509,536)
Total Net Position	$ 502,673,393	$ 78,402,157	$ 581,075,550

See accompanying notes to basic financial statements

CITY OF CONCORD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	$ 39,791,046	$ 898,676	$ 1,105,433	$ -
Public Safety	72,492,181	1,495,111	1,865,359	-
Public Works	14,497,917	3,405,245	95,408	8,295,654
Community and Economic Development	17,769,196	7,099,717	706,208	3,518,741
Parks & Recreation Services	7,069,156	2,098,265	197,839	1,553
Interest on Long-Term Debt	941,699	-	-	-
Total Governmental Activities	152,561,195	14,997,014	3,970,247	11,815,948
Business-type Activities:				
Sewer	36,565,521	38,409,908	-	-
Golf Course	1,601,547	1,632,993	-	-
Total Business-type Activities	38,167,068	40,042,901	-	-
Total	$ 190,728,263	$ 55,039,915	$ 3,970,247	$ 11,815,948
General Revenues:				
Taxes:				
Property taxes				
Sales taxes				
Sales taxes - Measure Q				
Motor Vehicle In Lieu, Unrestricted				
Transient Occupancy Taxes				
Business License Taxes				
Franchise Fees				
Investment Earnings				
Gain on Sale of Capital Assets				
Total General Revenues				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

See accompanying notes to basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (37,786,937)		$ (37,786,937)
(69,131,711)		(69,131,711)
(2,701,610)		(2,701,610)
(6,444,530)		(6,444,530)
(4,771,499)		(4,771,499)
(941,699)		(941,699)
(121,777,986)		(121,777,986)
-	$ 1,844,387	1,844,387
-	31,446	31,446
-	1,875,833	1,875,833
(121,777,986)	1,875,833	(119,902,153)
23,212,753	-	23,212,753
34,732,402	-	34,732,402
13,326,748	-	13,326,748
12,195,444	-	12,195,444
2,531,487	-	2,531,487
3,792,877	-	3,792,877
9,059,762	-	9,059,762
6,676,564	1,171,674	7,848,238
1,098,988	-	1,098,988
106,627,025	$1,171,674	107,798,699
(15,150,961)	3,047,507	(12,103,454)
517,824,354	75,354,650	593,179,004
$ 502,673,393	$ 78,402,157	$ 581,075,550

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FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal year 2020. Individual non- major governmental funds are aggregated and titled "Other Governmental Funds".

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this Fund are property taxes, sales taxes, unrestricted revenues from the State, charges for services, and interest income. Expenditures are made for public safety, most street work and other services not required to be accounted for in another fund.

Concord Housing – The Concord Housing Special Revenue Fund accounts for the activities related to the assets assumed by the City of Concord as the Housing Successor to the housing activities of the former Redevelopment Agency of the City of Concord.

General Projects Fund – This capital projects fund accounts for all general capital improvement projects not funded from proprietary funds.

CITY OF CONCORD
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

	General	Concord Housing	General Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and Investments (Note 3)	$ 40,524,634	$ 10,008,556	$ 16,429,482	$ 40,286,481	$ 107,249,153
Cash with Fiscal Agents (Note 3)	-	-	-	330,245	330,245
Receivables (Net of Allowances for Uncollectible):					
Accounts	3,388,254	349,235	24,174	174,533	3,936,196
Due from Other Governments	8,024,939	-	483,078	3,085,980	11,593,997
Interest	147,307	4,476,548	-	125,203	4,749,058
Due from Other Funds (Note 4)	3,915,945	-	-	-	3,915,945
Loans and Notes (Note 5)	-	25,637,947	-	1,791,609	27,429,556
Inventories	41,848	-	-	-	41,848
Advances to Other Funds (Note 4)	11,704,631	2,304,260	-	-	14,008,891
Total Assets	$ 67,747,558	$ 42,776,546	$ 16,936,734	$ 45,794,051	$ 173,254,889
LIABILITIES:					
Accounts, Deposits and Contracts Payable	$ 8,180,331	$ -	$ 127,565	$ 834,471	$ 9,142,367
Accrued Liabilities	3,813,829	9,846	-	514,486	4,338,161
Refundable Deposits	5,961,901	-	-	28,885	5,990,786
Unearned Revenue	322,251	-	611,528	70,000	1,003,779
Advances from Other Funds (Note 4)	6,299,988	-	14,080,983	-	20,380,971
Total Liabilities	24,578,300	9,846	14,820,076	1,447,842	40,856,064
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue	400,000	8,752,883	298,993	1,813,622	11,265,498
FUND BALANCES:					
Fund Balances: (Note 8)					
Nonspendable	11,746,479	-	-	-	11,746,479
Restricted	10,101	34,013,817	1,637,827	35,841,371	71,503,116
Assigned	1,983,462	-	179,838	6,692,360	8,855,660
Unassigned	29,029,216	-	-	(1,144)	29,028,072
Total Fund Balances	42,769,258	34,013,817	1,817,665	42,532,587	121,133,327
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 67,747,558	$ 42,776,546	$ 16,936,734	$ 45,794,051	$ 173,254,889

See accompanying notes to basic financial statements

CITY OF CONCORD
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2020

TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS	$ 121,133,327
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:	
CAPITAL ASSETS	
Capital assets used in governmental activities are not financial resources an, therefore, are not reported in the funds.	552,319,191
ALLOCATION OF INTERNAL SERVICE FUND NET POSITION	
Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance, to individual governmental funds. The net position and liabilities of the internal service funds are therefore included in governmental activities in the statement of net position.	49,005,433
ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES	
Unavailable revenue which are deferred inflows of resources in the Governmental Funds because they are not available currently are taken into revenue in the Statement of Activities.	11,265,498
DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO PENSION	
The deferred accounts below are related to the net pension liability and are not due and payable in the current period and therefore are not reported in the Funds:	
Deferred outflows of resources related to pension - CCRS	256,896
Deferred outflows of resources related to pension - CalPERS	35,996,831
Deferred outflows resources related to pension - OPEB	4,627,297
Deferred inflows of resources related to pension - CalPERS	(3,057,481)
Deferred inflows of resources related to pension - OPEB	(921,589)
LONG-TERM ASSETS AND LIABILITIES	
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:	
Long-Term Debt	(17,420,000)
Interest Payable	(98,669)
Net Pension Liability CCRS	(23,482,731)
Net Pension Liability CalPERS	(191,295,162)
Net OPEB Liability	(35,655,448)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 502,673,393

See accompanying notes to basic financial statements

CITY OF CONCORD
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	General	Concord Housing	General Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	$ 19,128,926	$ -	$ -	$ 4,083,827	$ 23,212,753
Motor Vehicle In Lieu, Unrestricted	12,195,444	-	-	-	12,195,444
Sales Tax:					
Sales Tax	34,732,402	-	-	-	34,732,402
Sales Tax - Measure Q	13,326,748	-	-	-	13,326,748
Transient Occupancy	2,531,487	-	-	-	2,531,487
Franchise Fees	8,213,645	-	-	456,179	8,669,824
Business License	3,792,877	-	-	-	3,792,877
Licenses and Permits	1,885,163	-	-	3,112,482	4,997,645
Intergovernmental	1,385,409	-	663,810	9,472,699	11,521,918
Charges for Services	7,050,048	-	-	1,025,310	8,075,358
Fines, Forfeitures and Penalties	678,222	-	-	39,998	718,220
Parks and Recreation	1,845,834	-	-	-	1,845,834
Use of Money and Property	4,693,430	545,700	198,249	698,212	6,135,591
Special Assessment Collections	8,486	-	-	-	8,486
Other	1,639,161	147,881	2,819,530	637,534	5,244,106
Total Revenues	113,107,282	693,581	3,681,589	19,526,241	137,008,693
EXPENDITURES					
Current:					
General Government	16,229,359	-	243,036	193,105	16,665,500
Public Safety	61,401,027	-	317,154	253,035	61,971,216
Public Works	9,594,274	-	55,969	3,743,769	13,394,012
Community and Economic Development	10,845,846	146,783	3,380,811	2,815,381	17,188,821
Parks & Recreation Services	5,690,676	-	-	-	5,690,676
Capital outlay	-	-	5,895,382	6,270,877	12,166,259
Debt Service:					
Principal	-	-	-	3,703,000	3,703,000
Interest and Fiscal Charges	389,155	-	-	578,738	967,893
Total Expenditures	104,150,337	146,783	9,892,352	17,557,905	131,747,377
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,956,945	546,798	(6,210,763)	1,968,336	5,261,316
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of property	1,098,988	-	-	-	1,098,988
Transfers in (Note 4)	276,876	-	3,985,737	4,559,484	8,822,097
Transfers (Out) (Note 4)	(10,170,261)	-	(485,416)	(479,123)	(11,134,800)
Total Other Financing Sources (Uses)	(8,794,397)	-	3,500,321	4,080,361	(1,213,715)
NET CHANGES IN FUND BALANCES	162,548	546,798	(2,710,442)	6,048,697	4,047,601
FUND BALANCES AT BEGINNING OF YEAR	42,606,710	33,467,019	4,528,107	36,483,890	117,085,726
FUND BALANCES AT END OF YEAR	$ 42,769,258	$ 34,013,817	$ 1,817,665	$ 42,532,587	$ 121,133,327

See accompanying notes to basic financial statements

CITY OF CONCORD
RECONCILIATION OF THE
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ 4,047,601
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Capitalized expenditures are therefore added back to fund balance	12,189,647
Retirements of capital assets are deducted from fund balance	(270,023)
Depreciation expense is deducted from the fund balance	(23,953,280)
(Depreciation expense is net of internal service fund depreciation of $4,828,825 which has already been allocated to the internal service funds.)	
Contribution of assets to Internal Service Funds are deducted from fund balance	(2,521,818)
LONG-TERM DEBT PROCEEDS AND PAYMENTS	
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but in the Statement of Net Position the repayment reduces long-term liabilities.	
Repayment of debt principal	3,703,000
Reimbursement agreement from Successor Agency	(558,000)
ACCRUAL OF NON-CURRENT ITEMS	
The amounts below included in the Statement of Activities do not provide (or require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Pension expense CCRS	899,324
Pension expense CalPERS	(14,678,053)
OPEB expense	1,382,711
Deferred inflow of resources - Unavailable revenues	586,193
Interest Payable	25,939
ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY	
Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with Governmental Funds is reported with governmental activities, because they service those activities.	
Change in Net Position - All Internal Service Funds, less contributions from Governmental Funds	3,995,798
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (15,150,961)

See accompanying notes to basic financial statements

CITY OF CONCORD
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Taxes:				
Property	$ 18,445,000	$ 18,149,000	$ 19,128,926	$ 979,926
Motor Vehicle In Lieu, Unrestricted	11,868,000	11,868,000	12,195,444	327,444
Sales Tax:				
Sales Tax	34,921,000	31,808,000	34,732,402	2,924,402
Sales Tax - Measure Q	13,600,292	12,700,292	13,326,748	626,456
Transient Occupancy	3,160,000	2,082,000	2,531,487	449,487
Franchises	7,808,000	8,081,000	8,213,645	132,645
Business License	4,072,646	3,572,646	3,792,877	220,231
Licenses and Permits	2,079,220	1,689,220	1,885,163	195,943
Intergovernmental	1,051,000	1,051,000	1,385,409	334,409
Charges for Services	7,083,648	6,335,072	7,050,048	714,976
Fines, Forfeitures and Penalties	530,000	530,000	678,222	148,222
Parks and Recreation	3,045,494	2,045,494	1,845,834	(199,660)
Use of Money and Property	2,305,711	2,305,711	4,693,430	2,387,719
Special Assessment Collections	-	-	8,486	8,486
Other	1,179,518	848,638	1,639,161	790,523
Total Revenues	111,149,529	103,066,073	113,107,282	10,041,209
EXPENDITURES:				
Current:				
General Government:				
Council	544,472	525,361	523,327	2,034
Manager	3,751,285	3,607,867	3,742,561	(134,694)
Attorney	1,491,213	1,660,378	1,509,092	151,286
Human Resources	2,299,531	2,322,595	2,119,034	203,561
Finance	9,197,707	8,590,661	8,335,345	255,316
Total General Government	17,284,208	16,706,862	16,229,359	477,503
Public Safety	60,743,293	61,109,764	61,401,027	(291,263)
Public Works	9,429,306	9,313,955	9,594,274	(280,319)
Community and Economic Development	11,555,154	11,864,117	10,845,846	1,018,271
Parks & Recreation Services	6,310,954	6,370,834	5,690,676	680,158
Capital Outlay	112,616	740,812	-	740,812
Debt Service:				
Interest and Fiscal Charges	267,376	267,376	389,155	(121,779)
Total Expenditures	105,702,907	106,373,720	104,150,337	2,223,383
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,446,622	(3,307,647)	8,956,945	12,264,592
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	-	979,000	1,098,988	119,988
Transfers In	403,199	403,199	276,876	(126,323)
Transfers (out)	(10,757,893)	(14,090,693)	(10,170,261)	3,920,432
Total Other Financing Sources (Uses)	(10,354,694)	(12,708,494)	(8,794,397)	3,914,097
NET CHANGE IN FUND BALANCE	$ (4,908,072)	$ (16,016,141)	162,548	$ 16,178,689
FUND BALANCE AT BEGINNING OF YEAR			42,606,710	
FUND BALANCE AT END OF YEAR			$ 42,769,258	

See accompanying notes to basic financial statements

CITY OF CONCORD
CONCORD HOUSING FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Use of Money and Property	$ 169,647	$ 169,647	$ 545,700	$ 376,053
Other	818,000	818,000	147,881	(670,119)
Total Revenues	987,647	987,647	693,581	(294,066)
EXPENDITURES:				
Current:				
Community and Economic Development	266,974	283,614	146,783	136,831
Total Expenditures	266,974	283,614	146,783	136,831
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	720,673	704,033	546,798	(157,235)
OTHER FINANCING SOURCES (USES)				
Transfers In	172,761	172,761	-	(172,761)
Total Other Financing Sources (Uses)	172,761	172,761	-	(172,761)
NET CHANGE IN FUND BALANCE	$ 893,434	$ 876,794	546,798	$ (329,996)
FUND BALANCE AT BEGINNING OF YEAR			33,467,019	
FUND BALANCE AT END OF YEAR			$ 34,013,817	

See accompanying notes to basic financial statements

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PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of *major funds* extends to Proprietary Funds. Generally accepted accounting principles do not provide for the disclosure of budget vs. actual comparisons regarding proprietary funds. The City reports the Sewer Enterprise Fund as a major fund:

Sewer Fund. To account for activities associated with sewage transmission and treatment

The City reports the Golf Course Fund as a non-major fund.

Golf Course Fund. To account for activities associated with the development, operation and maintenance of the Diablo Creek Golf Course.

CITY OF CONCORD
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2020

	Business-type Activities-Enterprise Funds			Governmental Activities-Internal Service Funds
	Sewer	Non-Major Enterprise/ Golf Course	Total	
ASSETS:				
Current Assets:				
Cash and Investments (Note 3)	$ 54,230,736	$ 778,959	$ 55,009,695	$ 40,669,235
Cash with Fiscal Agents (Note 3)	322	-	322	-
Accounts Receivable	27,300	111,295	138,595	4,196,522
Interest Receivable	117,427	-	117,427	-
Loans and Notes Receivable (Note 5)	-	10,463	10,463	-
Total Current Assets	54,375,785	900,717	55,276,502	44,865,757
Non-Current Assets:				
Advances to Other Funds (Note 4)	2,457,266	-	2,457,266	4,688,462
Capital Assets (Note 6):				
Land	334,838	60,344	395,182	-
Construction In Progress	13,875,458	-	13,875,458	2,122,808
Buildings and Improvements	2,832,944	5,876,042	8,708,986	48,356,176
Machinery and Equipment	271,030	136,177	407,207	37,497,128
Sewer Collection System	219,481,280	-	219,481,280	-
Less: Accumulated Depreciation	(174,532,316)	(4,208,024)	(178,740,340)	(59,173,555)
Net Capital Assets	62,263,234	1,864,539	64,127,773	28,802,557
Total Non-Current Assets	64,720,500	1,864,539	66,585,039	33,491,019
Total Assets	119,096,285	2,765,256	121,861,541	78,356,776
LIABILITIES:				
Current Liabilities (Payable from Current Assets):				
Accounts and Contracts Payable	$28,468,118	$1,485	28,469,603	221,887
Accrued Liabilities	10,008	-	10,008	19,895
Due to Other Funds (Note 4)	-	-	-	3,915,945
Interest Payable	198,409	-	198,409	-
Compensated Absences Payable (Note 7)	47,024	-	47,024	2,435,916
Capital Lease Payable (Note 7)	-	-	-	329,569
Revenue Refunding Bonds (Note 7)	1,045,000	-	1,045,000	-
Claims Payable (Note 15)	-	-	-	4,039,004
Total current liabilities	29,768,559	1,485	29,770,044	10,962,216
Noncurrent Liabilities:				
Compensated Absences Payable (Note 7)	161,180	-	161,180	3,123,389
Advance from Other Funds (Note 4)	-	773,648	773,648	-
Revenue Refunding Bonds (Note 7)	12,754,512	-	12,754,512	-
Long-Term Debt				
Due in More Than One Year (Note 7)	-	-	-	2,174,109
Claims Payable (Note 15)	-	-	-	13,091,629
Total Noncurrent Liabilities	12,915,692	773,648	13,689,340	18,389,127
Total Liabilities	42,684,251	775,133	43,459,384	29,351,343
NET POSITION:				
Net Investment in Capital Assets	48,463,722	1,864,539	50,328,261	26,298,879
Unrestricted	27,948,312	125,584	28,073,896	22,706,554
Total Net Position	$ 76,412,034	$ 1,990,123	$ 78,402,157	$ 49,005,433

See accompanying notes to basic financial statements

CITY OF CONCORD
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Sewer	Non-Major Enterprise/ Golf Course	Totals	
OPERATING REVENUES				
Service Fees	$ 38,351,901	$ -	$ 38,351,901	$ -
Charges for Services	-	-	-	25,661,552
Golf Course Fees and Charges	-	1,546,890	1,546,890	-
Other	58,007	86,103	144,110	4,182,654
Total Operating Revenues	38,409,908	1,632,993	40,042,901	29,844,206
OPERATING EXPENSES				
Operating and Maintenance	31,734,412	1,457,055	33,191,467	22,988,218
Cost of Sales and Services	-	-	-	70,008
Depreciation (Note 6)	4,428,412	144,492	4,572,904	4,828,825
Claims and Judgments	-	-	-	3,550,852
Total Operating Expenses	36,162,824	1,601,547	37,764,371	31,437,903
Operating Income (Loss)	2,247,084	31,446	2,278,530	(1,593,697)
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	1,155,620	16,054	1,171,674	725,640
Interest Expense	(402,697)	-	(402,697)	(255)
Gain (Loss) from Disposition of Capital Assets	-	-	-	29,589
Total Non-Operating Revenues (Expenses)	752,923	16,054	768,977	754,974
Income (Loss) Before Contributions and Transfers	3,000,007	47,500	3,047,507	(838,723)
Capital Contributions	-	-	-	2,521,818
Transfers In (Note 4)	-	-	-	2,500,000
Transfers Out (Note 4)	-	-	-	(187,297)
Net Contributions and Transfers	-	-	-	4,834,521
Changes in Net Position	3,000,007	47,500	3,047,507	3,995,798
Total Net Position - Beginning	73,412,027	1,942,623	75,354,650	45,009,635
Total Net Position - Ending	$ 76,412,034	$ 1,990,123	$ 78,402,157	$ 49,005,433

See accompanying notes to basic financial statements

CITY OF CONCORD
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Sewer	Non-Major Enterprise/ Golf Course	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	$ 38,435,974	$ 1,595,333	$ 40,031,307	$ 23,949,384
Payments to Suppliers	(25,424,022)	(1,358,096)	(26,782,118)	(12,109,086)
Payments to Employees	(1,865,197)	(98,620)	(1,963,817)	(4,095,511)
Claims Paid	-	-	-	(1,524,590)
Net Cash Provided by (Used for) Operating Activities	11,146,755	138,617	11,285,372	6,220,197
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Borrowings of Advances From/(To) Other Funds	76,129		76,129	(68,312)
Transfers (In)	-	-	-	2,500,000
Transfers (Out)	-	-	-	(187,297)
Net Cash Provided by (Used for) Non-Capital Financing Activities	76,129	-	76,129	2,244,391
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(4,138,065)	-	(4,138,065)	(4,071,190)
Proceeds from Long-Term Debt	-	-	-	2,503,678
Principal Paid on Debt, Bond Maturities	(1,010,000)	-	(1,010,000)	(13,351)
Interest and Fiscal Charges Paid	(360,979)	-	(360,979)	(255)
Proceeds from Sale of Capital Assets	-	-	-	29,589
Net Cash Provided by (Used for) Capital and Related Financing Activities	(5,509,044)	-	(5,509,044)	(1,551,529)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	1,223,554	16,054	1,239,608	725,640
Net Cash Provided by (Used for) Investing Activities	1,223,554	16,054	1,239,608	725,640
Net Increase (Decrease) in Cash and Cash Equivalents	6,937,394	154,671	7,092,065	7,638,699
Cash and Cash Equivalents at Beginning of Period	47,293,664	624,288	47,917,952	33,030,536
Cash and Cash Equivalents at End of Period	$ 54,231,058	$ 778,959	$ 55,010,017	$ 40,669,235
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	$ 2,247,084	$ 31,446	$ 2,278,530	$ (1,593,697)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	4,428,412	144,492	4,572,904	4,828,825
Change in assets and liabilities:				
Receivables, Net	26,066	(37,660)	(11,594)	29,570
Accounts payable and other accrued expenses	4,288,730	339	4,289,069	197,754
Accrued Liabilities	10,008	-	10,008	19,895
Compensated Absences	146,455	-	146,455	711,588
Self Insurance Claims Payable	-	-	-	2,026,262
Net Cash Provided by (Used for) Operating Activities	$ 11,146,755	$ 138,617	$ 11,285,372	$ 6,220,197
NONCASH TRANSACTIONS:				
Change in market values of investments	$ 230,917	$ -	$ 230,917	$ -
Contributions of Capital Assets, Net	$ -	$ -	$ -	$ 2,521,818

See accompanying notes to basic financial statements

FIDUCIARY FUNDS

Fiduciary Funds – Trust funds are used to account for assets held by the City as a trustee agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

Agency Fund – Agency funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the City in an agency capacity for individuals or other government units. The City reports one agency fund, the Tourism Improvement District Fund.

CITY OF CONCORD
FIDUCIARY FUNDS
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2020

	City of Concord Retirement System Pension Trust	Successor Agency Private Purpose Trust Fund	Agency Fund
ASSETS:			
Cash and Investments (Note 3)			
U.S. Treasury Notes	$ 3,601,858	$ -	$ -
U.S. Government Agencies Obligations	4,225,736	-	-
Medium-Term Corporate Notes	7,181,910	-	-
Municipal Bonds	509,011	-	-
Foreign Bonds	652,997	-	-
Mutual Funds	13,063,651	-	-
Pooled Investments	1,277,173	1,981,915	47,881
Cash with Fiscal Agents (Note 3)	-	331,373	-
Total Cash and Investments	30,512,336	2,313,288	47,881
Receivables (Net of Allowances for Uncollectibles):			
Account	-	610,219	-
Interest on Notes and Loans Receivable (Note 17)	-	410,550	-
Notes and Loans Receivable (Note 17)	-	230,003	-
Other Assets	-	-	-
Total Assets	30,512,336	3,564,060	$ 47,881
DEFERRED OUTFLOW OF RESOURCES:			
Deferred Charge on Refunding	-	473,641	
LIABILITIES:			
Accounts Payable and Due to Others	-	-	$ 47,881
Interest Payable	-	216,583	-
Long-Term Debt (Note 17):			
Due in One Year	-	2,560,000	-
Due in More Than One Year	-	14,983,354	-
Total Liabilities	-	17,759,937	$ 47,881
NET POSITION:			
Net Position Restricted for Pension Benefits and Held in Trust for Other Purposes	30,512,336	(13,722,236)	
Total Net Position (Deficit)	$ 30,512,336	$ (13,722,236)	

See accompanying notes to basic financial statements

CITY OF CONCORD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	City of Concord Retirement System Pension Trust	Successor Agency Private-Purpose Purpose Trust Fund
ADDITIONS		
Employer Contributions	$ 2,715,000	$ -
Property Taxes, Net of Pass Through Payments	-	5,390,684
Investment Income	1,412,210	45,726
Total Additions	4,127,210	5,436,410
DEDUCTIONS		
Retirement and Other Benefits	5,499,565	-
Management Expenses	176,807	-
Community Planning and Economic Development	-	759,473
Interest Expense	-	356,988
Total Deductions	5,676,372	1,116,461
NET CHANGES IN NET POSITION	(1,549,162)	4,319,949
Net Position (Deficit) Held in Trust, Beginning of Year	32,061,498	(18,042,185)
Net Position (Deficit) Held in Trust, End of Year	$ 30,512,336	$ (13,722,236)

See accompanying notes to basic financial statements

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NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Concord (City) was incorporated in 1905 and operates under the Council-Manager form of government. The City provides the following services: public safety (police services and building inspection), highways and streets, sewer collection, recreation services, public improvements, planning and zoning, economic development and general administration services.

The financial statements and accounting policies of the City of Concord conform with generally accepted accounting principles applicable to governments. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

Reporting Entity

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, *blended* component units are in substance part of the City's operations (i.e. the City has operational responsibility for the component unit) or a financial benefit / burden relationship exist, and are reported as an integral part of the City's financial statements.

The City's component units which are described below are all blended.

The **City of Concord Joint Powers Financing Authority** is a joint powers authority organized by the City of Concord and the former Concord Redevelopment Agency under the laws of the State of California. The Authority was organized to provide financial assistance to the City by financing real and personal properties and improvements for the benefit of the residents of the City and surrounding areas. Administrative and related normal business expenses incurred in the day-to-day operations of the Authority are provided by the City. Such expenses are insignificant to the Authority's operations. The Authority obtains financing for City and the former Agency sponsored projects using leases signed by the City or former Agency as collateral. The amounts of the leases are calculated to provide sufficient resources to repay the debt incurred to finance the projects.

The **Concord/Pleasant Hill Health Care District** is a local health care district organized under Local Hospital District Law, as set forth in the Health and Safety Code of the State of California and is governed by the City's Council. City staff provides management assistance to the District.

The **City of Concord Retirement System** is governed by the City's Retirement System Ordinance, Article II, Chapter 8 of the City of Concord Municipal Code, and is used to account for contributions and investment income restricted to pay retirement and death benefits of general and police employees. The Plan's benefit provisions are frozen and retirement and death benefit payments are restricted to eligible employees who retired or left the City of Concord eligible for a pension prior to June 28, 1999. Contribution provisions are established by the City Council. Eligibility, actuarial interest rates, administration and certain other tasks are the responsibility of the Retirement Board established by the above ordinance.

Financial statements for the City of Concord Joint Powers Financing Authority and the Concord/Pleasant Hill Health Care District can be obtained from the City of Concord, 1950 Parkside Drive, Concord, California 94519.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category: *governmental, proprietary,* and *fiduciary*, are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Operating* expenses result from the cost of providing those services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as *nonoperating* revenues and expenses. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Major Funds

The City's major governmental and enterprise funds are identified and presented separately in the fund financial statements. All other governmental and enterprise funds, called non-major funds, are combined and reported in single columns.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this Fund are property taxes, sales taxes, unrestricted revenues from the State, charges for services and interest income. Expenditures are made for public safety, public works and other services not required to be accounted for in another fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds (Continued)

Concord Housing – The Concord Housing special revenue fund accounts for the activities related to the assets assumed by the City of Concord as the Housing Successor to the housing activities of the former Redevelopment Agency of the City of Concord.

General Projects Fund – This capital projects fund accounts for all general capital improvement projects not funded from proprietary funds.

The City reported the following enterprise fund as a major fund in the accompanying financial statements:

Sewer Fund – To account for activities associated with sewage collection, transmission and treatment.

The City also reports the following fund types:

Internal Service Funds – These funds account for workers' compensation costs, non-reimbursable portion of insurance claims, post-employment health care benefits, City facilities' maintenance expenses, maintenance and replacement costs of City licensed vehicles, motorized equipment, technology equipment and office equipment and funding for compensated absences balances; all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds – Fiduciary Funds account for assets held by the City as trustee agent for other governmental units, private organizations or individuals. The City of Concord Retirement System (CCRS) Pension Trust Fund**,** accounts for accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. The Successor Agency to the Redevelopment Agency of the City of Concord is reported in a Private Purpose Trust Fund that is used to account for the activities of the Successor Agency. The Agency Fund accounts for charges collected by the government on behalf of other governments. The financial activities of these funds are excluded from the City-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

Basis of Accounting

The government-wide, proprietary, CCRS pension trust, and private purpose trust fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Agency funds, included in the fiduciary fund financial statements, are also reported using the accrual basis of accounting, however they are not reported using a measurement focus because only assets and liabilities are presented. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end, except for sales tax revenue which has a 90 day period of availability. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, sales tax, grants entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include intergovernmental revenues, interest and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted Net Position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include accumulated unpaid vacation, sick pay and other employee amounts which are recognized as expenditures to the extent they have matured, and principal and interest on general long-term debt which is recognized when due. Financial resources usually are appropriated in other funds for transfer to a debt service fund in the period in which maturing debt principal and interest must be paid. Such amounts thus are not current liabilities of the debt service fund, as their settlement will not require expenditure of existing fund assets.

Inventory and Prepaid Items

Inventories are valued at cost (on the first-in, first-out basis). Inventories of the General Fund consist of expendable supplies held for consumption. The cost is recorded as an expenditure in the General Fund at the time individual inventory items are consumed. Reported General Fund inventories are equally offset by amounts included in Nonspendable Fund Balance which indicates that they do not constitute available spendable resources even though they are a component of net position.

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items in governmental funds are equally offset by amounts included in Nonspendable Fund Balance which indicates that they do not constitute available spendable resources even though they are a component of net position.

Property Taxes and Special Assessment Revenue

The County of Contra Costa levies, bills and collects property taxes for the City; the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales Tax

Since 1956 the Bradley Burns Uniform Local Sales and Use Tax Law has imposed a tax (Bradley Burns tax) on the retail sale of merchandise or goods within the State of California. In order to provide for uniform administration, reporting, sales and use tax rates and, collection of local sales and use taxes, the State collects the Bradley Burns tax on behalf of cities and counties, and distributes the revenue to those local governments. On September 27, 1956, the City adopted Ordinance No. 354 to contract with the State of California to provide for the collection and administration of City's sales and use taxes under the Bradley-Burns Uniform Local Sales and Use Tax Law.

Compensated Absences

In governmental funds, Compensated Absences (unpaid vacation and sick leave) are recorded as expenditures in the year paid, as it is the City's policy to liquidate any unpaid vacation or sick leave at June 30 from future resources rather than currently available expendable resources. The City's liability for Compensated Absences is determined annually. For all governmental funds, amounts expected to be paid out for permanent liquidation are recorded as fund liabilities; the long term portion is recorded in the Statement of Net Position.

Compensated Absences are included in accrued liabilities. Compensated Absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund. Compensated Absences are accounted for by Proprietary funds as expenditures in the year earned. The changes in Compensated Absences of governmental and business-type activities are summarized in Note 7.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their acquisition value on the date contributed. The City's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

The City has recorded all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems in the government-wide financial statements.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of capital assets in service is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives and capitalization thresholds listed below to capital assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

	Useful Lives	Capitalization Threshold
Ground improvements	33 Years	$ 100,000
Buildings and improvements	33 Years	100,000
Machinery and equipment	10 Years	7,500
Vehicles	5 Years	7,500
Streets	30 Years	100,000
Sidewalks	50 Years	100,000
Storm drains/catch basins	100 Years	100,000
Traffic signals	30 Years	100,000
Sewer lines	50 Years	100,000

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and Statement of Fiduciary Net Position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an expense/expenditure until then.

In addition to liabilities, the Statement of Net Position and the balance sheet of the governmental funds reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as revenue until that time. The governmental funds have only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: intergovernmental revenue and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position and Fund Balances

Net Position is measured on the full accrual basis, while Fund Balance is measured on the modified accrual basis.

Net Position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. Net Position is divided into three captions, and is described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which are restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Balances (Continued)

Unrestricted describes the portion of Net Position which are not restricted as to use.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by City Council resolution which may be altered only by resolution of the City Council. This category may include encumbrances.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. City policy and procedure No. 168 delegates the authority to assign to the City Manager. This category may include encumbrances and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds. The general fund is the only fund that reports a positive unassigned fund balance amount.

Minimum Fund Balance Policy

To address financial uncertainties, the City maintains various General Fund reserves and contingency funds that, when combined, total not less than 17 percent of the General Fund's operating expenditures. The reserve and contingency funds include: the General Fund Operating Contingency Reserve fund; the Benefit Reserve fund; the Capital Maintenance Reserve fund; the Economic Contingency Reserve fund; and the Unforecasted Reserve fund. The total combined unassigned fund balance for these funds was $32,115,058 or 31% percent of General Fund Operating Expenditures. These funds, along with the Pavilion Fund, SLEFS Fund, Community Court Fund, and Forfeited Deposit Fund are included within the financial statements as the "General Fund". Including these additional funds, and the Pavilion Fund, the total combined unassigned fund balance was $29,029,216.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability and deferred inflows/outflows of resources related to pensions, and pensions expense, information about the fiduciary net position of the miscellaneous plan and the safety plan of the City of Concord, an agent multiple-employer defined benefit pension plan participating in the California Public Employees' Retirement System (CalPERS) plan and Concord Retirement System (CCRS) plan and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred inflows/outflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plans of the City of Concord, an agent multiple-employer defined benefit pension plan participating in the California Public Employees' Retirement System (CalPERS) plan and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fair Value Measurement

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Effective Accounting Pronouncements

GASB Statement No. 95 – In May 2020, GASB issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The requirements of the statement are effective immediately. The City implemented GASB Statement No. 95 for the presentation of the FY 2019-2020 financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the City's financial reporting process. Future new standards which may impact the City, include the following:

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2019. The City has not determined the effect of this Statement.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after June 15, 2021. The City has not determined the effect of this Statement.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement is effective for reporting periods beginning after December 15, 2020. The City has not determined the effect of this Statement.

GASB Statement No. 90 – In June 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The objective of this Statements are to improve the consistency and comparability of a reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement is effective for reporting periods beginning after December 15, 2019. The City has not determined the effect of this Statement.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of the statement are effective for reporting periods beginning after December 15, 2021. The City has not determined the effect of this Statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements of the statement are effective for reporting periods beginning after June 15, 2021. The City has not determined the effect of this Statement.

GASB Statement No. 93 – In March 2020, GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates.* Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement of this Statement, except for paragraph 11b, are effective for reporting periods beginning after June 15, 2021. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. Earlier application is encouraged. The City has not determined the effect of this Statement.

GASB Statement No. 94 – In March 2020, GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of the statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The City has not determined the effect of this Statement.

GASB Statement No. 96 – In May 2020, GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right to use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of the statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The City has not determined the effect of this Statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 97 – In June 2020, GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The City does not have such plans, thus there was no significant impact of this Statement in FY 2019/20. The requirements in paragraphs 6-9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged and is permitted by certain requirements in the Statement. The City has not determined the effect of this Statement.

New and Closed Funds

The Trees Special Revenue Fund was established during the fiscal year ended June 30, 2020 to accumulate funds for the revenues received from fines or fees associated with tree removal. The fines or fees will be used for costs associated with planting, replacing, and maintaining trees.

The Refunding Lease Agreement Debt Service Fund was closed as of June 30, 2020 as the debt was fully repaid during the fiscal year.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council proposed biennial operating budget by June. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of separate resolutions for the City.
4. The City Manager is authorized to transfer budgeted amounts from one program, department or account to another within the same fund. All transfers of appropriations affecting Personnel Service type accounts require the Director of Human Resources and City Manager approval. Expenditures may not legally exceed budgeted appropriations at the fund level without City Council approval.
5. The City is required to adopt a biennial operating budget on or before June 30 for all funds on a basis consistent with generally accepted accounting principles. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various funds. The City Council may amend the budget during the fiscal year.
6. All governmental fund type annual operating budgets are adopted on a basis consistent with generally accepted accounting principles, except for capital outlay expenditures for Special Revenue Funds which are budgeted on a project time frame rather than on an annual basis, in conjunction with #7 below.
7. The City also adopts budgets for its Capital Projects, which are based on the project life rather than a fiscal year. Therefore, capital project budgets may span several fiscal years. Project appropriations transfers of $20,000 or more require City Council approval.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

Appropriation Lapses

Unexpended appropriations lapse at year end unless budgeted on a project basis.

NOTE 3 - CASH AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except Cash with Fiscal Agents so that it can be safely invested at maximum yields. Individual funds are able to make expenditures at any time during the year.

Policies

All investments are carried at fair value and as a general rule investment income is allocated among funds on the basis of average monthly cash and investment balances in these funds. Interest income on certain investments is allocated based on the source of the investment and legal requirements which apply.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110 percent of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150 percent of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

Policies, (Continued)

Cash and investments are used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

Classification

Cash and investments are classified in the financial statements as shown below at June 30, 2020:

	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
Cash and investments	$ 107,249,153	$ 55,009,695	$ 40,669,235	$ 32,542,132	$ 235,470,215
Cash with fiscal agents	330,245	322		331,373	661,940
Total cash and investments	$ 107,579,398	$ 55,010,017	$ 40,669,235	$ 32,873,505	$ 236,132,155

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the City's Investment Policy

The City of Concord operates its investment activities under the prudent man rule. This affords the City a broad spectrum of investment opportunities as long as the investment is deemed prudent and is allowable under current statutes of the State of California. The City is authorized to invest in the following types of instruments, and the table also identifies certain provisions of the California Government Code, or the City's investment policy where it is more restrictive:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality*	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Bills, Bonds and Notes	5 years	None	None	None
Obligations issued by United States Government Agencies	5 years	None	20%	None
State Obligations - CA & Others	5 years	A	30%	None
Bankers' Acceptances	180 days	A	30%	None
Commercial Paper	270 days	A-1	25%	10%
Negotiable Certificates of Deposit	5 years	A	30%	None
Medium-Term Corporate Notes	5 years	A	30%	None
Money Market Mutual Funds	N/A	Top rating	20%	No Limit
California Local Agency Investment Fund (LAIF)	N/A	None	$75 million	$75 million
Time Certificates of Deposit	5 years	Satisfactory	None	10%
Supranationals	5 years	AA	30%	None
Shares of Beneficial Interest Issued by a Joint Powers Authority (local government investment pool such as CAMP)	N/A	Pursuant to Government Code Section 6509.7	None	None

* At time of purchase

Under the City's Investment Policy, investments not described above are ineligible investments. In addition, the City may not invest any funds in inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages in accordance with the California Government Code. In addition, the City may not invest any funds in any security that could result in zero interest accrual if held to maturity.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Federal Agency Securities	5 years	Top rating category
State of California Local Agency Investment Fund	None	None
Commercial Paper	270 days	Top rating category
Negotiable Certificates of Deposit	180 days	Top rating category
Bank Deposits	None	FDIC Insured
U.S. Government Treasury Obligations	None	None
State/Local Obligations	None	Top rating category
Federal Securities	None	Top rating category
Corporate Notes	None	Top rating category
Repurchase Agreements	1 year	Top rating category
Money Market Mutual Funds	None	Top rating category
Investment Agreements	None	Top rating category

Retirement System Authorized Investments

The System's investment policy authorizes the System to invest in financial instruments in three broad investment categories: equity, fixed income, and real estate. These financial instruments can include, but are not limited to, corporate bonds, commercial paper, U.S. government securities, common and preferred stock, real estate investment trusts, and mutual funds. Fixed income investments may include bonds and commercial paper in order to provide added flexibility in managing the fixed income portfolio.

The asset allocation ranges for the system are as follows:

		Allocation Ranges	
	Target Mix	Minimum	Maximum
Large/Medium Cap Domestic Equity	30%	20%	45%
International Equity	7.5%	2%	15%
Small Cap Equity	7.5%	2%	15%
Domestic Real Estate	0%	0%	10%
Domestic Fixed Income	50%	40%	60%
Cash	5%	0%	20%

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's and Retirement System's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following tables that show the distribution of the City's and Retirement System's investments by maturity or earliest call date:

City and Fiscal Agents

	Remaining Maturity (in Months)				
	12 Months or Less	13 to 24 Months	25 to 36 Months	37 to 60 Months	Total
Investment Type:					
U.S Treasury Notes	$ 90,464	$ 435,191	$ 15,571,781	$ 16,207,586	$ 32,305,022
U.S. Government Agencies Obligations	-	205,037	293,005	2,977,264	3,475,306
Commercial Paper	1,199,084	-	-	-	1,199,084
Medium-Term Corporate Notes	4,370,766	2,828,368	1,038,795	6,205,276	14,443,205
Certificates of Deposit	4,634,285	1,177,609	1,859,504	-	7,671,398
Supranationals	2,258,514	307,898	-	-	2,566,412
Municipal Bonds	-	-	-	408,175	408,175
LAIF	87,594,713	-	-	-	87,594,713
CAMP	30,090,932	-	-	-	30,090,932
CalTrust	23,090,933	-	-	-	23,090,933
Money Market Mutual Funds	661,940	-	-	-	661,940
Total	$ 153,991,631	$ 4,954,103	$ 18,763,085	$ 25,798,301	203,507,120
Cash deposits with banks and on hand					2,112,699
Total Cash and Investments					$ 205,619,819

Retirement System Pension Trust Fund

	Remaining Maturity (in Months)				
	12 Months or Less	13 to 24 Months	25 to 36 Months	37 or More Months	Total
Investment Type:					
U.S. Treasury Notes	$ -	$ -	$ 645,284	$ 2,956,574	$ 3,601,858
U.S. Government Agencies Obligations	4,816	4,680	-	4,216,240	4,225,736
Medium-Term Corporate Notes	140,601	128,095	875,892	6,037,322	7,181,910
Municipal Bonds	-	-	-	509,011	509,011
Foreign Bonds	-	-	206,248	446,749	652,997
Total	$ 145,417	$ 132,775	$ 1,727,424	$ 14,165,896	16,171,512
Non-Maturing Investments:					
Pooled Cash and Accrued Income					1,277,173
Mutual Funds					13,063,651
Total Cash and Investments					$ 30,512,336

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

The City and the Retirement System are participants in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2020 for each investment type as provided by Standard & Poor's and Moody's for the City's investments and for the Retirement System's investments.

City and Fiscal Agents

Investment Type	AAA / AAAm	AA+ / AA / AA-	Aaf/Aa-f	A+ / A / A-	A-1+/A-1	BBB+	Total
U.S. Government Agencies Obligations	$ -	$ 3,475,306	$ -	$ -	$ -	$ -	$ 3,475,306
Commercial Paper	-	-	-	-	1,199,084		1,199,084
Medium-Term Corporate Notes	-	1,801,089	-	11,400,524	-	1,241,592	14,443,205
Certificates of Deposit	-	1,241,154	-	1,795,959	4,634,285	-	7,671,398
Supranationals	2,566,412	-	-	-	-	-	2,566,412
Municipal Bonds	-	147,738	-	260,437	-	-	408,175
CAMP	30,090,932	-	-	-	-	-	30,090,932
CalTrust	-	-	23,090,933	-	-	-	23,090,933
Money Market Mutual Funds	661,940	-	-	-	-	-	661,940
Totals	$ 33,319,284	$ 6,665,287	$ 23,090,933	$ 13,456,920	$ 5,833,369	$ 1,241,592	83,607,385
Exempt from credit rating disclosure:							
U.S. Treasury Notes							32,305,022
Not rated:							
LAIF							87,594,713
Cash deposits with banks and on hand							2,112,699
Total Investments							$ 205,619,819

Retirement System Pension Trust Fund

Investment Type	AAA/AAAm	Aaa	AA+/AA/AA-	A+/A/A-	BBB+/BBB/BBB-	Total
U.S. Government Agencies Obligations	$ -	$ -	$ 4,225,736	$ -	$ -	$ 4,225,736
Medium-Term Corporate Notes	1,318,834	517,236	185,845	1,807,467	3,352,528	7,181,910
Municipal Bonds	225,000	-	284,011	-	-	509,011
Foreign Bonds	-	-	-	206,248	446,749	652,997
Totals	$ 1,543,834	$ 517,236	$ 4,695,592	$ 2,013,715	$ 3,799,277	12,569,654
Exempt from credit rating disclosure:						
U.S. Treasury Notes						3,601,858
Not rated:						
Pooled Cash and Accrued Income						1,277,173
Mutual Funds						13,063,651
Total Investments						$ 30,512,336

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Investments in the securities of any individual issuer, other than U. S. Treasury securities, that represent 5 percent or more of total Retirement Trust Fund investments are as follows at June 30, 2020:

Retirement System Pension Trust Fund

Fund	Issuer	Type of Investments	Amount
Pension Trust Fund:	Federal National Mortgage Association	U.S. Government Agencies	$ 3,274,553

Custodial Credit Risk

The custodial credit risk for deposits is the risk that the City will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that the City's bank deposits are insured by Federal Depository Insurance Corporation (FDIC). The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions: The California Government Code requires that a financial institution secure deposits made by state or local government unit by pledging securities in an undivided collateral pool held by depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. As of June 30, 2020, the City's balance in the financial institutions was $2,753,684 of that amount, $250,000 was covered by FDIC insurance, and $2,503,684 was covered by collateral held in the pledging bank's trust department.

Fair Value Measurements

The City and the City's Retirement Trust categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals in governmental investment pools, such as LAIF and JPA Investment Pools are made on the basis of $1 and not fair value. Accordingly, the City's proportionate share in these types of investments is uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The following is a description of the valuation methods and assumptions used by the City to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2020. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. City management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The City's treasury pool asset market prices are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy.

For investments classified within Level 2 of the fair value hierarchy, the City's custodians generally uses a multi- dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others. The City does not have any investments that are measured using Level 3 inputs.

As of June 30, 2020, the City and the Retirement System have the following recurring fair value measurements:

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

City and Fiscal Agents

Investments by Fair Value Level	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities:				
U.S. Treasury Notes	$ 32,305,022	$ 32,305,022	$ -	$ -
U.S. Government Agencies Obligations	3,475,306	-	3,475,306	-
Commercial Paper	1,199,084	-	1,199,084	-
Medium-Term Corporate Notes	14,443,205	-	14,443,205	-
Municipal Bonds	408,175	-	408,175	-
Certificates of Deposit	7,671,398	-	7,671,398	-
Supranationals	2,566,412	-	2,566,412	-
Total Investments Measured at Fair Value	62,068,602	$ 32,305,022	$ 29,763,580	$ -
Investments Measure at Net Asset Value Per Share:				
CAMP	30,090,932			
Investments Measured at Amortized Cost:				
Money Market Mutual Funds	661,940			
Investments Not Subject to Fair Value Hierarchy:				
LAIF	87,594,713			
CalTrust	23,090,933			
Cash deposits with banks and on hand	2,112,699			
Total Investments	$ 205,619,819			

Retirement System Pension Trust Fund

Investments by Fair Value Level	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities:				
U.S. Treasury Notes	$ 3,601,858	$ 3,601,858	$ -	$ -
U.S. Government Agencies Obligations	4,225,736	-	4,225,736	-
Medium-Term Corporate Notes	7,181,910	-	7,181,910	-
Municipal Bonds	509,011	-	509,011	-
Foreign Bonds	652,997	-	652,997	-
Equity Securities:				
Mutual Funds	13,063,651	-	13,063,651	-
Total Investments Measured at Fair Value	29,235,163	$ 3,601,858	$ 25,633,305	$ -
Investments Not Subject to Fair Value Hierarchy:				
Pooled Cash and Accrued Income	1,277,173			
Total Investments	$ 30,512,336			

NOTE 4 - INTERFUND TRANSACTIONS

Internal Balances

Internal balances represent the net interfund receivables and payable remaining after the elimination of all such balances within governmental and business–type activities.

Current Interfund Balances

Current Interfund Balances arise out of short term cash flow needs and are due from one fund to another, all of which are expected to be repaid in the normal course of business. At June 30, 2020, the interfund balances are:

Due To Other Funds	Due from Other Funds	Amount
Internal Service Funds	General Fund	$ 3,915,945

Long-Term Interfund Advances

At June 30, 2020, the funds below had made the following advances:

Fund Receiving Advance	Fund Making Advance	Amount of Advance	
General Fund	Concord Housing Special Revenue Fund	$ 2,304,260	(a)
	Sewer Enterprise Fund	2,034,189	(a)
	Sewer Enterprise Fund	423,077	(b)
	Workers' Compensation Internal Service Fund	1,538,462	(c)
General Projects Capital Projects Fund	General Fund	10,930,983	(d)
	Workers' Compensation Internal Service Fund	3,150,000	(e)
Non-Major Enterprise Fund: Golf Course Enterprise Fund	General Fund	773,648	(f)
		$ 21,154,619	

(a) This **General Fund** advance was made during fiscal year 2009-2010 to fund the retirement of $8.2 million of the 1995 Lease Revenue Bonds. The advance bears interest at the LAIF rate plus 0.5 percent to be paid on a quarterly basis. As a result of this nonrecurring long-term advance, the City is no longer obligated to pay 8.24 percent interest on the retired bonds. The General Fund began making repayments in fiscal year 2014-2015, with a final payment expected in fiscal year 2030 and will pay approximately $1.9 million in interest over the life of the repayment.

(b) This **General Fund** advance was made to fund start-up costs for the Pavilion Expansion. The General Fund began making repayments in fiscal year 2014-2015. The advance bears no interest.

(c) This **General Fund** advance was made during the fiscal year 2009-2010 to fund the retirement of $8.2 million of the 1995 Lease Revenue Bonds and bears no interest. The General Fund began making repayment in fiscal year 2014-2015.

NOTE 4 - INTERFUND TRANSACTIONS (CONTINUED)

(d) The **General Projects Fund** advance will be repaid with interest and sale proceeds of undeveloped land. This loan was to the Local Reuse Authority for the Naval Weapons Station project.

(e) The **General Projects Fund** advance was made during fiscal year 2017-2018 to the Local Reuse Authority (LRA) to support reuse planning efforts for the former Naval Weapons Station. This loan will be repaid, with interest, from future proceeds as properties are sold.

(f) The **Golf Enterprise Fund** advance was made during fiscal years 2007 and 2013 and will be factored into the next 10-year budget plan and repaid as business improves within the regional golf market.

Transfers between funds

With Council approval, resources may be transferred from one City fund to another without a requirement for repayment. Transfers between funds during the fiscal year ended June 30, 2020, were as follows:

Fund Receiving Transfers	Fund Making Transfers	Purpose	Amount Transferred
Major Funds:			
General Fund	General Projects Fund	To Fund Capital Projects	$ 117,720
General Fund	Special Revenue - Storm Water Management Fund	To Fund Operating Costs	159,156
General Projects Fund	General Fund	To Fund Capital Projects	624,737
General Projects Fund	General Fund	To Fund Capital Projects	3,361,000
Special Revenue Fund:			
Storm Water Management Fund	General Fund	To Fund Street Sweeping	462,304
Storm Water Management Fund	General Fund	To Fund Capital Projects	124,090
Tree Fund	General Projects Fund	To Fund Tree Maintenance	7,667
Debt Service Funds:			
Performing Arts Revenue Bonds Fund	General Fund	To Fund Debt Service	327,296
Energy Lease Fund	General Fund	To Fund Debt Service	273,142
Energy Lease Fund	Internal Service Fund - Building Maintenance Fund	To Fund Debt Service	187,297
Energy Lease Fund	Special Revenue - Maintenance District Fund	To Fund Debt Service	319,967
Infrastructure Lease Agreement Fund	General Fund	To Fund Debt Service	2,497,692
Capital Project Funds:			
Special Developers Fund	General Projects Fund	To Move Land Sale Proceeds	360,029
Internal Service Funds:			
Workers' Compensation Fund	General Fund	To Fund Workers' Compensation Liability	2,500,000
			$ 11,322,097

NOTE 5 - LOANS AND NOTES RECEIVABLE

The City and former Redevelopment Agency (the Agency) engaged in programs designed to encourage business enterprises or construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to businesses, home-owners or developers who agree to spend these funds in accordance with the City's terms. Although these loans and notes are expected to be repaid in full, their balance has been offset by deferred revenue. With the dissolution of the Redevelopment Agency, the City agreed to become the Successor Agency and oversee the dissolution. The Successor Agency subsequently assigned the City assets of the Low and Moderate Income Housing Fund to the City, including the loans and notes. They are not expected to be collected during fiscal year 2020. These loans and notes were comprised of the following at June 30, 2020:

Concord Housing Fund	
Downtown Revitalization and Low and Moderate Income Housing Rehabilitation	$ 9,447,707
Successor Agency Loan	2,076,547
Concord Plaza Tower	4,276,335
Virginia Lane	4,795,858
Lakeside Apartments	2,391,500
Camara Circle	2,650,000
Total Concord Housing Fund	25,637,947
Non-major Governmental Funds	
Housing Conservation	942,971
Housing Assistance	50,000
Virginia Lane	473,193
Lakeside Apartments	325,445
Total Non-major Governmental Funds	1,791,609
Non-major Enterprise Fund	
Golf Course Equipment	10,463
Total Loans and Notes Receivable	$ 27,440,019

Downtown Revitalization and Low and Moderate Income Housing Rehabilitation

Low and no interest loans were made by the former Redevelopment Agency to provide businesses assistance for rehabilitating buildings in the downtown area and to businesses or individuals for the rehabilitation of housing within the City of Concord owned and/or occupied by persons of low and moderate income.

NOTE 5 - LOANS AND NOTES RECEIVABLE (CONTINUED)

Successor Agency Loan

Beginning in 1986, the former Redevelopment Agency General Capital Projects Fund had been required by the State to set aside 20 percent of property tax increments for low and moderate income housing. However, under a transition rule, the Agency's General Capital Projects Fund has been allowed to use these set-asides for current capital projects as long as it had a written plan for repaying these amounts to the Concord Housing Special Revenue Fund. Pursuant to Health and Safety Code Section 33334.6, the former Redevelopment Agency was permitted to set aside less than 20 percent of the tax increment that it received to the extent that it spent the tax increment revenue for the Agency's debt incurred prior to 1986 or for Agency projects approved prior to 1986, as long as it had a written plan for repaying these amounts to the Concord Housing Special Revenue Fund.

With the dissolution of the former Redevelopment Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the above advance and has recorded a loan payable to the Concord Housing Fund. These loans had previously been reported as interfund advances. However, with the transfer of the associated liabilities to the Successor Agency, repayment of the loans is subject to the provisions of Health and Safety Code Section 34176 and Assembly Bill 1484. The advance does not bear interest and at June 30, 2020, the loan receivable balance was $2,076,547.

Concord Plaza Tower

In 1985, the City and the Former Redevelopment Agency of the City of Concord entered into various loan agreements to effectuate the development of the Concord Plaza Tower, a 96 unit low/moderate income senior housing project. On July 22, 2014, council adopted Resolution 14-60 authorizing the restructure of the loans with Concord Plaza Tower, Inc. over a 55 year period at a 3% simple interest rate, which preserved the affordability of the project for low income seniors through 2069. The restructure loan requires annual payments. The outstanding loan receivable balance as of June 30, 2020 was $4,276,335.

Virginia Lane

In June 1999, the City and the former Redevelopment Agency entered into a $1,984,198 loan agreement with Virginia Lane Limited Partnership for the rehabilitation of Golden Glen and Maplewood Apartments. An additional loan of $450,000 was made in fiscal year 2007 which brought the loan total to $2,434,198. Of the $450,000, $100,000 was funded by Community Development Block Grant funds and $350,000 was funded by California Housing Finance Agency funds. The outstanding balance of the loan bears interest at a rate of 3 percent per annum. The repayments on the loan shall be made from residual receipts. On July 15, 2016, the City amended and restated the promissory note of $2,434,198 to $3,470,394. The City also issued a new promissory note of $1,300,000 on July 15, 2016. The City expects both loans to be repaid on July 15, 2071. At June 30, 2020, the loan receivable balance was $5,269,051.

Lakeside Apartments

The City and the Agency entered into a $3,433,945 loan agreement with Lakeside Apartments, L.P. for the acquisition and rehabilitation of Lakeside apartments. An additional loan of $283,000 was made in fiscal year 2007 which brought the loan total to $3,716,945. Of the $283,000, $110,000 was funded by Community Development Block Grants, $93,000 was funded by Redevelopment Agency, and $80,000 was funded by California State EAGR funds. The outstanding balance of the loan bears interest at a rate of 1 percent per annum. The City expects the loan to be repaid on November 5, 2058. At June 30, 2020, the loan receivable balance was $2,716,945.

NOTE 5 - LOANS AND NOTES RECEIVABLE (CONTINUED)

Camara Circle

In 2000, the City and the Former Redevelopment Agency of the City of Concord entered into two loan agreements for $2,650,000 for the acquisition of eleven properties, consisting of 52 apartment units on Camara Circle. The agreement was funded through the former Redevelopment Housing Set-Aside Fund, now known as the Concord Housing Fund. The loan is to be paid in full May 2056, bearing 3% simple interest. The outstanding loan receivable at June 30, 2020 was $2,650,000.

Housing Conservation

This program involves loans made to rehabilitate housing within the City of Concord which are funded by Community Development Block Grant and former Redevelopment Agency monies. The loans bear interest ranging from 0-3 percent with due dates varying from October 2014 through the sale or transfer of the property. At June 30, 2020, the loan receivable balance was $942,971.

Housing Assistance

This program provides housing assistance to Concord residents through a variety of housing programs. These loans bear no interest and principal payment is due upon sale or transfer of the property. At June 30, 2020, the loan receivable balance was $50,000.

Golf Course Equipment

In 2018, the City and East Bay Golf Center entered into a loan agreement for $24,950 for the purchase of a Paragolfer, a specialized golf cart. The agreement was funded through the Golf Course Fund. The loan is to be paid in full July 2021, bearing interest at an annual rate of 2.41%. The outstanding loan receivable at June 30, 2020 was $10,463.

NOTE 6 - CAPITAL ASSETS

Capital asset transactions and balances comprise the following at June 30, 2020:

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
Governmental Activities					
Capital Assets Not Being Depreciated:					
Land	$ 26,379,019	$ -	$ -	$ -	$ 26,379,019
Construction in Progress	11,499,556	1,595,921		(4,446,422)	8,649,055
Total Capital Assets Not Being Depreciated	37,878,575	1,595,921	-	(4,446,422)	35,028,074
Capital Assets Being Depreciated:					
Ground Improvements	23,385,611	-	-	284,000	23,669,611
Buildings and Improvements	81,534,387	-	-	124,591	81,658,978
Machinery and Equipment	19,353,275	2,598,751	-	2,956,811	24,908,837
Vehicles	11,054,498	656,256	(203,483)	1,081,020	12,588,291
Streets	470,018,830	10,950,273	(360,030)	-	480,609,073
Sidewalks	60,967,163	459,636	-	-	61,426,799
Storm Drains/Catch Basins	443,639,096		-	-	443,639,096
Street Lights	5,804,240		-	-	5,804,240
Traffic Signals	31,368,054		-	-	31,368,054
Total Capital Assets Being Depreciated	1,147,125,154	14,664,916	(563,513)	4,446,422	1,165,672,979
Less Accumulated Depreciation For:					
Ground Improvements	(12,316,438)	(557,294)	-	-	(12,873,732)
Buildings and Improvements	(48,889,666)	(2,359,392)	-	-	(51,249,058)
Machinery and Equipment	(15,742,238)	(2,167,955)	-	-	(17,910,193)
Vehicles	(10,102,487)	(1,304,516)	203,483	-	(11,203,520)
Streets	(327,966,055)	(15,494,007)	90,007	-	(343,370,055)
Sidewalks	(28,177,222)	(1,223,940)	-	-	(29,401,162)
Storm Drains/Catch Basins	(122,777,283)	(4,436,391)	-	-	(127,213,674)
Street Lights	(1,717,466)	(193,475)	-	-	(1,910,941)
Traffic Signals	(23,401,835)	(1,045,135)	-	-	(24,446,970)
Total Accumulated Depreciation	(591,090,690)	(28,782,105)	293,490	-	(619,579,305)
Governmental Activities Capital Assets, Net	$ 593,913,039	$ (12,521,268)	$ (270,023)	$ -	$ 581,121,748

	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020
Business-Type Activities				
Capital Assets Not Being Depreciated:				
Land	$ 395,182		$ -	$ 395,182
Construction in Progress	9,794,276	4,081,182	-	13,875,458
Total Capital Assets Not Being Depreciated	10,189,458	4,081,182	-	14,270,640
Capital Assets Being Depreciated:				
Buildings and Improvements	8,708,986	-	-	8,708,986
Machinery and Equipment	350,324	56,883	-	407,207
Sewer Lines	219,481,280	-	-	219,481,280
Total Capital Assets Being Depreciated	228,540,590	56,883	-	228,597,473
Less Accumulated Depreciation For:				
Buildings and Improvements	(6,688,471)	(179,032)	-	(6,867,503)
Machinery and Equipment	(289,320)	(13,039)	-	(302,359)
Sewer Lines	(167,189,645)	(4,380,833)	-	(171,570,478)
Total Accumulated Depreciation	(174,167,436)	(4,572,904)	-	(178,740,340)
Business-Type Activities Capital Assets, Net	$ 64,562,612	$ (434,839)	$ -	$ 64,127,773

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation Allocation – Governmental Activities

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program was as follows:

Governmental Activities		
General Government	$	22,403,408
Public Works		546,835
Parks and Recreation Services		1,003,037
Internal Service Funds		4,828,825
Total	$	28,782,105

Business-Type Activities		
Sewer	$	4,428,412
Golf Course		144,492
Total	$	4,572,904

NOTE 7 - LONG-TERM DEBT

Description and Activity

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

The City's governmental activities long-term debt is recorded only in the government-wide financial statements. This debt will be repaid only out of governmental funds but is not accounted for in these funds because this debt does not require an appropriation or expenditure in this accounting period.

In governmental fund types, debt discounts and issuance costs are recognized in the current period. Debt discounts and issuance costs incurred by proprietary fund types are deferred and amortized over the term of the debt using the bonds-outstanding method, which approximates the effective interest method.

The City's debt issues and compensated absence transactions are summarized on the next page and discussed in detail thereafter.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Current Year Transactions and Balances

	Repayment Source	June 30, 2019	Additions	Retirements	June 30, 2020	Current Portion
Governmental Activities Debt:						
Direct Placement:						
Revenue Bonds:						
1995 Performing Arts Lease Revenue Bonds, 6.33-8.24% due 08/01/20	(a)	$ 560,000	$ -	$ 290,000	$ 270,000	$ 270,000
Direct Borrowings:						
Lease Revenue Financing Agreement						
1.91% due 3/01/25	(b)	14,085,000	-	2,235,000	11,850,000	2,280,000
Refunding Lease Agreement:						
3.3% due 09/01/19	(c)	558,000	-	558,000		
Lease Purchase Agreement						
2.78% due 12/01/26	(d)	5,920,000	-	620,000	5,300,000	670,000
Capital Leases:						
Quest Technology Management due 9/30/19	(e)	13,351		13,351		
Motorola Lease Agreement due 11/15/2026	(e)		2,503,678		2,503,678	$329,569
Subtotal		21,136,351	2,503,678	3,716,351	19,923,678	3,549,569
Compensated Absences	(b)	4,847,717	3,849,586	3,137,998	5,559,305	2,435,916
Total Governmental Activity Debt		$ 25,984,068	$ 6,353,264	$ 6,854,349	$ 25,482,983	$ 5,985,485
Business-type Activities Debt:						
Direct Placement:						
2012 - Wastewater Revenue Refunding Bonds, 1.50-4.00% due 02/01/29	(f)	$ 6,490,000	$ -	$ 580,000	$ 5,910,000	$ 595,000
Plus premium on refunding bonds		48,648	-	24,324	24,324	-
2018 - Wastewater Revenue Refunding Bonds, 1.25-3.24% due 2/01/32	(f)	7,455,000	-	430,000	7,025,000	450,000
Plus premium on refunding bonds		910,204	-	70,016	840,188	-
Subtotal		14,903,852	-	1,104,340	13,799,512	1,045,000
Compensated Absences	(b)	124,100	151,782	67,678	208,204	47,024
Total Business-Type Activity Debt		$ 15,027,952	$ 151,782	$ 1,172,018	$ 14,007,716	$ 1,092,024

Repayments on the above debt are made from the following sources:

(a) Lease revenues received by Live Nation and from general and operating revenues.
(b) General Fund revenues.
(c) Lease revenues received by the Successor Agency and from general and operating revenues.
(d) The City and the Public Property Financing Corporation entered into a direct borrowing Refunding Lease Agreement in the amount of $6,820,000 at the interest rate of 2.78 percent. The proceeds from the Agreement were used to retire the 2011 Equipment Lease/Purchase Agreement.
(e) Operating revenues available for lease payment in the Information Technology Replacement Internal Service Funds.
(f) Operating revenues received by the Sewer Enterprise Fund.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Debt Service Requirements

Debt service and capitalized lease requirements are shown below for all long-term debt:

For the Year Ending June 30,	Governmental Activities					
	Bonds		Notes and Leases from Direct Borrowing		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 270,000	$ 11,124	$ 3,279,569	$ 429,345	$ 3,549,569	$ 440,469
2022	-	-	3,383,519	357,029	3,383,519	357,029
2023	-	-	3,487,712	282,257	3,487,712	282,257
2024	-	-	3,597,155	205,119	3,597,155	205,119
2025	-	-	3,706,855	124,914	3,706,855	124,914
2026 - 2027	-	-	2,198,868	71,565	2,198,868	71,565
Total Requirements	$ 270,000	$ 11,124	$ 19,653,678	$ 1,470,229	$ 19,923,678	$ 1,481,353

For the Year Ending June 30,	Business-Type Activities	
	Principal	Interest
2021	$ 1,045,000	$ 476,181
2022	1,075,000	446,281
2023	1,110,000	409,306
2024	1,145,000	369,307
2025	1,195,000	327,137
2026 - 2030	5,905,000	920,626
2031 - 2032	1,460,000	73,300
Total Requirements	12,935,000	3,022,138
Plus unamortized premium	864,512	-
Total	$ 13,799,512	$3,022,138

The City's bond indentures contain significant limitations and restrictions regarding annual debt service requirements, maintenance of and flow of monies through various restricted accounts and minimum revenue bond coverage. City management believes the City is in compliance with all such indenture requirements.

Revenue Bonds

On August 1, 1995, the City of Concord Joint Powers Financing Authority issued Lease Revenue Bonds in the principal amount of $18,700,000, bearing interest at rates ranging from 6.33 percent to 8.24 percent due August 1, 2020. The Bonds are collateralized by revenue received from the City by the Authority under the Concord Pavilion lease agreement and by the Authority's interest in the site and facilities lease. Proceeds from the Bonds were used to repay the Concord Performing Arts Center Authority's 1973 Revenue Bonds, due in 1999, and partially finance the renovation and expansion of Concord Pavilion which is leased by the City from the Authority.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

On September 21, 2009, the City issued a tender offer for the 1995 Performing Arts Lease Revenue Bonds for up to $8.5 million. As a result, the City purchased $8.235 million of the bonds at an 8 percent premium and made a payment to retire that portion of the bonds. As a result of this transaction, the City has lowered its interest liability from 8.24 percent to bondholders to LAIF plus 0.5 percent interest to the Concord Housing Fund and the Sewer Enterprise Fund of the City. In the event of default, the outstanding balance of principle and interest due on the bonds shall be due and payable immediately. As of June 30, 2020, the principal balance outstanding was $270,000.

On September 18, 2012, the City issued Wastewater Revenue Refunding Bonds, Series 2012 in the original principal amount of $10,080,000 at interest rates that range from 1.50 percent to 4.00 percent to provide for a refunding of the City's outstanding 2004 Certificates of Participation Wastewater System Improvement Bonds. Principal payments are due annually on February 1, with interest payments payable semi-annually on August 1 and February 1 through February 1, 2029. Repayment of these bonds is from a pledge of revenue from the Sewer Enterprise Fund. As of June 30, 2020, the principal balance outstanding was $5,910,000.

On February 27, 2018, the City issued Wastewater Revenue Refunding Bonds, Series 2018 in the original principal amount of $7,920,000 at interest rates that range from 2.00 percent to 5.00 percent to provide for a refunding of the City's outstanding 2007 Certificates of Participation Wastewater System Improvement Bonds. Principal payments are paid annually on February 1. Interest is paid semi-annually on August 1 and February 1, through 2032. Repayment of these bonds is from a pledge of revenue from the Sewer Enterprise Fund. As of June 30, 2020, the principal balance outstanding was $7,025,000.

In the event of default, on the 2012 and 2018 Bonds, upon notice in writing to the City, the principal and accrued interest of all bonds outstanding will be due and payable immediately.

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the 2012 and 2018 Bonds through 2032. The Sewer Enterprise Fund’s total principal and interest remaining to be paid on the bonds is $15,957,138. The Municipal Sewer Enterprise Fund’s principal and interest paid for the current year and total customer net revenues were $1,514,981 and $7,831,116, respectively.

Lease Revenue Financing Agreement

On March 1, 2015, the City entered into a direct borrowing lease financing agreement with the Public Property Financing Corporation of California (Corporation) and assigned to the Bank of the West for the original principal amount of $22,635,000 at an interest rates of 1.91 percent to provide for street and infrastructure improvements in the City. Principal and interest payments are due annually on March 1 and September 1 through March 1, 2025. Repayment of these bonds is from a pledge of revenue from lease revenue. As of June 30, 2020, the principal balance outstanding was $11,850,000.

In the event of default under the lease agreement, the City will standstill and allow the Corporation or assignee to pursue any and all remedies available to the Corporation or assignee under the agreement.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Refunding Lease Agreement

On June 24, 2010, the City and the former Redevelopment Agency entered into a direct borrowing Refunding Lease Agreement (Agreement) in the amount of $5,075,000. The proceeds from the Agreement were used to retire a portion of the outstanding Police Facility Lease Revenue Bonds and to refund certain other City obligations. As part of the Agreement the Authority leases the Corporation Yard to the City which provides the funds to service the Authority's debt service requirements for the Agreement. As of June 30, 2020, the principal debt outstanding on the lease was fully repaid.

Lease Purchase Agreement

On February 21, 2018, the City and the Public Property Financing Corporation entered into a direct borrowing Refunding Lease Agreement in the amount of $6,820,000 at the interest rate of 2.78%. The proceeds from the Agreement were used to retire the 2011 Equipment Lease/Purchase Agreement. Principal and interest payments are paid semi- annually on June 1 and December 1, through 2026. As of June 30, 2020, the Principal balance outstanding is $5,300,000.

The event of default the Corporation may exercise any and all remedies available under the law or the agreement. Those remedies include: enforcement of payments without termination, termination of the lease, proceedings at law or in equity, remedies under the site and facility lease.

Capital Leases

On August 18, 2014, the City entered into a direct borrowing lease agreement in the amount of $115,834 with Quest Technology Management, to acquire equipment for network upgrades. The City agreed to pay the lease in monthly payments of $2,267, for five years. Since the leases are in essence a financing agreement, the cost of the equipment and the amount of the lease has been included in the City's financial statements. As of June 30, 2020, the principal debt outstanding on the lease was fully repaid.

On October 16, 2019, the City entered into a direct borrowing lease agreement in the amount of $2,503,678 with Motorola Solutions, Inc., for the purchase of radio equipment. The City agreed to pay the lease in annual payments of $397,561 for seven years. Since the lease is in essence a financing agreement, the cost of the equipment and the amount of the lease has been included in the City's financial statements. As of June 30, 2020, the principal debt outstanding on the lease was $2,503,678.

In the event of default, the lessor may exercise any of the following options: by written notice declare all amounts due and payable under the lease, discontinue the use of equipment and removal and return of the equipment to the lessor.

NOTE 8 - FUND BALANCES

Detailed classifications of the City's Governmental Fund Balances, as of June 30, 2020, are below:

Fund Balance Classifications	Major Funds: General Fund	Major Funds: Concord Housing	Major Funds: General Projects	Other Governmental Funds	Total
Nonspendable:					
Items not in spendable form:					
Advance	$ 11,704,631	$ -	$ -	$ -	$ 11,704,631
Inventories	41,848	-	-	-	41,848
Total Nonspendable Fund Balances	11,746,479	-	-	-	11,746,479
Restricted for:					
Debt Service	-	-	-	467,699	467,699
Capital Projects	-	-	1,637,827	8,221,349	9,859,176
Housing	-	34,013,817	-	3,064,557	37,078,374
Health Care District	-	-	-	210,777	210,777
Transportation	-	-	-	6,533,762	6,533,762
Development Services	-	-	-	16,982,073	16,982,073
Asset Forfeiture	-	-	-	318,525	318,525
Tree Maintenance	-	-	-	42,629	42,629
Other	10,101	-	-	-	10,101
Total Restricted Fund Balances	10,101	34,013,817	1,637,827	35,841,371	71,503,116
Assigned to:					
Capital Projects	-	-	179,838	6,692,360	6,872,198
Other	1,983,462	-	-	-	1,983,462
Total Assigned Fund Balances	1,983,462	-	179,838	6,692,360	8,855,660
Unassigned:					
General Fund	29,029,216	-	-	-	29,029,216
Other Governmental Fund Deficit Residuals	-	-	-	(1,144)	(1,144)
Total Unassigned Fund Balances	29,029,216	-	-	(1,144)	29,028,072
Total Fund Balances	$ 42,769,258	$ 34,013,817	$ 1,817,665	$ 42,532,587	$ 121,133,327

NOTE 9 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2020 exceeded the appropriations in the following funds

Non-Major Governmental Funds Expenditures in Excess of Appropriations	Budget	Actual	Variance
Health Care District Special Revenue Fund	$ 335,402	$ 341,894	$ (6,492)
Tree Special Revenue Fund	-	7,667	(7,667)

The excess expenditures were covered by revenue received during the fiscal year.

Deficit Fund Equity

As of June 30, 2020, the Assessment Districts Debt Service Fund had deficit fund balance of $1,144 which is expected to be eliminated by future revenues. The Successor Agency Private Purpose Trust Fund had deficit net position of $13,722,236 which is expected to continue until the debt service obligations are satisfied from future property tax allocations. In addition, the Risk Management/Liability Internal Service Fund and the Compensated Absences Internal Service Fund had deficit net positions of $322,414 and $5,298,217, respectively which are expected to be eliminated by future cost reimbursements by City departments.

NOTE 10 - CITY OF CONCORD RETIREMENT SYSTEM PLAN

Plan Description and Employees Covered

The City of Concord Retirement System Plan (the plan) is a closed plan and is a single employer defined benefit pension plan covering all full-time employees of the City retired prior to June 28, 1999 or who left the employment of the City eligible for a pension. Participants are divided into two primary groups for coverage: general employees and police employees. Membership in the Retirement System comprised the following at June 30, 2020:

	CCRS
Inactives currently receiving benefits	222
Inactives entitled to but not yet receiving benefits	23
Active employees	0
Total	245

On June 21, 1993, the City converted to the Public Employees Retirement System (PERS) as described in Note 12.

Eligibility, administration, actuarial interest rates and certain other tasks are the responsibility of the Retirement Board. The Retirement Board consists of eight members, selected as follows: Two members appointed by City Manager, Director of Human Resources, Director of Finance and one representative from each of the four employee organizations.

During the year ended June 30, 1999, $56,300,000 was transferred from the Plan to PERS to purchase prior years' service credit for its active vested employees.

Benefits Provided

The plan provides retirement and death benefits for general and police employees as well as disability benefits for police employees. General employees are eligible for retirement benefits at age 55, provided the employee has completed 20 years of service or has accumulated contributions in excess of $500 and was employed before June 30, 1990 or has completed 5 years of service and was terminated after July 1, 1990. Sworn police employees are eligible for retirement at age 50, provided the employee has completed 20 years of service or has accumulated contributions exceeding $500. Retirement benefits are determined based on the employee's length of service, highest one-year compensation upon retirement, and age at retirement.

Contributions

Prior to June 21, 1993, contributions were made to the Plan by both the City and the employee participants. City contributions were actuarially determined annually to provide the Plan with assets sufficient to pay basic benefits not provided for by employees' contributions. All general employees were required to contribute 6 percent, and all police employees were required to contribute 8 percent of their base salary (decreased by a Social Security allowance) to the Plan. The City is funding the Unfunded Actuarial Accrued Liability with annual contributions from the General Fund.

The City contributed 4 percent to 8 percent of this percentage on behalf of general employees, depending upon job classification, and all of the contribution for sworn police employees.

NOTE 10 - CITY OF CONCORD RETIREMENT SYSTEM PLAN (CONTINUED)

Contributions (Continued)

The City maintains a program of death and disability benefits financed wholly by employer premium payments under a group term life insurance policy and group long-term disability insurance policy.

The pension liability was determined as part of an actuarial valuation at June 30, 2018. Significant actuarial assumptions used in determining the pension liability include: (a) a rate of return on the investment of present and future assets of 6.0 percent per year compounded annually, (b) inflation rate of 2.75 percent (c) annual post- employment increases at 5.5 percent per year. Required contributions are determined using the entry age normal actuarial cost method and are made on a level dollar basis. The plan is amortized using the CalPERS Mortality Table on a 16 year closed basis. The contribution amounts are established and may be amended by the City Council.

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to June 30, 2019.

Actuarial Assumptions - The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	CCRS
Valuation Date	June 30, 2018
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.00%
Investment Rate of Return	6.00% (1)
General Inflation	2.75% annually
COLA	2% per annum
Salary Scale	not applicable
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2018
Retirement Age	100% at 59 for general and 54 for police

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

Mortality rates were based on the CalPERS 1997-2015 Experience Study fully generational improvement projected based on Scale MP-2018.

The long-term expected rate of return on plan investments was determined using a building block method which best estimate ranges of expected future real rates of return (expected return, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 10 - CITY OF CONCORD RETIREMENT SYSTEM PLAN (CONTINUED)

Net Pension Liability (Continued)

The table below reflects geometric average real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class (a)	Target Allocation	Expected Real Rate of Return
Global Equity	48.25%	4.82%
Global Fixed Income	45.00%	1.47%
REITs	1.75%	3.76%
Cash	5.00%	0.06%
Total	100%	
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		6.00%

Discount Rate – The discount rate used to measure the total pension liability was 6.0 percent for the plan. The project of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

The changes in the net pension liability for the plan are as follows:

	CCRS Plan Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019	$ 56,282,659	$ 32,064,272	$ 24,218,387
Changes in the year:			
Interest on the total pension liability	3,211,973		3,211,973
Differences between actual and expected experience			-
Changes in assumptions			-
Contribution - employer		2,715,000	(2,715,000)
Contribution - employees			-
Net investment income		1,409,436	(1,409,436)
Administrative expenses		(176,807)	176,807
Benefit payments, including refunds of employee contributions	(5,499,565)	(5,499,565)	-
Net changes	(2,287,592)	(1,551,936)	(735,656)
Balance at June 30, 2020	$ 53,995,067	$ 30,512,336	$ 23,482,731
Plan net position as a percentage of the total pension liability			56.5%

NOTE 10 - CITY OF CONCORD RETIREMENT SYSTEM PLAN (CONTINUED)

Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City, calculated using the discount rate of 6.0, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower or 1- percentage-point higher than the current rate.

	CCRS Plan
1% Decrease	5.00%
Net Pension Liability	$ 27,819,025
Current Discount Rate	6.00%
Net Pension Liability	$ 23,482,731
1% Increase	7.00%
Net Pension Liability	$ 19,711,020

Pension expenses and deferred outflows/inflows of resources related to pensions

For the fiscal year ending June 30, 2020, the City recognized pension expense of $1,815,676. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CCRS Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investments	$ 256,896	$ -
Total	$ 256,896	$ -

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

CCRS Plan	
Year Ended June 30	Annual Amortization
2021	$ 4,014
2022	117,341
2023	42,505
2024	93,036
2025	-
Thereafter	-
Total	$ 256,896

NOTE 11 - CITY OF CONCORD EARLY RETIREMENT PLANS

Plan Description and Provisions

On September 1, 2009, the City adopted a sole employer defined benefit plan to provide supplemental retirement benefit payments to eligible employees in addition to the benefit payments the employees will receive from the California Public Employees Retirement System (CalPERS).

The City joined Public Agency Retirement Services (PARS) and participates in two plans, the Supplementary Retirement Plan and the Excess Benefit Plan. The Excess Benefit Plan consists of the highly compensated members and the Supplementary Plan includes all other eligible employees. To be eligible to participate in the plan the employee must have been classified as a Miscellaneous or Safety employee of the City as of June 1, 2009, be at least 50 years of age as of September 1, 2009, have completed as least 5 years of employment with the City as of September 1, 2009, have terminated employment with the City on or before August 31, 2009, have applied for benefits under this plan and must have concurrently retired under CalPERS on or before September 1, 2009 and remains in retired status under CalPERS. A member is considered fully vested upon meeting the eligibility requirements listed above. Benefits payments are based on 7 percent of an employee's annual base pay as of June 1, 2009.

As of June 30, 2020, there were 20 members participating in these plans.

Contribution Requirements

The City established a plan within the PARS Trust. The cost of funding the Plan including management fees is roughly equivalent to one year of an employee's salary for each participating employee. The City funded the Plan over a period of 5 years, choosing to buy annuities to fund the Plan, and self-fund. The City used general fund salary savings to fund the Plan. The Supplementary Retirement Plan was fully funded in September 2013. The Excess Benefit Plan has a projected actuarial liability in the amount of $282,499 at June 30, 2020. This estimate has not been accrued as a liability in the City's Statement of Net Position.

NOTE 12 - PENSION PLAN

CalPERS Safety and Miscellaneous Employees' Pension Plans

Plan Description

On June 21, 1993, the City joined the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee retirement system which acts as a common investment and administrative agent for participating member employers.

The City contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer defined benefit public employee retirement system that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The City's Safety and Miscellaneous Plans are part of the Public Agency portion of CalPERS. The benefits for the public agencies are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law. CalPERS issues a publicly available financial report that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at:

https://www.calpers.ca.gov/page/employers/actuarial-services/employer-contributions/public-agency-actuarial-valuation-reports

NOTE 12 - PENSION PLAN (CONTINUED)

CalPERS Safety and Miscellaneous Employees' Pension Plans (Continued)

The City joined PERS on a prospective basis and participates in two plans, the Safety (Police) Employees Plan and the Miscellaneous Employees Plan. All qualified permanent and probationary employees are eligible to participate. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS; the City must contribute these amounts.

Benefits Provided

The benefits in effect as of June 30, 2020, are summarized as follows:

	Miscellaneous		
Hire date	Classic Prior to November 29, 2010	Classic On or after November 29, 2010 and Prior to January 1, 2013	PEPRA On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	52 - 62
Monthly benefits, as a % of eligible compensation	2.0% - 2.50%	1.426% - 2.418%	1.0% - 2.5%
Required employee contribution rates	8.00%	7.00%	6.75%
Required employer contribution rates (1)	10.571%	10.571%	10.571%

	Safety	
Hire date	Classic Prior to January 1, 2013	PEPRA On or after January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% - 2.7%
Required employee contribution rates	9.0%	10.75%
Required employer contribution rates (1)	20.836%	20.836%

(1) Rates represented blended contribution rates

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis. The City's required contributions for the unfunded liability in the Miscellaneous and Safety Plans for the year ended June 30, 2020 were $5,918,345 and $6,034,235 respectively, which were made under the monthly payment option.

NOTE 12 - PENSION PLAN (CONTINUED)

CalPERS Safety and Miscellaneous Employees' Pension Plans (Continued)

Employees Covered

The following employees were covered by the benefit terms for each Plan as of the most recent actuarial valuation date of June 30, 2018 and measurement date of June 30, 2019:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	420	166
Inactive employees entitled to but not yet receiving benefits	393	61
Active employees	261	147
Total	1,074	374

Net Pension Liability

The City's net pension liability for each plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the plans is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% (1)
Mortality	Derived using CalPERS Membership Data for all Funds (2)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

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

NOTE 12 - PENSION PLAN (CONTINUED)

CalPERS Safety and Miscellaneous Employees' Pension Plans (Continued)

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

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

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

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

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+ (c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

NOTE 12 - PENSION PLAN (CONTINUED)

CalPERS Safety and Miscellaneous Employees' Pension Plans (Continued)

Changes in the Net Pension Liability

The changes in the net pension liability for each Plan follows:

	Miscellaneous Plan Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	$ 225,544,994	$ 147,552,597	$ 77,992,397
Changes in the year:			
Service cost	3,885,056		3,885,056
Interest on the total pension liability	16,115,663		16,115,663
Differences between actual and expected experience	3,945,856		3,945,856
Changes in assumptions			-
Plan to plan resource movement			-
Contribution - employer		7,398,652	(7,398,652)
Contribution - employee		1,657,850	(1,657,850)
Net investment income		9,660,803	(9,660,803)
Administrative expenses		(105,297)	105,297
Benefit payments, including refunds of			-
employee contributions	(12,078,986)	(12,078,986)	-
Other miscellaneous income/(expense)		342	(342)
Net changes	11,867,589	6,533,364	5,334,225
Balance at June 30, 2019	$ 237,412,583	$ 154,085,961	$ 83,326,622

	Safety Plan Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	$ 273,204,035	$ 174,143,029	$ 99,061,006
Changes in the year:			
Service cost	5,836,758		5,836,758
Interest on the total pension liability	19,693,768		19,693,768
Differences between actual and expected experience	5,676,340		5,676,340
Changes in assumptions			-
Plan to plan resource movement			-
Contribution - employer		9,097,712	(9,097,712)
Contribution - employee		1,908,372	(1,908,372)
Net investment income		11,417,116	(11,417,116)
Administrative expenses		(124,272)	124,272
Benefit payments, including refunds of			
employee contributions	(12,722,874)	(12,722,874)	-
Other miscellaneous income/(expense)		404	(404)
Net changes	18,483,992	9,576,458	8,907,534
Balance at June 30, 2019	$ 291,688,027	$ 183,719,487	$ 107,968,540
Total for Both Plans	$ 529,100,610	$ 337,805,448	$ 191,295,162

NOTE 12 - PENSION PLAN (CONTINUED)

CalPERS Safety and Miscellaneous Employees' Pension Plans (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each plan, calculated using the discount rate for each plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower or 1- percentage point higher than the current rate.

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	$ 112,994,360	$ 149,122,148
Current Discount Rate	7.15%	7.15%
Net Pension Liability	$ 83,326,622	$ 107,968,540
1% Increase	8.15%	8.15%
Net Pension Liability	$ 58,607,662	$ 74,268,719

Pension Plan Fiduciary Net Position – Detailed information about each pension plans' fiduciary net position is available in the separately issued CalPERS financial reports.

Pension expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ending June 30, 2020, the City recognized pension expense of $14,364,748 for the Miscellaneous plan and $18,825,518 for the Safety plans, for total pension expense of $33,190,266. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 8,266,205	$ -
Differences between actual and expected experience	3,177,722	
Changes in assumptions		(292,136)
Net differences between projected and actual earnings on plan investments		(787,422)
Total	$ 11,443,927	$ (1,079,558)

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 10,246,008	$ -
Differences between actual and expected experience	9,113,659	(733,541)
Changes in assumptions	5,193,237	(513,591)
Net differences between projected and actual earnings on plan investments		(730,791)
Total	$ 24,552,904	$ (1,977,923)
Combined total	$ 35,996,831	$ (3,057,481)

NOTE 12 - PENSION PLAN (CONTINUED)

CalPERS Safety and Miscellaneous Employees' Pension Plans (Continued)

$8,266,205and $10,246,008 reported as deferred outflows of resources related to pensions for the miscellaneous and safety plans respectively resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Miscellaneous Plan:

Year Ended June 30	Annual Amortization
2020	$ 2,793,503
2021	(612,469)
2022	(235,511)
2023	152,641
2024	-
Thereafter	-
Total	$ 2,098,164

Safety Plan:

Year Ended June 30	Annual Amortization
2020	$ 6,480,039
2021	3,173,380
2022	1,854,041
2023	821,513
2024	-
Thereafter	-
Total	$ 12,328,973

For fiscal year 2019-2020, total pension expense for the Miscellaneous, Safety and City of Concords Retirement System Plans amounted to $35,005,942.

As of June 30, 2020, the City reported total net pension liability, deferred outflows of resources and deferred inflows of resources for the Miscellaneous, Safety and Concord Retirement System Plans were as follows:

Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
CalPERS Plans:			
Miscellaneous	$ 83,326,622	$ 11,443,927	$ (1,079,558)
Safety	107,968,540	24,552,904	(1,977,923)
CCRS Retirement	23,482,731	256,896	-
Total	$ 214,777,893	$ 36,253,727	$ (3,057,481)

Pension liabilities are liquidated by the fund that have recorded the liability. The long-term portion of the governmental activities pension liability are liquidated primarily by the General Fund.

NOTE 13 - OTHER POST-EMPLOYMENT HEATH CARE BENEFITS

Plan Description

Substantially all full-time City employees and their eligible dependents are eligible for post-employment health care benefits under Agent Multiple Employer CalPERS sponsored health plans currently funded during the employees' active service. During fiscal year 2018, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). Required disclosures are presented below. In order to fund retiree health benefits, the City established an irrevocable trust with California Employers Retirees Benefit Trust (CERBT). CERBT is administered by CalPERS and is managed by an appointed board not under the control of City Council. This Trust is not considered a component unit by the City and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, California 94229-2709.

By Council resolution and through agreements with its labor units, the City provides certain health care benefits for retired employees under third-party insurance plans. A summary of contribution rates is shown below:

Benefits Provided

	Retiree	Couple	Family
City pays health insurance premiums up to	$ 672	$ 1,344	$ 1,747

Employees Covered

As of the June 30, 2019 measurement date, membership in the Plan consisted of the following:

	Number of Covered Participants
Inactives currently receiving benefits	405
Inactives entitled to but not yet receiving benefits	64
Active employees	383
Total	852

Net OPEB Liability

The City's net OPEB liability for each plan is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability of each of the plans is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018. The long-term portion of the governmental activities Net OPEB Liabilities is liquidated primarily by the Post-Retirement Health Benefit Fund.

NOTE 13 - OTHER POST-EMPLOYMENT HEATH CARE BENEFITS (CONTINUED)

Actuarial Assumptions – The total OPEB liability in the plan's June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry age Normal, Level % of pay
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
Payroll Growth	Aggregrate Increase - 3.00%
Investment Rate of Return	6.75%
Mortality	CalPERS 1997-2015 Experience Study
Mortality Imporvement	Mortality projected fully generational with Society of Actuaries Scale MP-2018
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate 4.00% in 2076 and later years Medicare - 6.30% for 2021, decreasing to an ultimate rate of 4.00% in 2076 and later years
Healthcare Participation	Currently Covered - 100% Currently waived - 80% PEHMCA Minimum Only - 60%

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	59.0%	4.82%
Fixed Income	25.0%	1.47%
TIPS	5.0%	1.29%
Commodities	3.0%	0.84%
REITs	8.0%	3.76%
Total	100.0%	
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		6.75%

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75 percent for the plan. The project of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 13 - OTHER POST-EMPLOYMENT HEATH CARE BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

The changes in the net OPEB liability for each plan measured as of June 30, 2019, are as follows:

	Fiscal Year Ending		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	$ 65,214,555	$ 28,574,770	$ 36,639,785
Changes in the year:			
Service cost	1,469,949		1,469,949
Differences between actual and expected			-
Assumption changes			-
Interest	4,338,953		4,338,953
Contribution - employer		4,988,337	(4,988,337)
Net investment income		1,859,144	(1,859,144)
Administrative expenses		(54,242)	54,242
Benefit payment, including refundings of employee contributions	(4,807,448)	(4,807,448)	-
Net Changes	1,001,454	1,985,791	(984,337)
Balance at June 30, 2020	$ 66,216,009	$ 30,560,561	$ 35,655,448

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the City for the plan, calculated using the discount rate for each plan, as well as what the

City's net OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	$ 42,309,166	$ 35,655,448	$ 30,033,711

Sensitivity of the net OPEB liability to changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of the City for the plan, calculated using the healthcare cost trend rate for the plan, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	$ 33,004,088	$ 35,655,448	$ 39,128,902

NOTE 13 - OTHER POST-EMPLOYMENT HEATH CARE BENEFITS (CONTINUED)

OPEB expenses and deferred outflows/inflows of resources related to OPEB

For the fiscal year ending June 30, 2020, the City recognized OPEB expense of $2,863,447 for the plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	$ 4,246,158	$ -
Changes in assumptions	-	(469,600)
Differences between expected and actual experience	381,139	-
Net differences between projected and actual earnings on plan investments	-	(451,989)
Total	$ 4,627,297	$ (921,589)

$4,246,158 reported as deferred outflows of resources related to OPEB for the miscellaneous and safety plans respectively resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2021. Other Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Annual Amortization
2021	$ (255,919)
2022	(255,920)
2023	(51,008)
2024	22,397
2025	-
Thereafter	-
Total	$ (540,450)

NOTE 14 - DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under City sponsored Deferred Compensation Plans created in accordance with Internal Revenue Code Section 457 and 401K. Under these plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distribution may be made only at termination, retirement, death or in an emergency as defined by the Plans.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of Plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

NOTE 15 - RISK MANAGEMENT AND INSURANCE

Insurance Risk Pool

In July 2003, the City joined the California State Association of Counties - Excess Insurance Authority (CSAC- EIA), a joint powers authority. During fiscal year 2019-2020, CSAC-EIA began operating under the name PRISM. PRISM provides coverage against the following types of loss risks, including commercial insurance coverage, under the terms of a joint-powers agreement with the City and several other cities and governmental agencies as follows:

Type of Coverage (Deductible)	Coverage Limits
General Liability ($500,000)	$ 25,000,000
Optional Excess Liability ($25,000,000)	$ 50,000,000
Workers' Compensation ($500,000)	Statutory
All Risk Property ($10,000 per occurrence)	$ 800,000,000
Property Flood Risk ($50,000 per occurrence)	$ 600,000,000
Earthquake (2 percent with a $100,000 minimum)	$ 50,000,000

PRISM was established for the purpose of creating a risk management pool for all California public entities. PRISM is governed by a Board of Directors consisting of representatives of its member public entities.

The City's deposits with PRISM are in accordance with formulas established by PRISM. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for PRISM are available from PRISM at 75 Iron Point Circle, Folsom, California 95630.

The City is self-insured for auto physical damage claims.

For the years ended June 30, 2020, 2019 and 2018, the amount of settlements did not exceed insurance coverage.

Uninsured Claims Payable

The City provides for the uninsured portion of claims and judgments in its Risk Management (general liability and auto physical damage) and Workers' Compensation Internal Service Funds. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable.

The City's liability for uninsured claims is limited to worker's compensation, general liability and auto physical damage claims, as discussed above, which are reported at their present value using expected future investment yield assumptions ranging from 3 percent. In addition, the general liability claims are based on an 80 percent confidence level. The discounted worker's compensation claims totaled $13,122,704 and undiscounted general liability claims totaled $4,007,929 at June 30, 2020.

NOTE 15 - RISK MANAGEMENT AND INSURANCE (CONTINUED)

The change in the claims liabilities, including claims incurred but not reported are based on independent actuarial studies and were computed as follows for the years ended June 30, 2019 and June 30, 2020:

	Workers Compensation Internal Service Fund	Risk Management/ Liability Internal Service Fund	Total 2020	Total 2019
Beginning balance	$ 12,457,896	$ 2,646,475	$ 15,104,371	$ 12,882,122
Liability for current fiscal year claims	3,326,000	2,722,908	6,048,908	4,241,558
Change in liability for prior fiscal year claims and claims incurred but not reported (IBNR)	(1,178,590)	-	(1,178,590)	69,359
Claims paid	(1,482,602)	(1,361,454)	(2,844,056)	(2,088,668)
Ending balance	$ 13,122,704	$ 4,007,929	$ 17,130,633	$ 15,104,371
Current portion	$ 2,374,633	$ 1,664,371	$ 4,039,004	$ 3,322,615

Health Care

The City provides its employees with a choice of five different medical insurance plans through CalPERS. The City pays the premium up to $1,790 per month per employee. The City also provides its employees with Dental Insurance paying premiums up to $198 per month per employee. The City also provides long-term disability and life insurance to its employees.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no additional pending litigation, which is likely to have material adverse effect on the financial position of the City.

The City participates in several Federal and State grant programs. These programs have been audited through the fiscal year ended June 30, 2020. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 16 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end.

Encumbrances outstanding as of June 30, 2020, were as listed below:

	Amount
Major Governmental Funds	
General Fund	$ 913,660
Concord Housing Special Revenue Fund	33,172
General Projects Capital Projects Fund	4,198,991
Total Major Governmental Funds	5,145,823
Non-Major Governmental Funds:	
State Gas Tax Special Revenue Fund	561,714
Maintenance District Special Revenue Fund	65,343
Housing and Community Services Special Revenue Fund	155,248
Storm Water Management Special Revenue Fund	18,182
Health Care District Special Revenue Fund	6,900
Asset Forfeiture Special Revenue Fund	94,046
Technology Fee Special Revenue Fund	44,500
Special Developers Capital Projects Fund	12,204
Inter Governmental Capital Projects Fund	309,052
Total Non-Major Governmental Funds	1,267,189
Total Governmental Funds	$ 6,413,012
Major Enterprise Funds:	
Sewer Fund	$ 2,859,540
Internal Service Funds:	
Workers Compensation Fund	$ 50,175
Risk Management/Liability Fund	13,083
Fleet Maintenance/Replacement Fund	375,372
Information Technology Replacement Fund	1,277
Building Maintenance Fund	104,654
Total Internal Service Funds	$ 544,561
Total Encumbrances Outstanding	$ 9,817,113

NOTE 17 - REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES

Redevelopment Dissolution

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

ABx1 26 and AB1484 created the regulatory authority, the Successor Agency Oversight Board, under the direction of the State Controller and Department of Finance (DOF), to review former Agency's asset transfer, obligation payments and wind down activities. ABx1 26 specifically directs the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the Redevelopment Agency or, on or after February 1, 2012, to the Successor Agency.

Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain assets of the Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and all remaining Redevelopment Agency assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City elected to become the Housing Successor and retain the housing assets. On February 1, 2012, certain housing assets were transferred to the City's Concord Housing Fund, a special revenue fund.

The activities of the Housing Successor are reported in the Concord Housing Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established in April 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one City employee appointed by the Mayor.

The activities of the Successor Agency are reported in the Successor Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

NOTE 17 - REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)

The following notes provide more information regarding assets and liabilities of the Successor Agency.

Loans Receivable

The Successor Agency assumed the non-housing loans receivable of the former Redevelopment Agency as of February 1, 2012. The former Redevelopment Agency engaged in programs designed to encourage construction of, or improvement to, low-to-moderate income housing. Under these programs, grants or loans were provided under favorable terms to homeowners or developers who agreed to expend these funds in accordance with the former Agency's terms. The balances of the notes receivable arising from the non-housing programs at June 30, 2020 are set forth below:

Concord Residential Club

Low and no interest loans were made by the former Redevelopment Agency to provide businesses assistance for rehabilitating buildings in the downtown area and to businesses or individuals for the rehabilitation of housing within the City of Concord owned and/or occupied by persons of low and moderate income. As of June 30, 2020, the loan balance was $230,003.

California Automotive Retailing Group

In July 2009, the Agency entered into a $250,000 interest free loan agreement with California Automotive Retailing Group to rehabilitate and improve an existing automotive dealership site at 1330 Concord Avenue. Monthly payments of $2,083 for 120 months started on October 1, 2009. As of June 30, 2020, the loan balance was paid in full.

Pooled Investments

As of June 30, 2020, the Successor Agency held assets within the City investment pool totaling $1,981,815.

Cash with Fiscal Agents

As of June 30, 2020, the Successor Agency held assets with fiscal agents totaling $331,373.

Long-Term Debt

The Successor Agency assumed the long-term debt of the former Redevelopment Agency as of February 2012.

The Successor Agency's debt issues and transactions are summarized below and discussed in detail thereafter.

NOTE 17 - REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)

Current Year Transactions and Balances

	Balance as of June 30, 2019	Retirements	Balance as of June 30, 2020	Current Portion
2014 Tax Allocation Refunding Bonds				
4.0-5.00%, due 03/01/2025	$ 15,435,000	$ 2,440,000	$ 12,995,000	$ 2,560,000
Plus premium on refunding bonds	2,966,169	494,362	2,471,807	-
Total Tax Allocation Bonds	18,401,169	2,934,362	15,466,807	2,560,000
Reimbursement Agreement (Direct Borrowing):				
City of Concord, 3.60% Due 09/01/2019	558,000	558,000	-	-
Loan Payable (Direct Borrowing):				
Housing Successor Loan	2,894,999	818,452	2,076,547	-
Total Successor Agency	$ 21,854,168	$ 4,310,814	$ 17,543,354	$ 2,560,000

Debt Service Requirements

Annual debt service requirements are shown below for long-term debt except the Housing Successor Loan Payable because the ultimate repayment terms cannot be determined at this time as discussed below:

For the Year Ending June 30:	Bonds	
	Principal	Interest
2021	$ 2,560,000	$ 649,750
2022	2,690,000	521,750
2023	2,825,000	387,250
2024	2,400,000	246,000
2025	2,520,000	126,000
Plus Unamortized	2,471,807	-
Total	$ 15,466,807	$ 1,930,750

NOTE 17 - REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)

Tax Allocation Bonds (TABs) Outstanding

On August 27, 2014 the California Department of Finance approved for the Successor Agency to issue $37,550,000 of Series 2014 Tax Allocation Refunding Bonds to defease and retire the 2004 Tax Allocation Bonds and retire the Concord Joint Powers Financing Authority Lease Revenue Bonds secured by a reimbursement agreement between the Successor Agency and the City of Concord for pledged tax increment revenues from the Central Concord Redevelopment Project. On October 1, 2014, the Series 2014 bonds were issued and the 2004 Bonds and Lease Revenue bonds were fully redeemed on November 3, 2014.

The 2014 TABs are payable annually on March 1. The 2014 TABs are special obligations of the Agency and are secured by the Agency's tax increment revenues. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. The TABs are 100 percent secured by a surety bond issued by AMBAC Assurance as of June 30, 2020.

The pledge of future tax increment revenues ends upon repayment of the $14,295,750 (principal and interest) in remaining debt service on the Agency's Tax Allocation Bonds which is scheduled to occur in 2025. For fiscal year 2020 RPTTF amounted to $5,390,684 which represented coverage of 1.68 over the $3,211,750 in debt service. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund repayment under the reimbursement agreement. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. The outstanding balance on the bonds as of June 30, 2020 was $12,995,000 with interest rates ranging from 4 to 5 percent.

Reimbursement Agreements- Refunding Lease Agreement

On June 24, 2010, the former Redevelopment Agency entered into a direct borrowing Refunding Lease Agreement in the amount of $5,073,000. The proceeds from the Agreement were used to retire a portion of the outstanding 1993 Lease Revenue Bonds and to fully repay the 1999 Judgment Obligation Bonds. As of June 30, 2020, the outstanding balance on the reimbursement agreement was fully repaid.

Housing Successor Loan Payable

Beginning in 1986, the former Redevelopment Agency's General Capital Projects Fund has been required by the State to set aside 20 percent of property tax increments for low and moderate income housing. However, under a transition rule, pursuant to Health and Safety Code Section 33334.6, the former Redevelopment Agency was permitted to set aside less than 20 percent of the tax increment that it received to the extent that it spent the tax increment revenue for the Agency’s debt incurred prior to 1986 or for Agency projects approved prior to 1986, as long as it had a written plan for repaying these amounts to the Concord Housing Special Revenue Fund. The Agency's General Capital Projects Fund has been allowed to use these set-asides for current capital projects as long as it had a written plan for repaying these amounts to the Low and Moderate Income Housing Special Revenue Fund. The loan does not bear interest.

NOTE 17 - REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES (CONTINUED)

The above loan had previously been reported as an interfund advance within the Redevelopment Agency, but with the transfer of the former Redevelopment Agency's liabilities to the Successor Agency, the advance is now reported as long-term debt of the Successor Agency. This loan was originally required to be repaid by June 30, 2020; however, repayment is now subject to the provisions of Health and Safety Code Section 34176 and could not begin prior to fiscal year 2014 based on the repayment requirements in the Health and Safety Code.

This loan has been approved by the Department of Finance on the Recognized Obligation Payment Schedule. As of June 30, 2020, the total amount payable on the loan was $2,076,547.

Commitments and Contingencies

State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) annually that contains all proposed expenditures for the subsequent twelve-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

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REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Miscellaneous Plan – Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Total Pension Liability						
Service Cost	$ 2,890,989	$ 3,018,180	$ 2,997,825	$ 3,355,005	$ 3,868,011	$ 3,885,056
Interest	13,096,282	13,671,707	14,191,823	14,505,723	15,288,854	16,115,663
Differences between expected and actual experience	-	738,338	22,946	(1,288,985)	5,255,833	3,945,856
Changes in assumptions	-	(3,200,990)	-	11,460,291	(1,752,822)	
Changes in benefits	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(9,206,786)	(9,773,556)	(10,033,970)	(10,318,668)	(11,016,016)	(12,078,986)
Net change in total pension liability	6,780,485	4,453,679	7,178,624	17,713,366	11,643,860	11,867,589
Total pension liability - beginning	177,774,980	184,555,465	189,009,144	196,187,768	213,901,134	225,544,994
Total pension liability - ending (a)	$ 184,555,465	$ 189,009,144	$ 196,187,768	$ 213,901,134	$ 225,544,994	$ 237,412,583
Plan fiduciary net position						
Contributions - employer	$ 4,399,819	$ 4,836,917	$ 5,333,899	$ 6,081,150	$ 6,548,823	$ 7,398,652
Contributions - employee	1,342,831	1,338,554	1,349,589	1,502,951	1,632,544	1,657,850
Net investment income	19,760,541	2,942,666	659,376	14,191,716	11,752,209	9,660,803
Benefit payments, including refunds of employee contributions	(9,206,786)	(9,773,556)	(10,033,970)	(10,318,668)	(11,016,016)	(12,078,986)
Plan to Plan Resource Movement	-	(53,698)	(1,397)	-	(342)	
Administrative Expense	-	(147,283)	(79,697)	(188,978)	(217,012)	(105,297)
Other miscellaneous income/(expense)	-	-	-	-	(412,110)	342
Net change in plan fiduciary net position	16,296,405	(856,400)	(2,772,200)	11,268,171	8,288,096	6,533,364
Plan fiduciary net position - beginning	115,328,525	131,624,930	130,768,530	127,996,330	139,264,501	147,552,597
Plan fiduciary net position - ending (b)	$ 131,624,930	$ 130,768,530	$ 127,996,330	$ 139,264,501	$ 147,552,597	$ 154,085,961
Net pension liability - ending (a)-(b)	$ 52,930,535	$ 58,240,614	$ 68,191,438	$ 74,636,633	$ 77,992,397	$ 83,326,622
Plan fiduciary net position as a percentage of the total pension liability	71.32%	69.19%	65.24%	65.11%	65.42%	64.90%
Covered payroll	$ 16,255,025	$ 17,128,929	$ 17,838,673	$ 19,770,939	$ 21,505,077	$ 21,773,599
Net pension liability as percentage of covered payroll	325.63%	340.01%	382.27%	377.51%	362.67%	382.70%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2018 and 2019 there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement dates.

* Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Safety Plan – Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Total Pension Liability						
Service Cost	$ 4,891,960	$ 4,792,943	$ 4,928,814	$ 5,509,705	$ 5,876,593	$ 5,836,758
Interest	14,566,113	15,446,471	16,367,363	17,045,112	18,416,291	19,693,768
Differences between expected and actual experience	-	158,327	659,410	(2,108,933)	8,302,892	5,676,340
Changes in assumptions	-	-	-	14,930,559	(924,463)	
Changes in benefits	-	(4,010,136)	-	-	-	
Benefit payments, including refunds of employee contributions	(7,354,430)	(8,359,469)	(9,498,430)	(10,436,636)	(11,442,104)	(12,722,874)
Net change in total pension liability	12,103,643	8,028,136	12,457,157	24,939,807	20,229,209	18,483,992
Total pension liability - beginning	195,446,083	207,549,726	215,577,862	228,035,019	252,974,826	273,204,035
Total pension liability - ending (a)	$ 207,549,726	$ 215,577,862	$ 228,035,019	$ 252,974,826	$ 273,204,035	$ 291,688,027
Plan fiduciary net position						
Contributions - employer	$ 5,732,219	$ 5,993,768	$ 6,411,727	$ 7,481,823	$ 8,023,738	$ 9,097,712
Contributions - employee	1,679,332	1,620,500	1,655,293	1,756,319	1,905,328	1,908,372
Net investment income	21,758,280	3,290,091	766,604	16,371,961	13,638,015	11,417,116
Benefit payments, including refunds of employee contributions	(7,354,430)	(8,359,469)	(9,498,430)	(10,436,636)	(11,442,104)	(12,722,874)
Plan to Plan Resource Movement	-	(73,112)	1,397	-	(404)	
Administrative Expense	-	(167,255)	(90,535)	(218,214)	(253,615)	(124,272)
Other miscellaneous income/(expense)	-	-	-	-	(481,619)	404
Net change in plan fiduciary net position	21,815,401	2,304,523	(753,944)	14,955,253	11,389,339	9,576,458
Plan fiduciary net position - beginning	124,432,457	146,247,858	148,552,381	147,798,437	162,753,690	174,143,029
Plan fiduciary net position - ending (b)	$ 146,247,858	$ 148,552,381	$ 147,798,437	$ 162,753,690	$ 174,143,029	$ 183,719,487
Net pension liability - ending (a)-(b)	$ 61,301,868	$ 67,025,481	$ 80,236,582	$ 90,221,136	$ 99,061,006	$ 107,968,540
Plan fiduciary net position as a percentage of the total pension liability	70.46%	68.91%	64.81%	64.34%	63.74%	62.98%
Covered payroll	$ 17,162,893	$ 17,550,805	$ 17,858,904	$ 18,960,776	$ 19,289,474	$ 19,522,648
Net pension liability as percentage of covered payroll	357.18%	381.89%	449.28%	475.83%	513.55%	553.04%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2018 and 2019 there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement dates.

* Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
City of Concord Retirement System – Single Employer Defined Benefit Pension Plan
Last 10 Years*

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Total Pension Liability							
Interest	$ 3,879,000	$ 3,769,962	$ 3,970,093	$ 3,539,085	$ 3,426,180	$ 3,304,303	$ 3,211,973
Differences between expected and actual experience	-	-	-	(1,612,351)	-	586,695	-
Changes in assumptions	-	3,337,481	-	1,006,364	-	64,501	-
Differences between projected and actual earnings on plan investments	-	1,483,884	-	-	-	-	-
Changes in benefits	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(5,516,000)	(5,525,159)	(5,499,628)	(5,415,808)	(5,425,844)	(5,489,099)	(5,499,565)
Net change in total pension liability	(1,637,000)	3,066,168	(1,529,535)	(2,482,710)	(1,999,664)	(1,533,600)	(2,287,592)
Total pension liability - beginning	62,399,000	60,762,000	63,828,168	62,298,633	59,815,923	57,816,259	56,282,659
Total pension liability - ending (a)	$ 60,762,000	$ 63,828,168	$ 62,298,633	$ 59,815,923	$ 57,816,259	$ 56,282,659	$ 53,995,067
Plan fiduciary net position							
Contributions - employer	$ 1,971,829	$ 2,035,017	$ 2,041,611	$ 2,845,258	$ 5,885,064	$ 2,822,000	$ 2,715,000
Contributions - employee	-	-	-	-	-	-	-
Net investment income	3,423,144	775,186	630,598	2,370,458	1,496,946	2,081,149	1,409,436
Benefit payments, including refunds of employee contributions	(5,516,398)	(5,525,159)	(5,499,628)	(5,415,808)	(5,425,844)	(5,489,099)	(5,499,565)
Administrative Expense	(193,523)	(208,204)	(175,715)	(160,582)	(165,543)	(179,003)	(176,807)
Net change in plan fiduciary net position	(314,948)	(2,923,160)	(3,003,134)	(360,674)	1,790,623	(764,953)	(1,551,936)
Plan fiduciary net position - beginning	37,640,518	37,325,570	34,402,410	31,399,276	31,038,602	32,829,225	32,064,272
Plan fiduciary net position - ending (b)	$ 37,325,570	$ 34,402,410	$ 31,399,276	$ 31,038,602	$ 32,829,225	$ 32,064,272	$ 30,512,336
Net pension liability - ending (a)-(b)	$ 23,436,430	$ 29,425,758	$ 30,899,357	$ 28,777,321	$ 24,987,034	$ 24,218,387	$ 23,482,731
Plan fiduciary net position as a percentage of the total pension liability	61.43%	53.90%	50.40%	51.89%	56.78%	56.97%	56.51%
Covered payroll	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Net pension liability as percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Plan was closed in 1999.

Notes to Schedule:

* Fiscal year 2015 was the 1st year of implementation of GASB 68 and fiscal year 2014 was the first year of implementation of GASB 67, therefore only seven years are shown.

Schedule of Investment Returns

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Annual money rated rate of return, net of investment expense	11.37%	2.52%	2.49%	8.86%	5.26%	7.13%	4.25%

SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Other Post Employment Benefit Plan - Agent Multiple Employer
Last 10 Fiscal Years*

Measurement Date	6/30/18	6/30/19	6/30/20
Total OPEB Liability			
Service Cost	$ 1,560,983	$ 1,607,812	$ 1,469,949
Interest	4,213,727	4,282,178	4,338,953
Changes of assumptions	-	(763,100)	-
Differences between expected and actual experience	-	619,351	-
Benefit payments, including refunds of employee contributions	(4,887,795)	(4,727,102)	(4,807,448)
Net change in total OPEB liability	886,915	1,019,139	1,001,454
Total OPEB liability - beginning	63,308,501	64,195,416	65,214,555
Total OPEB liability - ending (a)	$ 64,195,416	$ 65,214,555	$ 66,216,009
Plan fiduciary net position			
Plan to plan resource movement	$ -	$ -	$ -
Contributions - employer	4,146,795	4,540,452	4,988,337
Contributions - employee	-	-	-
Net investment income	2,669,004	2,157,582	1,859,144
Differences between projected and actual earnings on plan investments	-	-	-
Administrative expenses	(13,562)	(50,236)	(54,242)
Benefit payments, including refunds of employee contributions	(4,887,795)	(4,727,102)	(4,807,448)
Net Change in Fiduciary Net Position	1,914,442	1,920,696	1,985,791
Plan fiduciary net position - beginning	24,739,632	26,654,074	28,574,770
Plan fiduciary net position - ending (b)	$ 26,654,074	$ 28,574,770	$ 30,560,561
Net OPEB liability - ending (a)-(b)	$ 37,541,342	$ 36,639,785	$ 35,655,448
Plan fiduciary net position as a percentage of the total OPEB liability	41.52%	43.82%	46.15%
Covered-employee payroll	$ 38,731,716	$ 40,794,552	$ 41,296,247
Net OPEB liability as a percentage of covered-employee payroll	96.93%	89.82%	86.34%
Measurement Date	June 30, 2017	June 30, 2018	June 30, 2019

Notes to schedule
* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
Miscellaneous Plan – Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*

Fiscal Year Ended June 30	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	$ 4,836,917	$ 5,333,899	$ 6,081,150	$ 6,546,333	$ 7,355,334	$ 8,266,205
Contributions in relation to the actuarially determined contributions	4,836,917	5,333,899	6,087,756	6,546,333	7,355,334	8,266,205
Contribution deficiency (excess)	$ -	$ -	$ (6,606)	$ -	$ -	$ -
Covered payroll	$ 17,128,929	$ 17,838,673	$ 19,770,939	$ 21,505,077	$ 21,773,599	$ 21,334,818
Contributions as a percentage of covered payroll	28.24%	29.90%	30.79%	30.44%	33.78%	38.75%
Notes to Schedule						
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Asset valuation method	Actuarial valuation of assets
Inflation	2.75% for 2015 to 2019, and 2.875% for 2020
Salary increases	Varies by entry age and service
Investment rate of return	7.5% for 2015 to 2018, 7.375% for 2019 and 7.25% for 2020, net of pension plan investment expense, including inflation.
Retirement age and mortality	The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website. For 2019 and 2020, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

* - Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
Safety Plan – Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*

Fiscal Year Ended June 30	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	$ 5,993,768	$ 6,411,727	$ 7,481,823	$ 8,023,715	$ 8,943,686	$ 10,246,008
Contributions in relation to the actuarially determined contributions	5,993,768	6,411,727	7,481,823	8,023,715	8,943,686	10,246,008
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 17,550,805	$ 17,858,904	$ 18,960,776	$ 19,289,474	$ 19,522,648	$ 19,395,698
Contributions as a percentage of covered payroll	34.15%	35.90%	39.46%	41.60%	45.81%	52.83%
Notes to Schedule						
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Asset valuation method	Actuarial valuation of assets
Inflation	2.75% for 2015 to 2019, and 2.875% for 2020
Salary increases	Varies by entry age and service
Investment rate of return	7.5% for 2015 to 2018, 7.375% for 2019, and 7.25% for 2020, net of plan investment expense, including inflation.
Retirement age and mortality	The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website. For 2019 and 2020, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

*- Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
City of Concord Retirement System Plan – Single Employer Defined Benefit Pension Plan
Last 10 Years*

Fiscal Year Ended June 30	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	$ 2,045,000	$ 2,478,000	$ 2,478,000	$ 2,715,000	$ 2,715,000	$ 2,493,000	$ 2,491,000
Contributions in relation to the actuarially determined contributions	1,971,829	2,035,017	2,041,611	2,845,258	5,885,064	2,822,000	2,715,000
Contribution deficiency (excess)	$ 73,171	$ 442,983	$ 436,389	$ (130,258)	$ (3,170,064)	$ (329,000)	$ (224,000)
Covered payroll	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Plan was closed in 1999.

Notes to Schedule

Valuation date:	6/30/2012	6/30/2014	6/30/2014	6/30/2016	6/30/2016	6/30/2018	6/30/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Amortization period	16-year fixed period for 2019/20
Asset valuation method	Market value of assets
Inflation	2.75%, net of pension plan investment expense
Salary scale	Not applicable
Investment rate of return	6.00%, net of pension plan investment expense,

*- Fiscal year 2014 was the 1st year of implementation, therefore only seven years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
Other Post Employment Benefit Plan - Agent Multiple-Employer
Last 10 Years*

	2018	2019	2020
Actuarially determined contribution	$ 4,266,000	$ 4,333,000	$ 4,250,000
Contributions in relation to the actuarially determined contribution	4,540,452	4,243,337	4,246,158
Contribution deficiency (excess)	$ (274,452)	$ 89,663	$ 3,842
Covered-employee payroll	$ 40,794,552	$ 41,296,247	$ 40,730,516
Contributions as a percentage of covered-employee payroll	11.13%	10.28%	10.43%
Notes to Schedule			
Valuation Date	June 30, 2016	June 30, 2018	June 30, 2018
Methods and assumptions used to determine contribution rates:			
Actuarial cost method	Entry Age Normal, Level % of Pay	Entry Age Normal, Level % of Pay	Entry Age Normal, Level % of Pay
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Asset valuation method	Investment gain and losses spread over 5-year rolling period	Investment gain and losses spread over 5-year rolling period	Investment gain and losses spread over 5-year rolling period
Discount Rate	6.75%	6.75%	6.75%
Inflation	2.75%	2.75%	2.75%
Medical Trend	Non-Medicare - 7.25% for 2019, decreasing to an ultimate rate of 4.00% in 2076 and later years. Medicare - 6.50% for 2019, decreasing to an ultimate rate of 4.00% in 2076 and later years	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.00% in 2076 and later years. Medicare - 6.30% for 2021, decreasing to an ultimate rate of 4.00% in 2076 and later years	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.00% in 2076 and later years. Medicare - 6.30% for 2021, decreasing to an ultimate rate of 4.00% in 2076 and later years
Mortality	CalPERS 1997-2011 Experience Study	CalPERS 1997-2015 Experience Study	CalPERS 1997-2015 Experience Study
Mortality Imporvement	Mortality projected fully generational with Society of Actuaries Scale MP-2016	Post retitrement mortality projected fully generational with Scale MP-2018	Post retitrement mortality projected fully generational with Scale MP-2018

Notes to Schedule

* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

State Gas Tax Fund. To account for restricted revenue apportioned to the City from State-collected gasoline taxes and expended for construction and maintenance of City streets.

Maintenance Districts Fund. To account for revenue from property tax and annual assessments against property owners and expended for their share of the City's cost for maintenance in the areas of the service provided.

Art in Public Places Fund. To account for fees applied to new construction and expended for the purchase and installation of art objects in the City.

Traffic System Management Fund. To account for monies from in-lieu parking fees, to be expended for traffic management facilities.

Housing Assistance Program Fund. To account for monies from the former Redevelopment Agency and developers' contributions to be expended for low-income housing loans.

Housing and Community Services Fund. – To account for monies received from the Department of Housing and Urban Development and expended for development of jobs and suitable housing for low-income residents.

Storm Water Management Fund. To account for activities necessary to comply with the Federal Clean Water Act.

Health Care District Fund. To account for funds needed for health programs. The program is funded through property taxes.

Asset Forfeiture Fund. To account for revenues received from adjudicated sales of assets seized during drug related arrests and to disburse for authorized public safety activities.

Vehicle Abatement Fund. To account for monies received by the California Department of Motor Vehicles to be expended on abatement, removal or the disposal of vehicle related public nuisances from private or public property.

Public Education and Government Fund. To account for monies received by cable operators to support public education and government (PEG) channel facilities and activities.

General Plan Reimbursement Fee Fund. To account for the accumulation of revenue levied on building permits for payment of expenditures related to the City's General Plan Update and Housing Element Update.

Technology Fee Fund. To account for revenues received from a surcharge of administrative processing, plan review, and inspection fees applying to Building, Engineering and Planning Divisions, for the purchase, maintenance, and replacement of Development Review services software and hardware.

Tree Special Revenue Fund. To account for the revenues received from fines or fees associated with tree removal. The fines or fees will be used for costs associated with planting, replacing, and maintaining trees.

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

ABAG Fund. To account for transfers of revenue from the General Fund for payment of interest and principal on Association of Bay Area Governments (ABAG) certificates of participation.

Performing Arts Revenue Bonds Fund. To account for the accumulation of revenue provided by Bill Graham Presents for payment of interest and principal on the Pavilion lease revenue bonds issued in 1995.

Assessment Districts Fund. To account for accumulation of special assessment taxes for payment of special assessment bond interest and principal.

Refunding Lease Agreement Fund. To account for a lease agreement issued to refinance and retire the Police Facilities Revenue Bonds and the Judgment Obligation Bonds (Transferred to Successor Agency). This fund was closed in fiscal year 2019-2020.

Energy Lease Fund. To account for a lease agreement issued to finance several energy conservation projects throughout the City.

Infrastructure Lease Agreement Fund. To account for lease agreement in connection with the financing of street and other infrastructure improvements.

Special Developers Fund. To account for capital projects within the City funded by various fees collected from developers.

Inter-Governmental Capital Projects Fund. To account for approved capital projects funded from other governmental agencies.

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CITY OF CONCORD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	SPECIAL REVENUE FUNDS				
	State Gas Tax	Maintenance Districts	Art in Public Places	Traffic System Management	Housing Assistance Program
ASSETS:					
Cash and Investments	$ 6,301,725	$ 5,868,509	$ 151,131	$ 62,134	$ 552,163
Cash with Fiscal Agents	-	-	-	-	-
Receivables, Net					
Accounts Receivable	-	-	-	-	-
Interest	-	-	-	-	22,574
Due from Other Governments	283,902	-	-	-	-
Loans and Notes	-	-	-	-	185,445
Total Assets	$ 6,585,627	$ 5,868,509	$ 151,131	$ 62,134	$ 760,182
LIABILITIES, DFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts, Deposits and Contracts Payable	$ 107,797	$ -	$ -	$ -	$ -
Accrued Liabilities	6,202	247	-	-	-
Refundable Deposits	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Total Liabilities	113,999	247	-	-	-
Deferred Inflows of Resources:					
Unavailable Revenue	-	-	-	-	22,574
Fund balance:					
Restricted	6,471,628	5,868,262	151,131	62,134	737,608
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficit)	6,471,628	5,868,262	151,131	62,134	737,608
Total Liabilities, Deferred Inflows and Fund Balances	$ 6,585,627	$ 5,868,509	$ 151,131	$ 62,134	$ 760,182

SPECIAL REVENUE FUNDS

Housing and Community Services	Storm Water Management	Health Care District	Asset Forfeiture	Vehicle Abatement	Public Education and Government	General Plan Reimbursement Fee	Technology Fee
$ 3,179,358	$ 5,199,175	$ 219,868	$ 318,525	$ 208,870	$ 1,401,493	$ 2,181,637	$ 1,316,694
-	-	-	-	-	-	-	-
-	-	25,000	-	-	102,719	-	-
102,629	-	-	-	-	-	-	-
206,519	534,572	23,486	-	19,500	-	-	-
1,606,164	-	-	-	-	-	-	-
$ 5,094,670	$ 5,733,747	$ 268,354	$ 318,525	$ 228,370	$ 1,504,212	$ 2,181,637	$ 1,316,694
$ 653,234	$ -	$ 32,214	$ -	$ -	$ -	$ -	$ -
505,694	1,980	363	-	-	-	-	-
-	-	-	-	-	-	-	-
70,000	-	-	-	-	-	-	-
1,228,928	1,980	32,577	-	-	-	-	-
1,538,793	-	25,000	-	-	-	-	-
2,326,949	5,731,767	210,777	318,525	228,370	1,504,212	2,181,637	1,316,694
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,326,949	5,731,767	210,777	318,525	228,370	1,504,212	2,181,637	1,316,694
$ 5,094,670	$ 5,733,747	$ 268,354	$ 318,525	$ 228,370	$ 1,504,212	$ 2,181,637	$ 1,316,694

(Continued)

CITY OF CONCORD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	SPECIAL REVENUE FUND	DEBT SERVICE FUNDS			
	Tree Fund	ABAG	Performing Arts Revenue Bonds	Assessment Districts	Refunding Lease Agreement
ASSETS:					
Cash and Investments	$ 42,629	$ 65,243	$ 47,279	$ 7,335	$ -
Cash with Fiscal Agents	-	-	330,245	-	-
Receivables, Net					
Accounts Receivable	-	-	-	-	-
Interest	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Loans and Notes	-	-	-	-	-
Total Assets	$ 42,629	$ 65,243	$ 377,524	$ 7,335	$ -
LIABILITIES, DFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts, Deposits and Contracts Payable	$ -	$ -	$ -	$ 8,479	$ -
Accrued Liabilities	-	-	-	-	-
Refundable Deposits	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Total Liabilities	-	-	-	8,479	-
Deferred Inflows of Resources:					
Unavailable Revenue	-	-	-	-	-
Fund balance:					
Restricted	42,629	65,243	377,524	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	(1,144)	-
Total Fund Balances (Deficit)	42,629	65,243	377,524	(1,144)	-
Total Liabilities, Deferred Inflows and Fund Balances	$ 42,629	$ 65,243	$ 377,524	$ 7,335	$ -

DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS		
Energy Lease	Infrastructure Lease Agreement	Special Developers	Inter-Governmental	Total Nonmajor Governmental Funds
$ 1	$ 24,931	$ 6,721,245	$ 6,416,536	$ 40,286,481
-	-	-	-	330,245
-	-	-	46,814	174,533
-	-	-	-	125,203
-	-	-	2,018,001	3,085,980
-	-	-	-	1,791,609
$ 1	$ 24,931	$ 6,721,245	$ 8,481,351	$ 45,794,051
$ -	$ -	$ -	$ 32,747	$ 834,471
-	-	-	-	514,486
-	-	28,885	-	28,885
-	-	-	-	70,000
-	-	28,885	32,747	1,447,842
-	-	-	227,255	1,813,622
1	24,931	-	8,221,349	35,841,371
-	-	6,692,360	-	6,692,360
-	-	-	-	(1,144)
1	24,931	6,692,360	8,221,349	42,532,587
$ 1	$ 24,931	$ 6,721,245	$ 8,481,351	$ 45,794,051

CITY OF CONCORD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE FUNDS				
	State Gas Tax	Maintenance Districts	Art in Public Places	Traffic System Management	Housing Assistance Programs
REVENUES:					
Taxes	$ -	$ 1,622,416	$ -	$ -	$ -
Licenses and Permits	-	-	-	-	-
Franchises	-	-	-	-	-
Intergovernmental	5,091,956	-	-	-	-
Charges for Services	-	-	-	-	-
Fines, Forfeitures and Penalties	-	-	-	-	-
Use of Money and Property	149,218	111,256	2,601	-	10,874
Other	-	651	20,600	-	-
Total Revenues	5,241,174	1,734,323	23,201	-	10,874
EXPENDITURES:					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	1,961,724	1,038,179	7,141	-	-
Community and Economic Development		-	-	11,223	-
Capital Outlay	3,800,055	273,286	-	-	-
Debt service:					
Principal Repayment	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	5,761,779	1,311,465	7,141	11,223	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(520,605)	422,858	16,060	(11,223)	10,874
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	-	-	-
Transfers (Out)	-	(319,967)	-	-	-
Total Other Financing Sources (Uses)	-	(319,967)	-	-	-
Net Changes in Fund Balances	(520,605)	102,891	16,060	(11,223)	10,874
Fund Balances (Deficit) at the Beginning of Period	6,992,233	5,765,371	135,071	73,357	726,734
FUND BALANCES (DEFICIT) AT END OF PERIOD	$ 6,471,628	$ 5,868,262	$ 151,131	$ 62,134	$ 737,608

SPECIAL REVENUE FUNDS

Housing and Community Services	Storm Water Management	Health Care District	Asset Forfeiture	Vehicle Abatement	Public Education and Government	General Plan Reimbursement Fee	Technology Fee
$ -	$ 2,097,933	$ 363,478	$ -	$ -	$ -	$ -	$ -
107,939	-	-	-	-	-	-	-
-	-	-	-	-	456,179	-	-
1,132,318	-	-	-	85,035	-	-	-
-	115,981	-	-	-	-	492,317	356,018
-	-	-	39,998	-	-	-	-
58,534	96,874	2,971	8,067	4,042	25,135	37,226	22,972
26,144	18,964	-	-	-	-	-	-
1,324,935	2,329,752	366,449	48,065	89,077	481,314	529,543	378,990
-	-	-	-	-	193,105	-	-
-	-	-	186,469	66,566	-	-	-
-	720,360	-	-	-	-	-	-
728,682	1,187,882	341,894	-	-	-	-	44,894
300,000	-	-	4,441	-	901	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,028,682	1,908,242	341,894	190,910	66,566	194,006	-	44,894
296,253	421,510	24,555	(142,845)	22,511	287,308	529,543	334,096
-	586,394	-	-	-	-	-	-
-	(159,156)	-	-	-	-	-	-
-	427,238	-	-	-	-	-	-
296,253	848,748	24,555	(142,845)	22,511	287,308	529,543	334,096
2,030,696	4,883,019	186,222	461,370	205,859	1,216,904	1,652,094	982,598
$ 2,326,949	$ 5,731,767	$ 210,777	$ 318,525	$ 228,370	$ 1,504,212	$ 2,181,637	$ 1,316,694

(Continued)

CITY OF CONCORD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE FUND	DEBT SERVICE FUNDS			
	Tree Fund	ABAG	Performing Arts Revenue Bonds	Assessment District	Refunding Lease Agreement
REVENUES:					
Taxes	$ -	$ -	$ -	$ -	$ -
Licenses and Permits	-	-	-	-	-
Franchises	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for Services	42,130	-	-	-	-
Fines, Forfeitures and Penalties	-	-	-	-	-
Use of Money and Property	$499	-	5,226	86	-
Other	-	-	-	-	568,044
Total Revenues	$42,629	-	5,226	86	568,044
EXPENDITURES:					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	7,667	-	-	-	-
Community and Economic Development	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt service:					
Principal Repayment	-	-	290,000	-	558,000
Interest and Fiscal Charges	-	-	37,216	-	10,044
Total Expenditures	7,667	-	327,216	-	568,044
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	34,962	-	(321,990)	86	-
OTHER FINANCING SOURCES (USES):					
Transfers (In)	7,667	-	327,296	-	-
Transfers (Out)	-	-	-	-	-
Total Other Financing Sources (Uses)	7,667	-	327,296	-	-
Net Changes in Fund Balances	42,629	-	5,306	86	-
Fund Balances (Deficit) at the Beginning of Period		65,243	372,218	(1,230)	-
FUND BALANCES (DEFICIT) AT END OF PERIOD	$ 42,629	$ 65,243	$ 377,524	$ (1,144)	$ -

DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS		
Energy Lease	Infrastructure Lease Agreement	Special Developers	Inter-Governmental	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ 4,083,827
-	-	3,004,543	-	3,112,482
-	-	-	-	456,179
-	-	-	3,163,390	9,472,699
-	-	18,864	-	1,025,310
-	-	-	-	39,998
-	(19,362)	52,076	129,917	698,212
-	-	3,131	-	637,534
-	(19,362)	3,078,614	3,293,307	19,526,241
-	-	-	-	193,105
-	-	-	-	253,035
-	-	-	8,698	3,743,769
-	-	22,043	478,763	2,815,381
-	-	1,710	1,890,484	6,270,877
620,000	2,235,000	-	-	3,703,000
160,406	262,514	108,558	-	578,738
780,406	2,497,514	132,311	2,377,945	17,557,905
(780,406)	(2,516,876)	2,946,303	915,362	1,968,336
780,406	2,497,692	360,029	-	4,559,484
-	-	-	-	(479,123)
780,406	2,497,692	360,029	-	4,080,361
-	(19,184)	3,306,332	915,362	6,048,697
1	44,115	3,386,028	7,305,987	36,483,890
$ 1	$ 24,931	$ 6,692,360	$ 8,221,349	$ 42,532,587

CITY OF CONCORD
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	STATE GAS TAX			MAINTENANCE DISTRICTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Taxes	$ -	$ -	$ -	$ 1,590,678	$ 1,622,416	$ 31,738
Licenses and Permits	-	-	-	-	-	-
Franchises	-	-	-	-	-	-
Intergovernmental	5,377,776	5,091,956	(285,820)	-	-	-
Charges for Services	-	-	-	-	-	-
Fines, Forfeitures and Penalties	-	-	-	-	-	-
Use of Money and Property	78,115	149,218	71,103	76,112	111,256	35,144
Other	-	-	-	-	651	651
Total Revenues	5,455,891	5,241,174	(214,717)	1,666,790	1,734,323	67,533
EXPENDITURES:						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	2,810,134	1,961,724	848,410	1,410,302	1,038,179	372,123
Community and Economic Development	-	-	-	-	-	-
Capital Outlay	6,513,411	3,800,055	2,713,356	229,780	273,286	(43,506)
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	9,323,545	5,761,779	3,561,766	1,640,082	1,311,465	328,617
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,867,654)	(520,605)	3,347,049	26,708	422,858	396,150
OTHER FINANCING SOURCES (USES):						
Transfers In	-	-	-	-	-	-
Transfers (Out)	-	-	-	(319,967)	(319,967)	-
Total Other Financing Sources (Uses)	-	-	-	(319,967)	(319,967)	-
Net Changes in Fund Balances	$ (3,867,654)	(520,605)	$ 3,347,049	$ (293,259)	102,891	$ 396,150
Fund Balances (Deficit) at Beginning of Year		6,992,233			5,765,371	
Fund Balances (Deficit) at End of Year		$ 6,471,628			$5,868,262	

ART IN PUBLIC PLACES			TRAFFIC SYSTEM MANAGEMENT			HOUSING ASSISTANCE PROGRAM		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
495	2,601	2,106	-	-	-	7,622	10,874	3,252
-	20,600	20,600	-	-	-	-	-	-
495	23,201	22,706	-	-	-	7,622	10,874	3,252
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
6,691	7,141	(450)	-	-	-	-	-	-
16,649	-	16,649	68,000	11,223	56,777	-	-	-
36,443	-	36,443	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
59,783	7,141	52,642	68,000	11,223	56,777	-	-	-
(59,288)	16,060	75,348	(68,000)	(11,223)	56,777	7,622	10,874	3,252
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
$ (59,288)	16,060	$ 75,348	$ (68,000)	(11,223)	$ 56,777	$ 7,622	10,874	$ 3,252
	135,071			73,357			726,734	
	$ 151,131			$ 62,134			$ 737,608	

(Continued)

CITY OF CONCORD
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	HOUSING AND COMMUNITY SERVICES			STORM WATER MANAGEMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Taxes	$ -	$ -	$ -	$ 2,000,000	$ 2,097,933	$ 97,933
Licenses and Permits	-	107,939	107,939	-	-	-
Franchises	-	-	-	-	-	-
Intergovernmental	1,120,000	1,132,318	12,318	-	-	-
Charges for Services	-	-	-	35,000	115,981	80,981
Fines, Forfeitures and Penalties	-	-	-	-	-	-
Use of Money and Property	30,190	58,534	28,344	50,660	96,874	46,214
Other	-	26,144	26,144	-	18,964	18,964
Total Revenues	1,150,190	1,324,935	174,745	2,085,660	2,329,752	244,092
EXPENDITURES:						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	1,083,985	720,360	363,625
Community and Economic Development	1,224,788	728,682	496,106	1,734,295	1,187,882	546,413
Capital Outlay	790,874	300,000	490,874	580,446	-	580,446
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	2,015,662	1,028,682	986,980	3,398,726	1,908,242	1,490,484
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(865,472)	296,253	1,161,725	(1,313,066)	421,510	1,734,576
OTHER FINANCING SOURCES (USES):						
Transfers In	-	-	-	462,304	586,394	124,090
Transfers (Out)	-	-	-	(159,156)	(159,156)	-
Total Other Financing Sources (Uses)	-	-	-	303,148	427,238	124,090
Net Changes in Fund Balances	$ (865,472)	296,253	$ 1,161,725	$ (1,009,918)	848,748	$ 1,858,666
Fund Balances (Deficit) at Beginning of Year		2,030,696			4,883,019	
Fund Balances (Deficit) at End of Year		$ 2,326,949			$ 5,731,767	

HEALTH CARE DISTRICT			ASSET FORFEITURE			VEHICLE ABATEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$ 325,000	$ 363,478	$ 38,478	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	100,000	85,035	(14,965)
-	-	-	-	-	-	-	-	-
-	-	-	-	39,998	39,998	-	-	-
2,097	2,971	874	13,240	8,067	(5,173)	2,508	4,042	1,534
-	-	-	-	-	-	-	-	-
327,097	366,449	39,352	13,240	48,065	34,825	102,508	89,077	(13,431)
-	-	-	-	-	-	-	-	-
-	-	-	223,018	186,469	36,549	99,453	66,566	32,887
-	-	-	-	-	-	-	-	-
322,402	341,894	(19,492)	-	-	-	-	-	-
13,000	-	13,000	90,536	4,441	86,095	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
335,402	341,894	(6,492)	313,554	190,910	122,644	99,453	66,566	32,887
(8,305)	24,555	32,860	(300,314)	(142,845)	157,469	3,055	22,511	19,456
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
$ (8,305)	24,555	$ 32,860	$ (300,314)	(142,845)	$ 157,469	$ 3,055	22,511	$ 19,456
	186,222			461,370			205,859	
	$ 210,777			$ 318,525			$ 228,370	

(Continued)

CITY OF CONCORD
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	PUBLIC EDUCATION AND GOVERNMENT			GENERAL PLAN REIMBURSEMENT FEE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and Permits	-	-	-	-	-	-
Franchises	470,000	456,179	(13,821)	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	230,000	492,317	262,317
Fines, Forfeitures and Penalties	-	-	-	-	-	-
Use of Money and Property	11,564	25,135	13,571	14,484	37,226	22,742
Other	-	-	-	-	-	-
Total Revenues	481,564	481,314	(250)	244,484	529,543	285,059
EXPENDITURES:						
Current:						
General Government	186,562	193,105	(6,543)	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Community and Economic Development	-	-	-	-	-	-
Capital Outlay	214,515	901	213,614	843,545	-	843,545
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	401,077	194,006	207,071	843,545	-	843,545
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	80,487	287,308	206,821	(599,061)	529,543	1,128,604
OTHER FINANCING SOURCES (USES):						
Transfers In	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Changes in Fund Balances	$ 80,487	287,308	$ 206,821	$ (599,061)	529,543	$ 1,128,604
Fund Balances (Deficit) at Beginning of Year		1,216,904			1,652,094	
Fund Balances (Deficit) at End of Year		$ 1,504,212			$ 2,181,637	

TECHNOLOGY FEE			TREE FUND			ABAG		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
302,000	356,018	54,018	-	42,130	42,130	-	-	-
-	-	-	-	-	-	-	-	-
$7,112	$22,972	15,860		$499	499	-	-	-
-	-	-	-	-	-	-	-	-
309,112	378,990	69,878	-	42,629	42,629	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	7,667	(7,667)	-	-	-
239,000	44,894	194,106	-	-	-	-	-	-
460,100	-	460,100	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
699,100	44,894	654,206	-	7,667	(7,667)	-	-	-
(389,988)	334,096	724,084	-	34,962	34,962	-	-	-
-	-	-	-	7,667	7,667	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	7,667	7,667	-	-	-
$ (389,988)	334,096	$ 724,084	$ -	42,629	$ 42,629	$ -	-	$ -
	982,598			-			65,243	
	$ 1,316,694			$ 42,629			$ 65,243	

(Continued)

CITY OF CONCORD
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	PERFORMING ARTS REVENUE BONDS			ASSESSMENT DISTRICTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and Permits	-	-	-	-	-	-
Franchises	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Fines, Forfeitures and Penalties	-	-	-	-	-	-
Use of Money and Property	-	5,226	5,226	-	86	86
Other	-	-	-	-	-	-
Total Revenues	-	5,226	5,226	-	86	86
EXPENDITURES:						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Community and Economic Development	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal Repayment	290,000	290,000	-	-	-	-
Interest and Fiscal Charges	37,296	37,216	80	-	-	-
Total Expenditures	327,296	327,216	80	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(327,296)	(321,990)	5,306	-	86	86
OTHER FINANCING SOURCES (USES):						
Transfers In	327,296	327,296	-	-	-	-
Transfers (Out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	327,296	327,296	-	-	-	-
Net Changes in Fund Balances	$ -	5,306	$ 5,306	$ -	86	$ 86
Fund Balances (Deficit) at Beginning of Year		372,218			(1,230)	
Fund Balances (Deficit) at End of Year		$ 377,524			$ (1,144)	

REFUNDING LEASE AGREEMENT			ENERGY LEASE			INFRASTRUCTURE LEASE AGREEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(19,362)	(19,362)
568,044	568,044	-	-	-	-	-	-	-
568,044	568,044	-	-	-	-	-	(19,362)	(19,362)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
558,000	558,000	-	620,000	620,000	-	2,235,000	2,235,000	-
10,044	10,044	-	160,406	160,406	-	262,692	262,514	178
568,044	568,044	-	780,406	780,406	-	2,497,692	2,497,514	178
-	-	-	(780,406)	(780,406)	-	(2,497,692)	(2,516,876)	(19,184)
-	-	-	780,406	780,406	-	2,497,692	2,497,692	-
-	-	-	-	-	-	-	-	-
-	-	-	780,406	780,406	-	2,497,692	2,497,692	-
$ -	-	$ -	$ -	-	$ -	$ -	(19,184)	$ (19,184)
	-			1			44,115	
	$ -			$ 1			$ 24,931	

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. Generally accepted accounting principles require that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Governmental Activities Statement of Net Position.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below:

Worker's Compensation Fund. To account for workers' compensation expenses. This fund is financed by fees charged to the City departments.

Risk Management/Liability Fund. To account for the non-reimbursable portion of insurance claims.

Post-Retirement HealthCare Benefit Fund. To account for the contributions and benefits paid in relation to the Post-Retirement Health Care Program.

Fleet Maintenance/Replacement Fund. To accumulate resources to fund the replacement of City licensed vehicles and motorized equipment.

Information Technology Replacement Fund. To accumulate resources to fund the replacement of computers and software for City staff.

Building Maintenance Fund. To accumulate resources required to maintain City facilities.

Compensated Absences Fund. To accumulate funds for the City's liability associated with employee leave balances attributable to past service and it is probable that the City will compensate the employees for the benefits through paid time off or some other means, such as cash payment at termination or retirement.

CITY OF CONCORD
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	Workers' Compensation	Risk Management/ Liability	Post-Retirement Healthcare Benefit	Fleet Maintenance/ Replacement
ASSETS				
Current Assets:				
Cash and Investments	$ 14,997,031	$ 3,685,515	$ -	$ 7,055,269
Accounts Receivable	31,462	-	4,165,060	-
Total Current Assets	15,028,493	3,685,515	4,165,060	7,055,269
Advances to Other Funds	4,688,462	-	-	-
Capital Assets				
Buildings and Improvements	-	-	-	-
Equipment	-	-	-	12,588,291
Construction In Progress	-	-	-	305,211
Less: Accumulated Depreciation	-	-	-	(11,203,520)
Net Capital Assets	-	-	-	1,689,982
Total Assets	19,716,955	3,685,515	4,165,060	8,745,251
LIABILITIES				
Current Liabilities:				
Accounts Payable	-	-	-	7,418
Accrued Liabilities	154			2,884
Due to Other Funds	-	-	3,915,945	-
Compensated Absences Payable	-	-	-	16,302
Capital Lease Payable	-	-	-	-
Claims Payable	2,374,633	1,664,371	-	-
Total Current Liabilities	2,374,787	1,664,371	3,915,945	26,604
Non-Current Liabilities				
Compensated Absences Payable	-	-	-	-
Claims Payable	10,748,071	2,343,558	-	-
Long-Term Debt:				
Due in More Than One Year	-	-	-	-
Total Liabilities	13,122,858	4,007,929	3,915,945	26,604
NET POSITION				
Net Investment in Capital Assets	-	-	-	1,689,982
Unrestricted	6,594,097	(322,414)	249,115	7,028,665
Total Net Position	$ 6,594,097	$ (322,414)	$ 249,115	$ 8,718,647

Information Technology Replacement	Building Maintenance	Compensated Absences	Total
$ 13,269,024	$ 1,662,396	$ -	$ 40,669,235
-	-	-	4,196,522
13,269,024	1,662,396	-	44,865,757
-	-	-	4,688,462
-	48,356,176	-	48,356,176
24,908,837	-	-	37,497,128
1,817,597	-	-	2,122,808
(17,910,193)	(30,059,842)	-	(59,173,555)
8,816,241	18,296,334	-	28,802,557
22,085,265	19,958,730	-	78,356,776
189,446	25,023	-	221,887
10,050	6,807	-	19,895
-	-	-	3,915,945
54,096	51,937	2,313,581	2,435,916
329,569	-	-	329,569
-	-	-	4,039,004
583,161	83,767	2,313,581	10,962,216
91,336	47,417	2,984,636	3,123,389
-	-	-	13,091,629
			-
2,174,109	-	-	2,174,109
2,848,606	131,184	5,298,217	29,351,343
6,312,563	18,296,334	-	26,298,879
12,924,096	1,531,212	(5,298,217)	22,706,554
$ 19,236,659	$ 19,827,546	$ (5,298,217)	$ 49,005,433

CITY OF CONCORD
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Workers' Compensation	Risk Management/ Liability	Post-Retirement Healthcare Benefit	Fleet Maintenance/ Replacement
OPERATING REVENUES				
Charges for services	$ 2,831,759	$ 1,709,869	$ 4,430,303	$ 3,525,156
Other	4,985	-	4,165,060	12,609
Total Operating Revenues	2,836,744	1,709,869	8,595,363	3,537,765
OPERATING EXPENSES				
Operations and Maintenance	652,933	1,071,613	8,415,062	1,874,877
Cost of Sales and Services	-	-	70,008	-
Depreciation	-	-	-	1,304,516
Claims and Judgments	2,189,398	1,361,454	-	-
Total Operating Expenses	2,842,331	2,433,067	8,485,070	3,179,393
Operating Income (Loss)	(5,587)	(723,198)	110,293	358,372
NONOPERATING REVENUES (EXPENSES)				
Interest and Other Income	243,143	62,892	2	127,757
Interest and Other Expense	-	-	-	-
Gain (Loss) from Sale of Capital Assets	-	-	-	29,589
Total Non-Operating Revenues (Expenses)	243,143	62,892	2	157,346
Income (Loss) Before Transfers	237,556	(660,306)	110,295	515,718
Capital Contributions	-	-	-	364,803
Transfers In	2,500,000	-	-	-
Transfers Out	-	-	-	-
Net Contributions and Transfers	2,500,000	-	-	364,803
Changes in Net Position	2,737,556	(660,306)	110,295	880,521
Net Position (Deficit) Beginning	3,856,541	337,892	138,820	7,838,126
Net Position (Deficit) Ending	$ 6,594,097	$ (322,414)	$ 249,115	$ 8,718,647

Information Technology Replacement	Building Maintenance	Compensated Absences	Total
$ 9,730,182	$ 3,434,283	$ -	$ 25,661,552
-	-	-	$4,182,654
9,730,182	3,434,283	-	29,844,206
7,217,284	3,102,302	654,147	22,988,218
-	-	-	70,008
2,167,954	1,356,355	-	4,828,825
-	-	-	3,550,852
9,385,238	4,458,657	654,147	31,437,903
344,944	(1,024,374)	(654,147)	(1,593,697)
254,983	36,863	-	725,640
(255)	-	-	(255)
-	-	-	29,589
254,728	36,863	-	754,974
599,672	(987,511)	(654,147)	(838,723)
2,057,015	100,000	-	2,521,818
-	-	-	2,500,000
-	(187,297)	-	(187,297)
2,057,015	(87,297)	-	4,834,521
2,656,687	(1,074,808)	(654,147)	3,995,798
16,579,972	20,902,354	(4,644,070)	45,009,635
$ 19,236,659	$ 19,827,546	$ (5,298,217)	$ 49,005,433

CITY OF CONCORD

INTERNAL SERVICE FUNDS

COMBINING STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Workers' Compensation	Risk Management/ Liability	Post-Retirement Healthcare Benefit	Fleet Maintenance/ Replacement
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	$ 2,174,241	$ 638,256	$ 4,430,303	$ 3,542,119
Payments to Suppliers	-	-	(4,285,070)	(1,311,604)
Payments to Employees	-	-	-	(554,271)
Claims Paid	(1,524,590)	-	-	-
Net Cash Provided by (Used for) Operating Activities	649,651	638,256	145,233	1,676,244
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Borrowings of Advances From/To Other Funds	76,923	-	(145,235)	-
Transfers In	2,500,000	-	-	-
Transfers (Out)	-	-	-	-
Net Cash Provided by (used for) Non-Capital Financing Activities	2,576,923	-	(145,235)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	-	-	-	(751,040)
Proceeds from Issuance of Debt				
Principal Paid on Debt, Bond Maturities	-	-	-	-
Interest and Fiscal Charges Paid	-	-	-	-
Proceeds from the Sale of Capital Assets	-	-	-	29,589
Net Cash Provided by (used for) Capital and Related Financing Activities	-	-	-	(721,451)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	243,143	62,892	2	127,757
Net Cash Provided by (used for) Investing Activities	243,143	62,892	2	127,757
Net Increase (Decrease) in Cash and Cash Equivalents	3,469,717	701,148	-	1,082,550
Cash and Investments at Beginning of Period	11,527,314	2,984,367	-	5,972,719
Cash and Investments at End of Period	$ 14,997,031	$ 3,685,515	$ -	$ 7,055,269
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	$ (5,587)	$ (723,198)	$ 110,293	$ 358,372
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	-	-	-	1,304,516
Change in Assets and Liabilities:				
Receivables, Net	(9,724)	-	34,940	4,354
Accounts Payable	-	-	-	4,747
Accrued liabilities	154	-	-	2,884
Compensated Absences	-	-	-	1,371
Self Insurance Claims Payable	664,808	1,361,454	-	-
Net Cash Provided by (Used for) Operating Activities	$ 649,651	$ 638,256	$ 145,233	$ 1,676,244
NONCASH TRANSACTIONS:				
Contributions of capital assets, net	$ -	$ -	$ -	$ 364,803

Information Technology Replacement	Building Maintenance	Compensated Absences	Total
$ 9,730,182	$ 3,434,283	$ -	$ 23,949,384
(4,819,858)	(1,692,554)	-	(12,109,086)
(2,169,714)	(1,371,526)	-	(4,095,511)
-	-	-	(1,524,590)
2,740,610	370,203	-	6,220,197
-	-	-	(68,312)
-	-	-	2,500,000
-	(187,297)	-	(187,297)
-	(187,297)	-	2,244,391
			-
(3,320,150)	-	-	(4,071,190)
2,503,678			2,503,678
(13,351)	-	-	(13,351)
(255)	-	-	(255)
-	-	-	29,589
(830,078)	-	-	(1,551,529)
			-
254,983	36,863	-	725,640
254,983	36,863	-	725,640
2,165,515	219,769	-	7,638,699
11,103,509	1,442,627	-	33,030,536
$ 13,269,024	$ 1,662,396	$ -	$ 40,669,235
$ 344,944	$ (1,024,374)	$ (654,147)	$ (1,593,697)
2,167,954	1,356,355	-	4,828,825
-	-	-	29,570
170,372	22,635	-	197,754
10,050	6,807	-	19,895
47,290	8,780	654,147	711,588
-	-	-	2,026,262
$ 2,740,610	$ 370,203	$ -	$ 6,220,197
$ 2,057,015	$ 100,000	$ -	$ 2,521,818

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FIDUCIARY FUNDS

AGENCY FUND

Agency funds are used to account for short-term custodial collections on resources on behalf of another individual, entity, or government.

Agency Fund – To account for assessment revenues on lodging stays, to be expended for activities and improvements set forth by the Tourism Improvement District Management District Plan.

CITY OF CONCORD
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

AGENCY FUND	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Assets				
Cash and Investments:				
Pooled Investments	$ 260,591	$ 47,881	$ 260,591	$ 47,881
Total Assets	$ 260,591	$ 47,881	$ 260,591	$ 47,881
Liabilities				
Accounts Payable and Due to Others	$ 260,591	$ 47,881	$ 260,591	$ 47,881
Total Liabilities	$ 260,591	$ 47,881	$ 260,591	$ 47,881

STATISTICAL TABLES AND OTHER SCHEDULES (UNAUDITED)

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STATISTICAL TABLES AND OTHER SCHEDULES (UNAUDITED)

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information discusses about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and well- being have changed over time:

- Net Position by Component
- Changes in Net Position
- Fund Balance of Governmental Funds
- Changes in Fund Balance of Governmental Funds

Revenue Capacity
The schedules contain information to help the reader assess the City's significant local revenue sources, the property tax and the sales tax:

- Assessed and Estimated Actual Value of Taxable Property
- Property Tax Rates, Direct and Overlapping Governments
- Principal Property Taxpayers
- Property Tax Levies and Collections
- Taxable Sales by Category
- Sales Tax Rates
- Top 25 Sales Tax Producers

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City of Concord's ability to issue additional debt in the future:

- Ratio of Outstanding Debt by Type
- Direct and Overlapping Debt
- Computation of Legal Bonded Debt Margin
- Sewer Revenue Bonds Coverage
- Bonded Debt Pledged Revenue Coverage - Tax Allocation Bonds

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

- Demographic and Economic Statistics
- Principal Employers

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

- Full-Time Equivalent (FTE) City Government Employees by Function
- Operating Indicators by Function/Program
- Capital Asset Statistics by Function/Program

Sources
Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2002.

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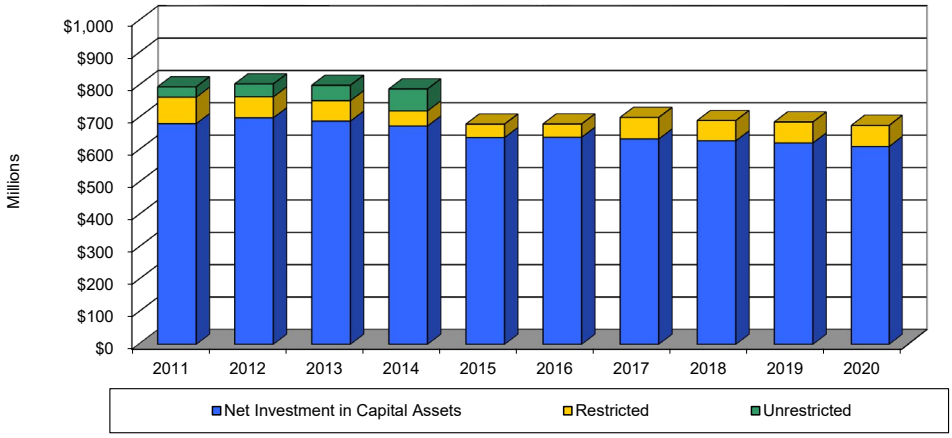
Table 1: Net Position by Component

Last Ten Fiscal Years (Accrual Basis of Accounting)



	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	$622,638,976	$643,967,033	$634,988,057	$618,444,600	$585,592,444	$589,252,002	$587,171,677	$582,183,019	$572,790,039	$561,198,070
Restricted	81,638,944	64,677,611	63,076,928	46,681,397	41,237,857	40,851,626	66,326,202	62,391,506	64,537,706	65,058,755
Unrestricted	11,585,429	19,513,748	31,345,470	56,944,430	(56,475,621)	(47,810,150)	(75,116,464)	(110,301,555)	(119,503,391)	(123,583,432)
Total Governmental Activities Net Position	$715,863,349	$728,158,392	$729,410,455	$722,070,427	$570,354,680	$582,293,478	$578,381,415	$534,272,970	$517,824,354	$502,673,393
Business-Type Activities										
Net Investment in Capital Assets	$59,412,890	$56,121,427	$54,902,054	$56,304,062	$53,687,074	$50,820,240	$47,536,924	$46,948,620	$49,674,672	$50,328,261
Restricted										
Unrestricted	20,431,764	20,279,362	16,229,947	10,651,600	12,127,606	15,646,475	21,202,439	24,478,697	25,679,978	28,073,896
Total Business-Type Activities Net	$79,844,654	$76,400,789	$71,132,001	$66,955,662	$65,814,680	$66,466,715	$68,739,363	$71,427,317	$75,354,650	$78,402,157
Primary Government										
Net Investment in Capital Assets	$682,051,866	$700,088,460	$689,890,111	$674,748,662	$639,279,518	$640,072,242	$634,708,601	$629,131,639	$622,464,711	$611,526,331
Restricted	81,638,944	64,677,611	63,076,928	46,681,397	41,237,857	40,851,626	66,326,202	62,391,506	64,537,706	65,058,755
Unrestricted	32,017,193	39,793,110	47,575,417	67,596,030	(44,348,015)	(32,163,675)	(53,914,025)	(85,822,858)	(93,823,413)	(95,509,536)
Total Primary Government Net Position	$795,708,003	$804,559,181	$800,542,456	$789,026,089	$636,169,360	$648,760,193	$647,120,778	$605,700,287	$593,179,004	$581,075,550

Table 2: Changes in Net Position

Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2011	2012 (a)	2013	2014	2015
Expenses					
Governmental Activities:					
General Government	$11,349,674	$13,101,551	$17,203,231	$17,720,024	$19,637,142
Public Safety	43,122,959	43,363,091	46,357,766	43,124,635	48,814,600
Public Works	37,629,109	32,023,754	33,607,422	37,036,728	33,134,581
Community & Economic Development	15,777,443	10,592,117	8,677,518	8,634,948	9,953,592
Building, Engineering & Neighborhood Services					
Parks & Recreation	7,207,017	6,979,013	6,045,819	5,803,618	4,870,437
Interest on Long Term Debt	3,936,497	3,334,049	1,282,725	1,356,197	1,273,563
Total Governmental Activities Expenses	119,022,699	109,393,575	113,174,481	113,676,150	117,683,914
Business-Type Activities:					
Sewer	21,695,293	23,196,668	24,908,709	26,764,449	25,835,431
Golf Course	1,305,929	1,313,458	1,308,344	1,351,250	1,333,597
Total Business-Type Activities Expenses	23,001,222	24,510,126	26,217,053	28,115,699	27,169,028
Total Primary Government Expenses	$142,023,921	$133,903,701	$139,391,534	$141,791,849	$144,852,942
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	$911,046	$1,553,733	$1,528,975	$1,960,144	$2,207,723
Public Safety	1,589,312	1,635,124	1,255,763	1,459,631	1,222,722
Public Works	8,491,639	8,528,881	5,675,622	2,568,214	349,321
Community & Economic Development	6,786,730	548,425	3,226,130	4,421,290	4,105,601
Building, Engineering & Neighborhood Services					
Parks & Recreation	3,068,375	3,019,879	2,531,616	3,140,708	2,928,447
Operating Grants and Contributions	6,071,139	7,926,836	8,281,796	7,839,509	40,439,282
Capital Grants and Contributions	8,570,019	6,586,825	4,021,042	8,240,626	5,941,945
Total Governmental Activities Program Revenues	35,488,260	29,799,703	26,520,944	29,630,122	57,195,041
Business-Type Activities:					
Charges for Services:					
Sewer Wastewater	18,238,338	19,359,526	19,420,225	22,099,344	24,349,277
Golf Course	1,250,804	1,382,491	1,381,788	1,442,836	1,449,756
Capital Grants and Contributions			33,945	96,626	85,532
Total Business-Type Activities Program Revenue	19,489,142	20,742,017	20,835,958	23,638,806	25,884,565
Total Primary Government Program Revenues	$54,977,402	$50,541,720	$47,356,902	$53,268,928	$83,079,606
Net (Expense)/Revenue					
Governmental Activities	($83,534,439)	($79,593,872)	($86,653,537)	($84,046,028)	($60,488,873)
Business-Type Activities	(3,512,080)	(3,768,109)	(5,381,095)	(4,476,893)	(1,284,463)
Total Primary Government Net Expense	($87,046,519)	($83,361,981)	($92,034,632)	($88,522,921)	($61,773,336)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property Taxes	$27,138,018	$19,353,337	$15,017,785	$15,707,019	$17,457,504
Sales Taxes	24,585,811	33,855,151	36,423,806	40,070,675	11,554,083
Motor Vehicle In-Lieu	8,843,361	8,117,461	7,682,740	8,073,738	8,864,341
Transient Occupancy Taxes	1,391,107	1,478,874	1,832,615	2,262,589	2,619,411
Business License Taxes	3,347,429	3,377,278	3,365,317	3,324,299	3,423,860
Other Taxes	4,438,806	4,784,146	5,269,956	5,962,699	6,188,928
Grants & Contributions Not Restricted to Specific Programs					
Investment Earnings	635,145	623,823	98,740	1,304,981	2,507,489
Miscellaneous Revenues	33,834		357,827		
Restructure Investment in Partnership					(2,362,972)
Transfers	19,296				
Gain (Loss) on Sale of Land assumed by Successor Agency		20,298,845			
Total Governmental Activities	70,432,807	91,888,915	70,048,786	76,706,000	50,252,644
Business-Type Activities:					
Investment Earnings	397,390	286,744	73,758	208,050	93,481
Miscellaneous Revenues	38,161	37,500	38,549	92,504	50,000
Transfers	(19,296)				
Total Business-Type Activities	416,255	324,244	112,307	300,554	143,481
Total Primary Government	$70,849,062	$92,213,159	$70,161,093	$77,006,554	$50,396,125
Change in Net Position					
Governmental Activities	($13,101,632)	$12,295,043	($16,604,751)	($7,340,028)	($10,236,229)
Business-Type Activities	(3,095,825)	(3,443,865)	(5,268,788)	(4,176,339)	(1,140,982)
Total Primary Government	($16,197,457)	$8,851,178	($21,873,539)	($11,516,367)	($11,377,211)

Note: (a) In 2012, Engineering was reorganized into Community & Economic Development and the Redevelopment Agency was dissolved.

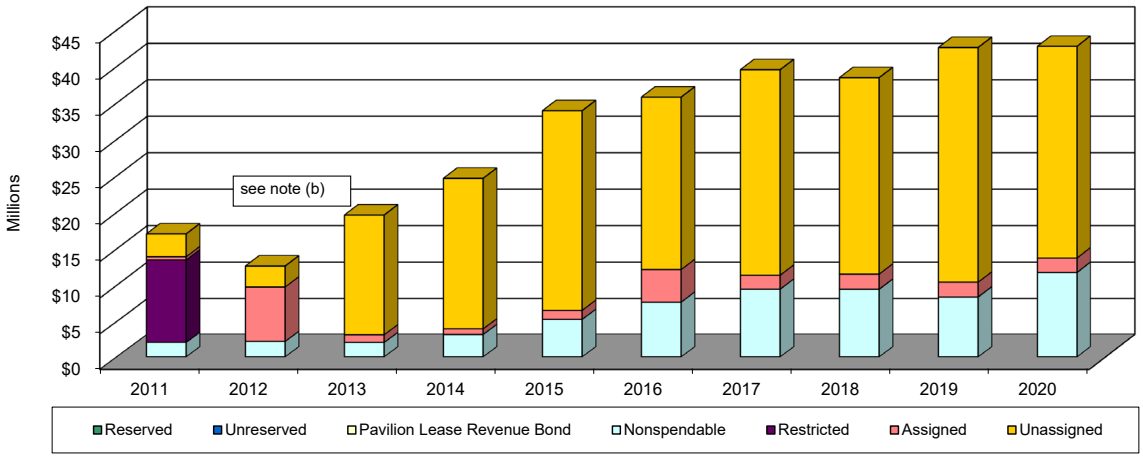
Table 2: Changes in Net Position (continued)

Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
Expenses					
Governmental Activities:					
General Government	$13,936,670	$16,582,756	$19,717,835	$39,757,686	$39,791,046
Public Safety	48,436,133	55,692,961	61,111,308	68,736,160	72,492,181
Public Works	20,568,699	35,438,199	36,908,454	15,317,513	14,497,917
Community & Economic Development	14,089,870	13,965,084	15,904,601	18,245,689	17,769,196
Building, Engineering & Neighborhood Services					
Parks & Recreation	5,062,929	5,886,667	5,439,542	7,147,114	7,069,156
Interest on Long Term Debt	1,216,836	1,160,987	1,494,780	1,020,071	941,699
Total Governmental Activities Expenses	103,311,137	128,726,654	140,576,520	150,224,233	152,561,195
Business-Type Activities:					
Sewer	26,720,865	27,761,599	31,036,421	32,911,331	36,565,521
Golf Course	1,530,829	1,456,261	1,484,585	1,447,348	1,601,547
Total Business-Type Activities Expenses	28,251,694	29,217,860	32,521,006	34,358,679	38,167,068
Total Primary Government Expenses	$131,562,831	$157,944,514	$173,097,526	$184,582,912	$190,728,263
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	$1,597,487	1,612,058	1,595,480	843,783	898,676
Public Safety	1,384,021	1,228,543	1,401,039	1,269,483	1,495,111
Public Works	568,733	1,491,617	1,068,348	636,304	3,405,245
Community & Economic Development	5,307,348	7,165,958	6,945,682	7,901,518	7,099,717
Building, Engineering & Neighborhood Services					
Parks & Recreation	2,732,366	2,859,377	3,131,394	2,959,467	2,098,265
Operating Grants and Contributions	38,455,430	6,909,863	4,654,854	4,377,022	3,970,247
Capital Grants and Contributions	9,732,184	11,109,794	14,048,546	13,505,029	11,815,948
Total Governmental Activities Program Revenues	59,777,569	32,377,210	32,845,343	31,492,606	30,783,209
Business-Type Activities:					
Charges for Services:					
Sewer Wastewater	27,319,039	29,921,759	33,133,014	35,880,678	38,409,908
Golf Course	1,406,707	1,329,987	1,510,340	1,476,636	1,632,993
Capital Grants and Contributions	173		16,427		
Total Business-Type Activities Program Revenue	28,725,919	31,251,746	34,659,781	37,357,314	40,042,901
Total Primary Government Program Revenues	$88,503,488	$63,628,956	$67,505,124	$68,849,920	$70,826,110
Net (Expense)/Revenue					
Governmental Activities	($43,533,568)	($96,349,444)	($107,731,177)	($118,731,627)	($121,777,986)
Business-Type Activities	474,225	2,033,886	2,138,775	2,998,635	1,875,833
Total Primary Government Net Expense	($43,059,343)	($94,315,558)	($105,592,402)	($115,732,992)	($119,902,153)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property Taxes	$18,211,711	$19,185,672	$20,469,886	$21,818,338	$23,212,753
Sales Taxes	12,134,557	46,004,776	48,474,643	49,185,212	48,059,150
Motor Vehicle In-Lieu	9,519,809	10,056,999	10,610,977	11,445,342	12,195,444
Transient Occupancy Taxes	2,713,073	2,917,223	3,039,725	2,933,099	2,531,487
Business License Taxes	3,521,309	3,738,976	3,795,848	4,015,577	3,792,877
Other Taxes	7,222,669	7,623,072	8,174,327	8,282,066	9,059,762
Grants & Contributions Not Restricted to Specific Programs					
Investment Earnings	2,631,738	2,910,663	3,531,722	4,146,894	6,676,564
Miscellaneous Revenues	(482,500)				
Restructure Investment in Partnership					
Transfers					
Gain (Loss) on Sale of Land					1,098,988
assumed by Successor Agency				456,483	
Total Governmental Activities	55,472,366	92,437,381	98,097,128	102,283,011	106,627,025
Business-Type Activities:					
Investment Earnings	127,810	221,459	549,179	928,698	1,171,674
Miscellaneous Revenues	50,000	17,303			
Transfers					
Total Business-Type Activities	177,810	238,762	549,179	928,698	1,171,674
Total Primary Government	$55,650,176	$92,676,143	$98,646,307	$103,211,709	$107,798,699
Change in Net Position					
Governmental Activities	$11,938,798	($3,912,063)	($9,634,049)	($16,448,616)	($15,150,961)
Business-Type Activities	652,035	$2,272,648	$2,687,954	$3,927,333	$3,047,507
Total Primary Government	$12,590,833	($1,639,415)	($6,946,095)	($12,521,283)	($12,103,454)

Table 3: Fund Balance of Governmental Funds

Last Ten Fiscal Years (Modified Accrual Basis of Accounting)



	Fiscal Year Ended June 30,										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
General Fund											
Reserved											
Unreserved											
Nonspendable	$2,050,506	$2,188,620	$2,043,766	$3,166,230	$5,300,213	$7,678,457	$9,459,544	$9,445,016	$8,386,175	$11,746,479	(c)
Restricted	11,416,332						-	14,424	12,180	10,101	(c)
Assigned	443,832	7,571,120	1,082,256	795,794	1,252,513	4,475,678	1,923,138	2,067,659	2,029,710	1,983,462	(c)
Unassigned	3,129,741	2,867,298	16,499,789	20,700,348	27,381,312	23,648,756	28,174,416	26,940,887	32,178,645	29,029,216	(c)
Total General Fund	$17,040,411	$12,627,038	$19,625,811	$24,662,372	$33,934,038	$35,802,891	$39,557,098	$38,467,986	$42,606,710	$42,769,258	(a)
All Other Governmental Funds											
Reserved											
Unreserved											
Nonspendable				$5,378,858	$1,862,800	$4,646,748	$11,784	$2,561,514			(c)
Restricted	$69,010,841	$49,559,344	$45,936,715	46,681,397	70,264,462	67,547,802	66,326,202	62,391,506	$70,914,380	$71,493,015	(c)
Assigned	1,546,816	976,992	594,718	889,276	1,310,956	3,765,571	4,861,181	5,609,181	3,565,866	6,872,198	(c)
Unassigned	(166,778)	(1,037,217)	(357,792)	(533,646)	(1,463)	(1,423)	(1,380)	(1,320)	(1,230)	(1,144)	(c)
Total All Other Governmental Funds	$70,390,879	$49,499,119	$46,173,641	$52,415,885	$73,436,755	$75,958,698	$71,197,787	$70,560,881	$74,479,016	$78,364,069	

Notes:

(a) Change in total fund balance for the General Fund and Other Governmental Funds is explained in Management's Discussion and Analysis.

(b) In 2011, fund balance attributable to the interfund payable created by the purchase and retirement of $8.24 million of Lease Revenue Bonds for the Pavilion has been included above for reporting purposes. It does not affect General Fund assets available for operations.

(c) Fund balances are classified in accordance with GASB 54 effective in 2011.

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Table 4: Change in Fund Balance of Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2011	2012 (a)(b)	2013	2014	2015
Revenues					
Taxes	$72,687,375	$74,875,127	$69,592,219	$75,401,019	$50,108,127
Licenses and Permits	1,228,356	1,365,186	1,595,963	1,970,553	1,850,505
Intergovernmental	19,640,532	11,135,482	12,378,380	12,885,940	41,713,386
Charges for Services	6,805,602	4,865,682	5,261,683	5,612,534	5,978,672
Fines, Forfeitures and Penalties	946,447	922,745	691,038	761,785	796,512
Parks and Recreation	2,692,712	2,668,759	2,685,527	2,818,062	2,928,447
Use of Money and Property	1,600,983	1,371,958	1,309,506	1,009,907	2,310,630
Special Assessment Collections	1,851	11,621	163,596	6,832	1,125
Other	1,014,470	1,176,402	4,342,263	5,275,468	6,011,512
Total Revenues	**106,618,328**	**98,392,962**	**98,020,175**	**105,742,100**	**111,698,916**
Expenditures					
Current:					
General Government	10,528,138	12,407,521	14,985,503	18,605,624	19,047,800
Public Safety	40,415,163	42,205,234	42,704,531	44,136,225	45,819,891
Public Works	20,508,901	9,942,358	11,347,815	10,425,279	10,951,657
Building, Engineering & Neighborhood Services					
Community & Economic Development	15,627,709	10,001,434	7,996,949	8,749,004	9,498,491
Parks & Recreation	7,364,390	6,440,498	5,393,965	5,713,152	4,550,920
Non-Departmental					
Capital Outlay	2,550,625	11,755,006	7,456,646	3,663,569	5,259,873
Debt Service:					
Principal Repayment	5,745,000	5,427,190	2,077,019	3,013,844	1,971,156
Interest and Fiscal Charges	3,700,057	3,875,398	1,329,310	1,246,501	1,197,281
Refund to Property Owners	248,938				
Total Expenditures	**106,688,921**	**102,054,639**	**93,291,738**	**95,553,198**	**98,297,069**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(70,593)**	**(3,661,677)**	**4,728,437**	**10,188,902**	**13,401,847**
Other Financing Sources (Uses)					
Transfers In	16,347,402	16,227,980	3,908,060	3,686,553	4,694,031
Transfers (Out)	(16,484,229)	(14,533,190)	(3,240,875)	(3,541,691)	(5,401,418)
Proceeds from Sale of Property					
Proceeds from Refunding Bonds					
Proceeds from Debt Issuance	8,384,040				20,000,000
Payments to Refunded Bond Escrow					
Total Other Financing Sources (Uses)	**8,247,213**	**1,694,790**	**667,185**	**144,862**	**19,292,613**
Special/Extraordinary Items					
Loss on Sale of Property					
Assets transferred to Housing Successor		30,708,498			
Partnership Note Restructuring					(2,384,126)
by the Successor Agency		(54,046,744)			
Total Special/Extraordinary Items		**(23,338,246)**			**(2,384,126)**
Net Change in Fund Balances	**$8,176,620**	**($25,305,133)**	**$5,395,622**	**$10,333,764**	**$30,310,334**
Debt Service as a Percentage of Non-Capital Expenditures	18.5%	9.6%	10.2%	4.0%	4.4%

(a) The City underwent reorganization during 2010 and 2012.
(b) The Redevelopment Agency was dissolved during 2012.

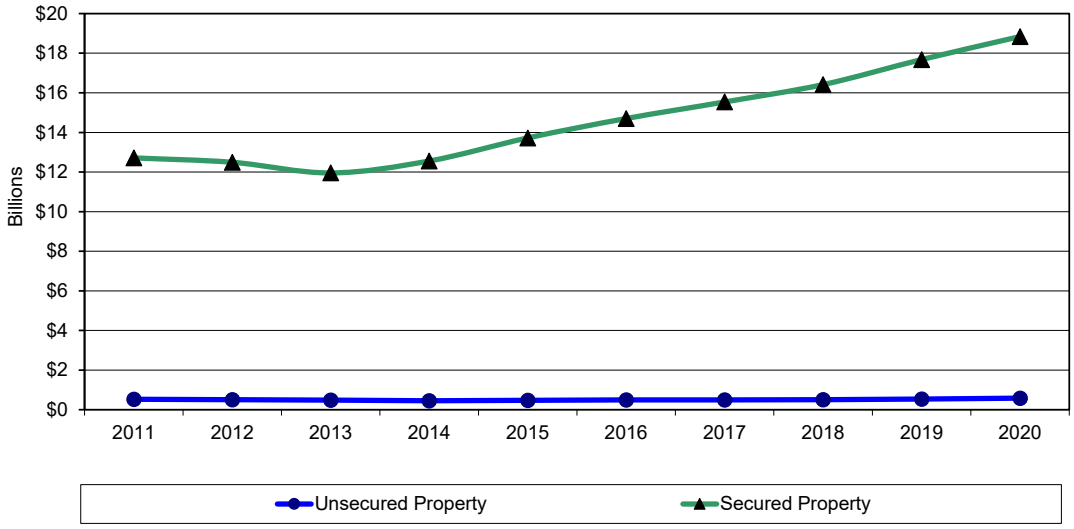
Table 4: Change in Fund Balance of Governmental Funds (Continued)
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
Revenues					
Taxes	$53,323,128	$89,526,717	$94,565,406	$97,679,634	$98,461,535
Licenses and Permits	2,190,733	3,457,297	3,249,276	2,483,185	4,997,645
Intergovernmental	46,499,748	12,386,529	14,019,651	16,676,525	11,521,918
Charges for Services	5,876,652	7,317,423	7,042,046	8,041,075	8,075,358
Fines, Forfeitures and Penalties	774,534	723,440	719,231	935,560	718,220
Parks and Recreation	2,831,036	2,859,377	3,131,397	2,959,467	1,845,834
Use of Money and Property	2,354,703	2,594,695	3,079,499	3,789,572	6,135,591
Special Assessment Collections					8,486
Other	1,768,268	4,737,973	5,502,246	5,171,706	5,244,106
Total Revenues	**115,618,802**	**123,603,451**	**131,308,752**	**137,736,724**	**137,008,693**
Expenditures					
Current:					
General Government	15,581,374	15,525,619	19,243,077	15,978,713	16,665,500
Public Safety	50,507,794	54,183,706	57,813,409	59,348,021	61,971,216
Public Works	11,854,456	12,282,569	12,683,894	13,107,750	13,394,012
Building, Engineering & Neighborhood Services					
Community & Economic Development	14,294,898	13,648,938	15,688,158	17,529,921	17,188,821
Parks & Recreation	5,004,907	5,311,993	5,340,701	5,689,238	5,690,676
Non-Departmental					
Capital Outlay	8,653,279	19,124,097	17,831,088	13,442,007	12,166,259
Debt Service:					
Principal Repayment	3,355,956	3,394,025	3,340,000	3,622,000	3,703,000
Interest and Fiscal Charges	1,220,728	1,182,775	1,464,343	1,014,616	967,893
Refund to Property Owners					
Total Expenditures	**110,473,392**	**124,653,722**	**133,404,670**	**129,732,266**	**131,747,377**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**5,145,410**	**(1,050,271)**	**(2,095,918)**	**8,004,458**	**5,261,316**
Other Financing Sources (Uses)					
Transfers In	12,921,595	6,911,566	10,983,035	10,424,941	8,822,097
Transfers (Out)	(13,676,209)	(6,867,999)	(10,807,816)	(10,372,540)	(11,134,800)
Proceeds from Sale of Property					1,098,988
Proceeds from Refunding Bonds			6,820,000		
Proceeds from Debt Issuance					
Payments to Refunded Bond Escrow			(6,625,319)		
Total Other Financing Sources (Uses)	**(754,614)**	**43,567**	**369,900**	**52,401**	**(1,213,715)**
Special/Extraordinary Items					
Loss on Sale of Property					
Assets transferred to Housing Successor					
Partnership Note Restructuring by the Successor Agency					
Total Special/Extraordinary Items					
Net Change in Fund Balances	**$4,390,796**	**($1,006,704)**	**($1,726,018)**	**$8,056,859**	**$4,047,601**
Debt Service as a Percentage of Non-Capital Expenditures	3.4%	5.3%	4.1%	4.0%	3.9%

(a) The City underwent reorganization during 2010 and 2012.
(b) The Redevelopment Agency was dissolved during 2012.

Table 5: Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years



Fiscal Year	City Property	Redevelopment Agency Property	Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
2011	$10,609,494,213	$1,579,978,885	$12,189,473,098	$524,036,274	$12,713,509,372	$12,713,509,372	1%
2012	10,463,115,683	1,527,127,911	11,990,243,594	502,406,363	12,492,649,957	12,492,649,957	1%
2013	10,123,412,924	1,351,812,885	11,475,225,809	479,678,800	11,954,904,609	11,954,904,609	1%
2014	10,742,832,848	1,363,624,486	12,106,457,334	451,080,860	12,557,538,194	12,557,538,194	1%
2015	11,811,954,307	1,433,031,794	13,244,986,101	476,697,389	13,721,683,490	13,721,683,490	1%
2016	12,681,944,657	1,526,960,513	14,208,905,170	493,146,035	14,702,051,205	14,702,051,205	1%
2017	13,449,336,453	1,589,761,444	15,039,097,897	499,520,206	15,539,072,098	15,539,072,098	1%
2018	14,199,964,301	1,714,612,342	15,914,576,643	500,022,045	16,415,052,683	16,415,052,683	1%
2019	15,160,081,885	1,983,980,866	17,144,062,751	534,262,345	17,678,830,545	17,678,830,545	1%
2020	15,991,867,840	2,264,563,696	18,256,431,536	583,376,968	18,840,313,953	18,840,313,953	1%

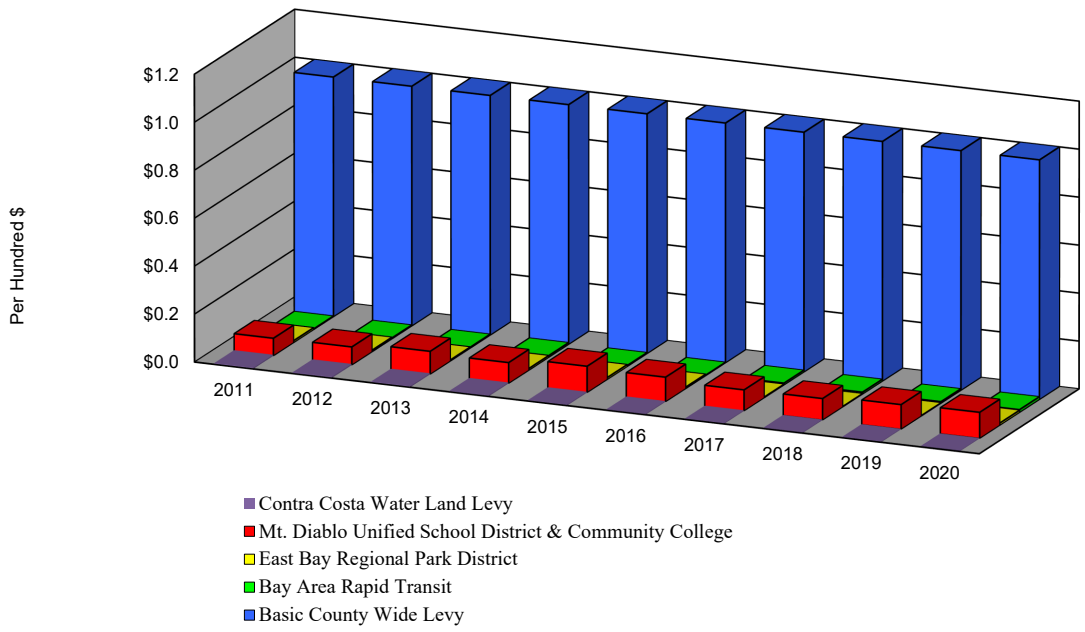
Notes:

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(b) California cities do not set their own direct tax rate. The State Constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Concord encompasses more than 15 tax rate areas.

Source: Contra Costa County Auditor-Controller's Office, Certificate of Assessed Valuations

Table 6: Property Tax Rates, Direct and Overlapping Governments
Last Ten Fiscal Years



		Overlapping Rates				
Fiscal Year	City & County Direct Rate	Bay Area Rapid Transit	Contra Costa Water Land Levy	East Bay Regional Park District	Mt. Diablo Unified School District & Community College	Total
2011	1.0000	0.0031	0.0049	0.0084	0.0733	1.0897
2012	1.0000	0.0041	0.0051	0.0071	0.0756	1.0919
2013	1.0000	0.0043	0.0045	0.0051	0.0958	1.1097
2014	1.0000	0.0075	0.0042	0.0078	0.0873	1.1068
2015	1.0000	0.0045	0.0037	0.0085	0.1105	1.1272
2016	1.0000	0.0026	0.0035	0.0067	0.1032	1.1160
2017	1.0000	0.0080	0.0032	0.0032	0.0884	1.1028
2018	1.0000	0.0084	0.0030	0.0021	0.0904	1.1039
2019	1.0000	0.0070	0.0028	0.0021	0.1035	1.1154
2020	1.0000	0.0120	0.0026	0.0094	0.1096	1.1336

Notes:
In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

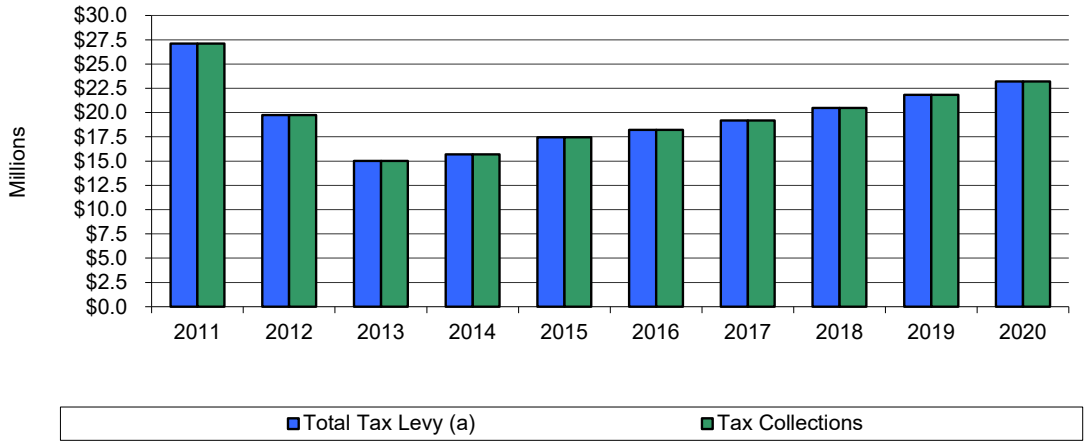
Source: HdL Companies

Table 7: Principal Property Taxpayers
Current Year and Nine Years Ago

		2019-20			2010-11		
Property Owner	**Primary Land Use**	**Assessed Value**	**Rank**	**Percentage of Total Assessed Value**	**Assessed Value**	**Rank**	**Percentage of Total Assessed Value**
Taubman Land Associates LLC	Commercial	$289,102,198	1	1.61%	$161,456,531	2	1.33%
Concord Centercal LLC	Commercial	201,297,391	2	1.12%			
Concord Technology Center Properties	Commercial	146,076,985	3	0.81%			
Willows Center Concord	Commercial	120,483,190	4	0.67%			
Sequoia Equities Concord PC LLC	Residential	117,478,593	5	0.65%			
Jamestown Concord Technology	Residential	103,094,600	6	0.57%			
Sierra Pacific Properties Inc	Residential	102,683,576	7	0.57%	$101,140,281	4	0.83%
Renaissance Res Holdings LLC	Residential	88,310,580	8	0.49%			
Seecon Financial and Construction Co	Commercial	79,380,121	9	0.44%	80,552,308	6	0.66%
Clayton Valley Shopping Center	Commercial	75,814,108	10	0.42%	$63,016,952	9	0.52%
Bank of America	Commercial				190,163,615	1	1.56%
Chevron USA	Commercial				129,320,968	3	1.06%
Concord Airport Plaza Associates	Commercial				66,697,646	7	0.55%
Concord Center Investors LLC	Commercial				65,023,811	8	0.53%
Transwestern Concord Corporation	Commercial				101,045,949	5	0.83%
EQR Legacy Partners LLC	Residential				52,214,258	10	0.43%
Top Ten Total		**$1,323,721,342**		7.36%	**$1,010,632,319**		8.30%
City Total		$17,983,206,960			$12,179,862,796		

Source: Tables provided by HdL Companies.

Table 8: Property Tax Levies and Collections
Last Ten Fiscal Years



Fiscal Year	Total Tax Levy (a)	Current Tax Collections (b)	Percent of Levy Collected	Delinquent Tax Collections (a)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	County Delinquency Rate (c)
2011	$27,093,100	$27,093,100	100.0000%	n/a	$27,093,100	100.0000%	n/a
2012	19,731,365	19,731,365	100.0000%	n/a	19,731,365	100.0000%	n/a
2013	15,017,785	15,017,785	100.0000%	n/a	15,017,785	100.0000%	n/a
2014	15,707,019	15,707,019	100.0000%	n/a	15,707,019	100.0000%	n/a
2015	17,457,504	17,457,504	100.0000%	n/a	17,457,504	100.0000%	n/a
2016	18,211,711	18,211,711	100.0000%	n/a	18,211,711	100.0000%	n/a
2017	19,185,672	19,185,672	100.0000%	n/a	19,185,672	100.0000%	n/a
2018	20,469,886	20,469,886	100.0000%	n/a	20,469,886	100.0000%	n/a
2019	21,818,338	21,818,338	100.0000%	n/a	21,818,338	100.0000%	n/a
2020	23,212,753	23,212,753	100.0000%	n/a	23,212,753	100.0000%	n/a

Notes:
Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California.

(a) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement, the Teeter Plan which allows the County to keep all interest and delinquency charges collected.

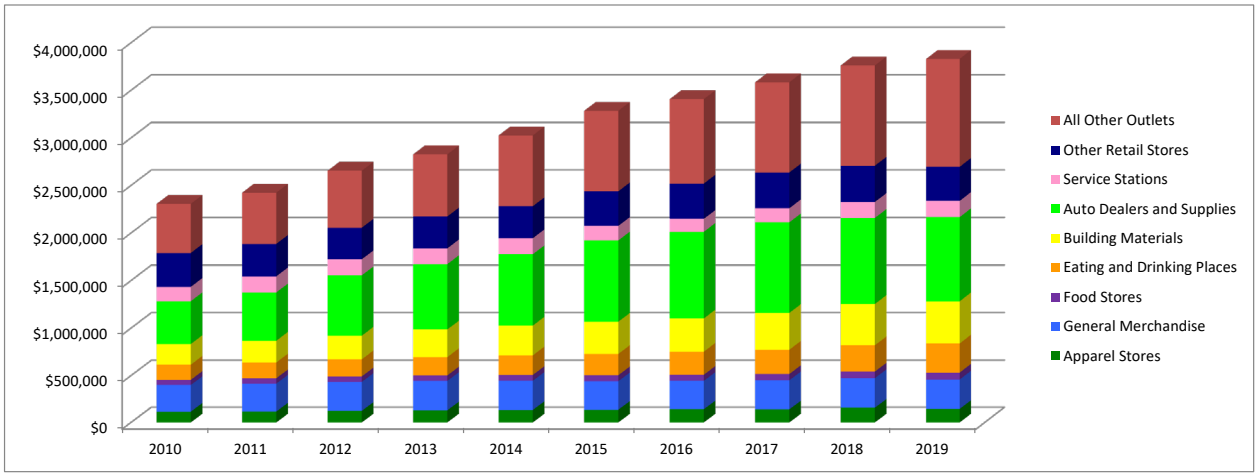
(b) Tax collections in fiscal year 2005 to 2012 are net of pass-thru payment and Educational Revenue Augmentation Fund withholding. During 2012, tax increment was no longer distributed due to the dissolution of the Redevelopment Agency.

(c) Data is not available for the years being reported.

Source: City of Concord Finance Department

Table 9: Taxable Sales by Category

Last Ten Calendar Years (Dollars in Thousands)



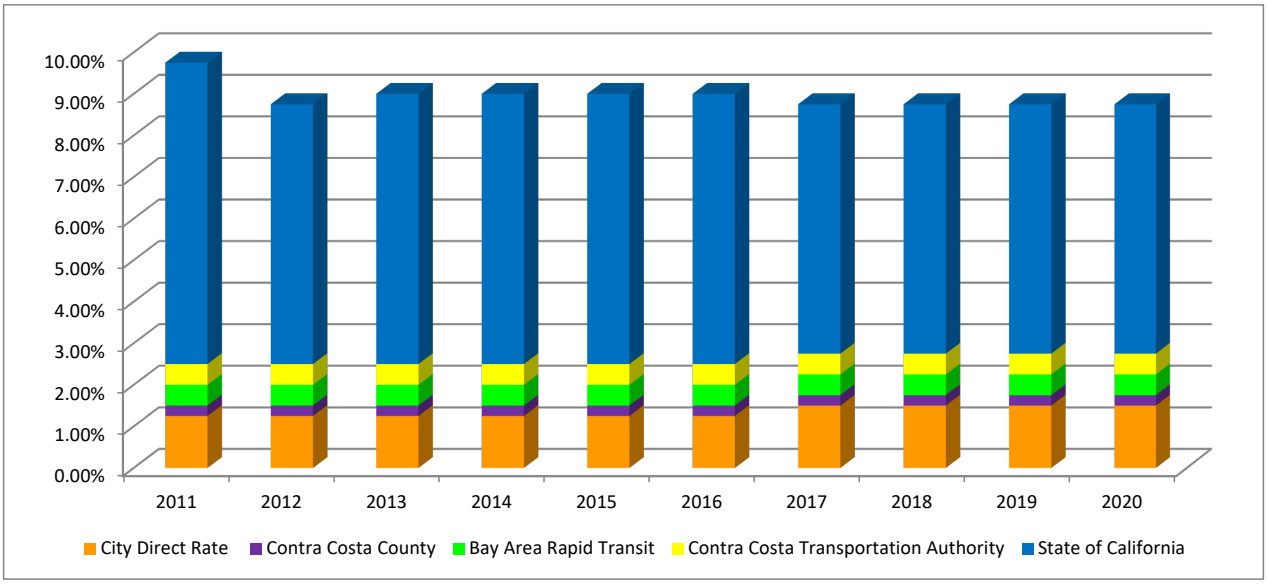
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Apparel Stores	$115,649	$117,070	$124,291	$129,620	$133,503	$136,181	$141,627	$140,357	$157,811	$145,008
General Merchandise	284,090	297,590	308,564	313,737	311,632	304,235	302,708	310,299	315,108	313,669
Food Stores	55,454	57,320	58,813	58,695	62,148	63,762	65,119	66,570	70,102	73,683
Eating and Drinking Places	161,244	167,615	180,918	193,612	206,775	224,981	243,400	256,054	276,945	306,720
Building Materials	216,611	228,147	247,999	290,222	312,706	338,340	349,203	386,929	433,854	443,058
Auto Dealers and Supplies	450,559	508,151	634,960	687,440	750,936	854,959	911,390	952,802	905,250	885,338
Service Stations	150,571	168,709	168,552	165,377	167,619	152,664	135,818	147,571	167,445	170,388
Other Retail Stores	357,096	341,885	332,337	336,146	337,166	364,231	371,300	376,720	381,443	358,435
All Other Outlets	515,782	538,044	598,935	652,266	744,168	845,687	887,130	947,905	1,053,588	1,134,733
Total	$2,307,056	$2,424,531	$2,655,369	$2,827,115	$3,026,653	$3,285,040	$3,407,695	$3,585,207	$3,761,546	$3,831,032

Note:
Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Sources: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

Table 10: Sales Tax Rates

Last Ten Fiscal Years



Fiscal Year	City Direct Rate		Contra Costa County	Bay Area Rapid Transit	Contra Costa Transportation Authority	State of California		Total
2011	1.25%	(a)	0.25%	0.50%	0.50%	7.25%		9.75%
2012	1.25%		0.25%	0.50%	0.50%	6.25%	(b)	8.75%
2013	1.25%		0.25%	0.50%	0.50%	6.50%	(c)	9.00%
2014	1.25%		0.25%	0.50%	0.50%	6.50%		9.00%
2015	1.25%		0.25%	0.50%	0.50%	6.50%		9.00%
2016	1.25%		0.25%	0.50%	0.50%	6.50%		9.00%
2017	1.50%	(d)	0.25%	0.50%	0.50%	6.00%	(d),(e)	8.75%
2018	1.50%		0.25%	0.50%	0.50%	6.00%		8.75%
2019	1.50%		0.25%	0.50%	0.50%	6.00%		8.75%
2020	1.50%		0.25%	0.50%	0.50%	6.00%		8.75%

Notes:

(a) A half-cent use and transaction tax (Measure Q) was originally approved in November 2010 and will expire on March 31, 2025.
(b) The State Revenue and Taxation Code Section 6201.7 one percent rate increase expired July 1, 2011.
(c) Proposition 30 increased the sales tax by 0.25% on January 1, 2013.
(d) The end of the revenue "swap" of Proposition 57 resulted in a 0.25% increase to the local sales tax rate, and 0.25% decrease to the state.
(e) Proposition 30 0.25% sales tax increase expired on December 31, 2016.

Source: California Department of Tax and Fee Administration

Table 11: Top 25 Sales Tax Producers

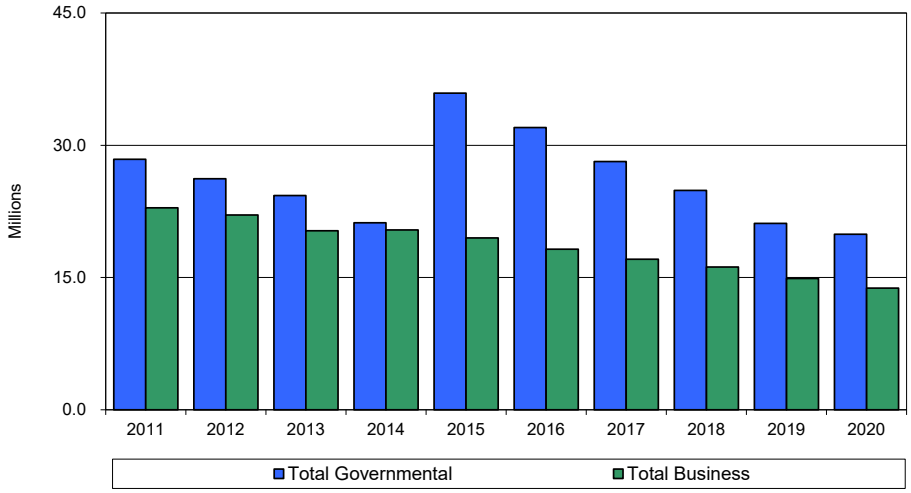
Current and Nine Years Ago

2019-20	2010-11
Ashby Lumber	Acura of Concord
Audi Concord	Ashby Lumber
BMW Concord	BDV Chevron
Concord AM PM	BMW Concord
Concord Chevrolet	Chevron
Concord Honda	Concord Honda
Concord Nissan	Concord Nissan
Concord Toyota	Concord Toyota
Costco	Costco
Dolans Concord Lumber	Financial Services Vehicle Trust
Financial Services Vehicle Trust	Frys Electronics
Future Ford Lincoln of Concord	Future Ford Lincoln of Concord
Golden State Lumber	Home Decorators Collection
Home Depot	Home Depot
Independent Electric Supply	JC Penney
Lehmers Buick/Pontiac/GMC	Lehmers Buick/Pontiac/GMC
Lexus of Concord	Lexus of Concord
Lithia Chrysler Dodge Jeep Ram	Lithia Chrysler Jeep Dodge
Lowes	Lowes
Macys	Macys
Pacific States Petroleum	Neillo Infiniti
Patterson Dental Supply	Orchard Supply Hardware
Safeway	Safeway
Sigler	Sears
Vici	Siemens Building Technologies
Fiscal Year Total Paid By Top 25 Accounts = 45.45%	Fiscal Year Total Paid By Top 25 Accounts = 45.02%

Source: HdL Companies.

Table 12: Ratio of Outstanding Debt by Type

Last Ten Fiscal Years (Dollars in Millions)



	Governmental Activities								
Fiscal Year	Revenue Bonds	Certificates of Participation	Judgment Obligation Bonds	Refunding Lease Agree-ment (b)	Special Assessment Debt	Notes Payable	Capital Lease	Lease Purchase Agreement	Total
2011	11.9	0.1		4.7		1.3	2.0	8.4	28.4
2012	10.4			4.3		1.4	1.8	8.3	26.2
2013	9.1			3.9		1.4	1.9	8.0	24.3
2014	7.7			3.5		0.5	1.8	7.7	21.2
2015	24.6			2.6			1.3	7.4	35.9
2016	22.1			2.1			0.7	7.0	32.0
2017	19.7			1.6			0.3	6.6	28.1
2018	17.2			7.6			0.1		24.9
2019	14.6			6.5			0.0		21.1
2020	12.1			5.3			2.5		19.9

	Business-Type Activities					
Fiscal Year	Certificates of Participation	Notes Payable	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2011	22.9		22.9	49.1	1.31%	400.24
2012	22.1		22.1	46.4	1.19%	376.61
2013	20.3		20.3	41.5	1.03%	335.19
2014	20.4		20.4	56.3	1.39%	454.72
2015	19.5		19.5	55.4	1.43%	443.28
2016	18.2		18.2	46.4	1.18%	361.14
2017	17.1		17.1	45.2	1.13%	352.26
2018	16.2		16.2	41.1	0.98%	318.01
2019	14.9		14.9	36.0	0.81%	277.44
2020	13.8		13.8	33.7	0.71%	258.37

Notes:
Debt amounts exclude any premiums, discounts, or other amortization amounts.
(a) See Demographic and Economic Statistics for personal income and population data.
(b) During 2012, debt service liabilities were assumed by the Successor Agency upon the dissolution of the Redevelopment Agency.

Source: City of Concord Finance Department
State of California, Department of Finance (population)
U.S. Department of Commerce, Bureau of the Census (income)

Table 13: Direct and Overlapping Debt

As of June 30, 2020

	Net Debt Outstanding	Percentage Applicable to City of Concord	Amount Applicable to City of Concord
Direct Debt			
Lease Revenue Bonds 2015	$11,850,000	100.000%	$11,850,000
Refunding Lease 2018	5,300,000	100.000%	5,300,000
Pavillion Revenue Bonds 1995	270,000	100.000%	270,000
Capital Lease	2,503,678	100.000%	2,503,678
Total Direct Debt	$19,923,678		$19,923,678
Overlapping Debt			
CCC PENSION OBLIGATION BOND	$85,690,000	8.327%	$7,135,557
CCC PFA 1998A LRB	7,825,000	8.327%	651,601
CCC PFA 1999A LRB	7,050,000	8.327%	587,066
CCC PFA 2002A LRB	4,630,000	8.327%	385,548
CCC PFA 2003A LRB	3,845,000	8.327%	320,180
CCC PFA 2007A LRB	78,015,000	8.327%	6,496,446
CCC PFA 2009A LRB	8,362,201	8.327%	696,335
CCC PFA 2010A-2 LRB	13,130,000	8.327%	1,093,358
CCC PFA 2010A-3 LRB	20,700,000	8.327%	1,723,725
CCC PFA 2010B LRB	7,425,000	8.327%	618,293
CCC PFA 2012 LRB	7,155,834	8.327%	595,879
CCC PFA 2015 A&B LRB	45,215,000	8.327%	3,765,132
CCC PFA 2017 A LRB	55,815,000	8.327%	4,647,813
CCC PFA 2017B LRB	82,985,000	8.327%	6,910,306
PH REC & PARK BOND 2009	40,075,000	8.327%	3,337,116
CONTRA COSTA FIRE	40,915,000	18.096%	7,404,021
BART BOND	342,719,362	8.327%	28,538,842
EAST BAY REGIONAL PARK BOND	66,651,714	8.327%	5,550,205
MT DIABLO 2002 BOND	260,615,000	40.606%	105,825,957
MT DIABLO 2010 BOND	282,935,218	40.606%	114,889,359
MT DIABLO 2018 BOND	2,000,000	40.606%	8,121,248
CONTRA COSTA COMMUNITY COLLEGE 2002 BOND	315,283,400	8.356%	26,343,859
CONTRA COSTA COMMUNITY COLLEGE 2006 BOND	333,576,600	8.356%	27,872,368
CONTRA COSTA COMMUNITY COLLEGE 2014 BOND	183,790,000	8.356%	15,356,780
Total Overlapping Debt	$2,306,984,329		$378,866,995
Total Direct And Overlapping Debt			$398,790,673

2019/20 Total Assessed Valuation		$18,840,313,953
Less Redevelopment Incremental Assessed Value:		2,264,563,696
Adjusted AV		$16,575,750,257
Debt to Assessed Valuation Ratios:	Direct Debt:	0.110%
	Overlapping Debt:	2.410%
	Total Debt:	2.520%

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Sources: HdL Coren & Cone

Certificate of Assessed Valuations from the County Office of the Auditor-Controller

Table 14: Computation of Legal Bonded Debt Margin

As of June 30, 2020 (Dollars in Thousands)

Assessed Valuation:		
Secured Property Assessed Value, Net of Exempt Real Property	$17,282,308	
Bonded Debt Limit (15% of Assessed Value) (a)		$2,592,346
Amount of Debt Subject to Limit:		
Total Bonded Debt	$0	
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation Not Subject to Limit	0	
Amount of Debt Subject to Limit		0
Legal Bonded Debt Margin		$2,592,346

Fiscal Year		Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2010		$1,936,578	0	$1,936,578	0.00%
2011		1,907,026	0	1,907,026	0.00%
2012		1,873,897	0	1,873,897	0.00%
2013	(b)	1,883,631	0	1,883,631	0.00%
2014		1,695,697	0	1,695,697	0.00%
2015		1,867,287	0	1,867,287	0.00%
2016		2,010,013	0	2,010,013	0.00%
2017		2,128,436	0	2,010,013	0.00%
2018		2,251,362	0	2,251,362	0.00%
2019		2,432,813	0	2,432,813	0.00%
2020		2,592,346	0	2,592,346	0.00%

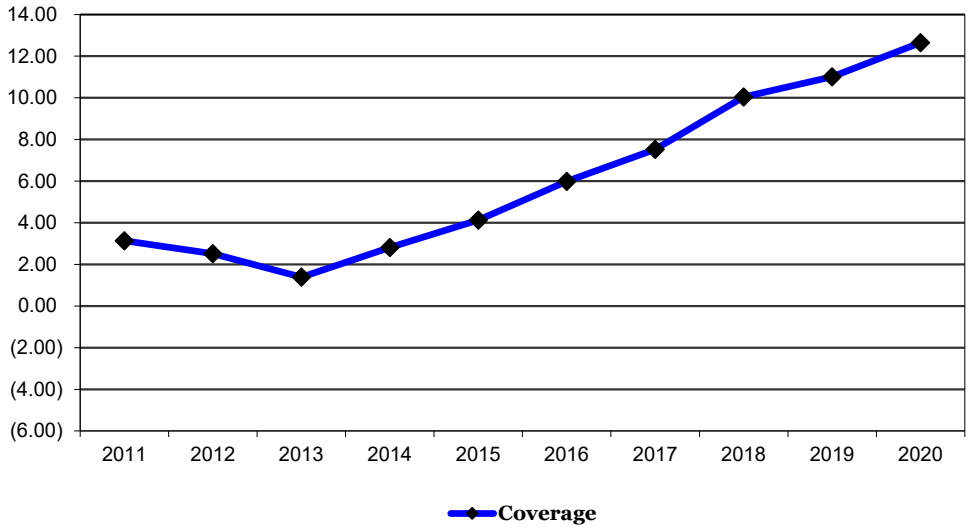
Note:

(a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value.

Source: City of Concord Finance Department

Table 15: Sewer Revenue Bonds Coverage

Last Ten Fiscal Years



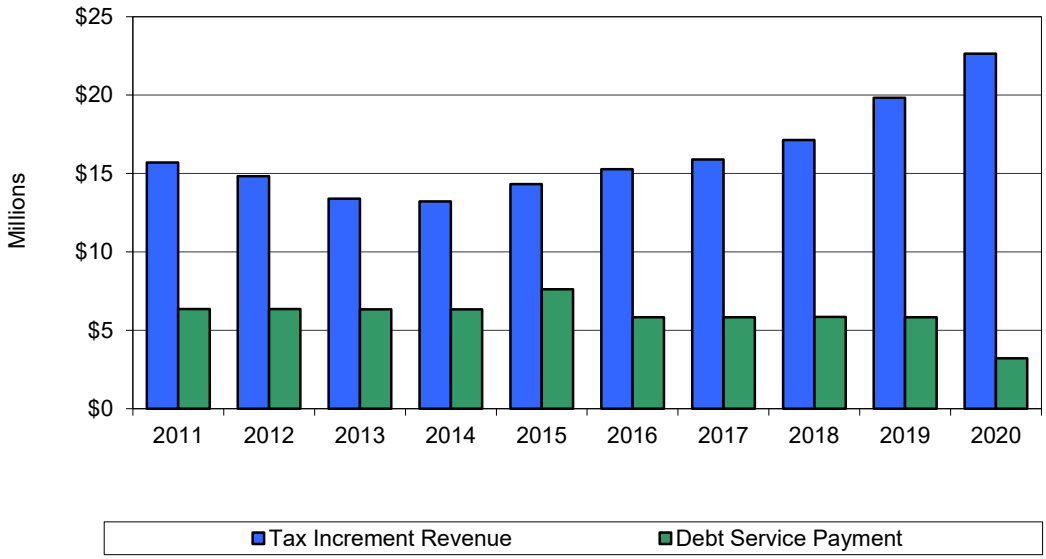
Fiscal Year	Gross Revenue (a)	Operating Expenses (b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2011	$18,634,919	$13,417,715	$5,217,204	$730,000	$932,954	$1,662,954	3.14
2012	19,645,294	15,479,402	4,165,892	750,000	907,989	1,657,989	2.51
2013	19,492,824	16,854,333	2,638,491	845,000	1,059,754	1,904,754	1.39
2014	22,301,111	17,842,173	4,458,938	875,000	710,884	1,585,884	2.81
2015	24,439,221	17,889,711	6,549,510	900,000	685,684	1,585,684	4.13
2016	27,439,280	17,943,895	9,495,385	925,000	662,184	1,587,184	5.98
2017	30,136,204	18,208,086	11,928,118	945,000	638,971	1,583,971	7.53
2018	33,672,715	19,436,037	14,236,678	990,000	427,193	1,417,193	10.05
2019	36,795,345	20,066,107	16,729,238	1,025,000	494,551	1,519,551	11.01
2020	39,507,521	20,341,412	19,166,109	1,010,000	504,981	1,514,981	12.65

Notes: (a) Includes all Wastewater Operating Revenues, Non-Operating Interest Revenue, Connection Fees and Other Non-Operating Revenue.
(b) Includes all Wastewater Operating Expenses less Capital Improvement Expense, Depreciation and Interest.

Source: City of Concord Annual Financial Statements

Table 16: Bonded Debt Pledged Revenue Coverage, 1988(Refunded), 1993(Refunded), 2004 (Refunded), and Tax Allocation Refunding Bonds Series 2014

Last Ten Fiscal Year



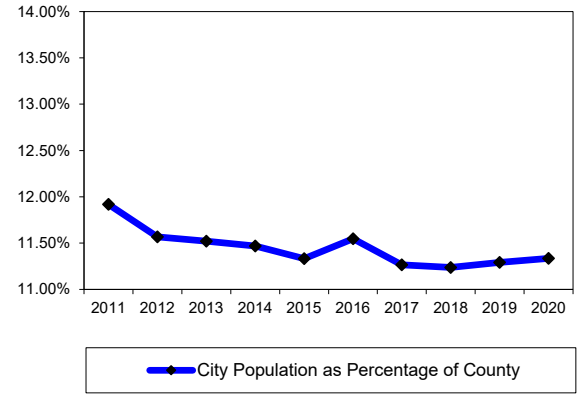
Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2011	$15,699,754	$3,690,000	$2,664,171	$6,354,171	2.47
2012	14,829,000	3,835,000	2,513,671	6,348,671	2.34
2013 *	13,387,000	3,985,000	2,357,271	6,342,271	2.11
2014	13,213,000	4,145,000	2,194,671	6,339,671	2.08
2015	14,330,318	4,100,000	3,520,158	7,620,158	1.88
2016	15,269,605	4,205,000	1,630,450	5,835,450	2.62
2017	15,897,614	4,380,000	1,462,250	5,842,250	2.72
2018	17,146,123	4,605,000	1,243,250	5,848,250	2.93
2019	19,839,809	4,825,000	1,013,000	5,838,000	3.40
2020	22,645,637	2,440,000	771,750	3,211,750	7.05

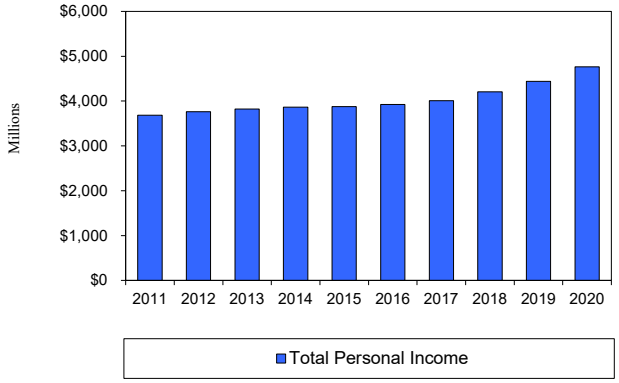
Note: * FY2013 data is updated and adjusted to reflect data collected during refunding of the 2004 Tax Allocation Refunding Bonds.

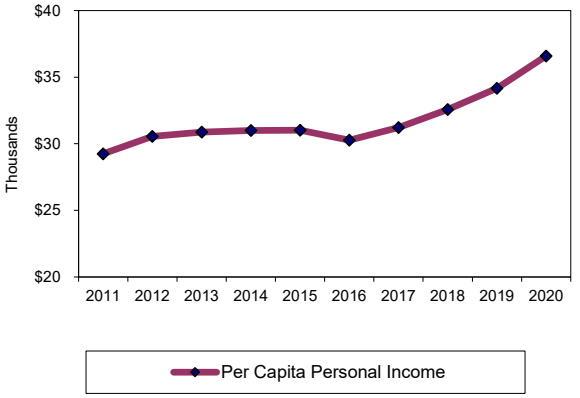
Source: County Redevelopment Successor Agency Property Tax Revenue Report
Long Term Debt Schedule - City of Concord Finance Department

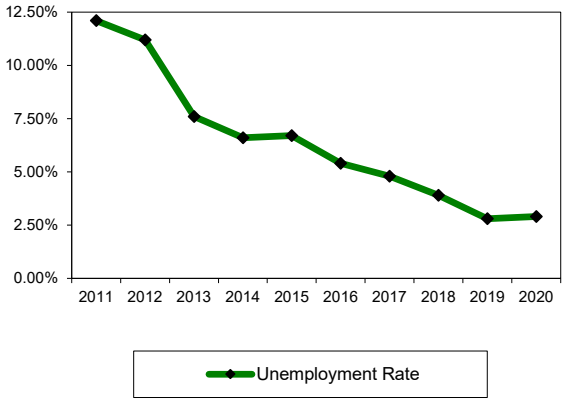
Table 17: Demographic and Economic Statistics

Last Ten Calendar Year









Calendar Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate	Contra Costa County Population	City Population % of County
2011	125,864	$3,681,648,000	29,251	12.1%	1,056,064	11.92%
2012	123,206	3,764,559,000	30,555	11.2%	1,065,117	11.57%
2013	123,812	3,822,819,000	30,876	7.6%	1,074,702	11.52%
2014	124,656	3,864,336,000	31,000	6.6%	1,087,008	11.47%
2015	124,977	3,877,661,000	31,027	6.7%	1,102,871	11.33%
2016	129,707	3,926,050,000	30,268	5.4%	1,123,429	11.55%
2017	128,370	4,008,751,000	31,228	4.8%	1,139,513	11.27%
2018	129,159	4,207,822,000	32,578	3.9%	1,149,363	11.24%
2019	129,889	4,438,716,000	34,173	2.8%	1,150,215	11.29%
2020	130,435	4,762,661,000	36,595	2.9%	1,150,621	11.34%

Sources: State of California, Department of Finance
The HdL Companies

Table 18: Principal Employers

Current Year and Nine Years Ago

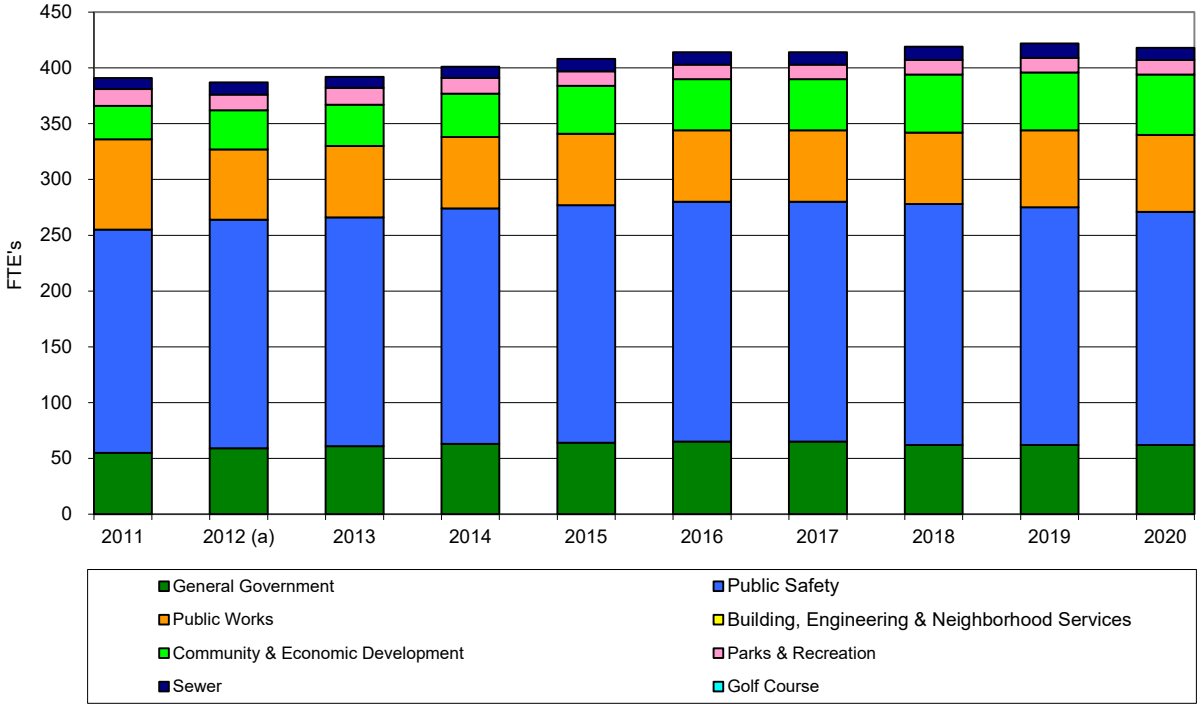
	2020			2011		
Employer	Number of Employees (Range)	Rank	Percentage of Total City Employment*	Number of Employees	Rank	Percentage of Total City Employment
John Muir Medical Ctr	1,000 to 4,999	1	4.8%	1,100	4	1.8%
Mt. Diablo Unified School District	1,000 to 4,999	1	4.8%	4,320	1	7.0%
PG&E	1,000 to 4,999	1	4.8%	950	6	1.5%
Wells Fargo	1,000 to 4,999	1	4.8%	1,500	3	2.4%
Bank of America	500 to 999	1	1.2%	2,500	2	4.1%
Fresenius Medical Care	500 to 999	2	1.2%			
Assetmark	250 to 499	3	0.6%			
City of Concord	250 to 499	3	0.6%			
Conco Cement	250 to 499	3	0.6%	549	7	0.9%
Calitho	250 to 499	3	0.6%			
Chevron Credit Center				950	5	1.5%
Macy's				400	10	0.7%
Safeway				460	8	0.8%
Adecco Employment Services				400	9	0.7%
Subtotal	6,500 - 27,990		23.8%	12,729		21.4%
Total City Day Labor Force:	62,900			61,300		

Source: City of Concord Community and Economic Development Department

* 2020 Percentage of total is based on median in the ranges provided.

Table 19: Full-Time Equivalent (FTE) City Government Employees by Function

Last Ten Fiscal Years



	Fiscal Year									
	2011	2012 (a)	2013	2014	2015	2016	2017	2018	2019	2020
Function										
General Government	55	59	61	63	64	65	65	62	62	62
Public Safety	200	205	205	211	213	215	215	216	213	209
Public Works	81	63	64	64	64	64	64	64	69	69
Building, Engineering & Neighborhood Services										
Community & Economic Development	30	35	37	39	43	46	46	52	52	54
Parks & Recreation	15	14	15	14	13	13	13	13	13	13
Sewer	10	11	10	10	11	11	11	12	13	11
Golf Course										
Total	**391**	**387**	**392**	**401**	**408**	**414**	**414**	**419**	**422**	**418**

Source: City of Concord

Notes:

(a) In Fiscal Year 2012, Engineering was reorganized into Community & Economic Development Department and Code Enforcement was moved to Public Safety.

Table 20: Operating Indicators by Function / Program

Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police:										
Number of Public Contacts	25,740	27,225	22,350	32,989	36,469	30,225	24,233	21,040	20,117	21,969
Police Calls for Service (a)	121,643	116,858	113,527	118,009	123,151	121,433	122,187	125,429	127,024	123,776
Law Violations:										
Part I Crimes	4,210	4,527	4,210	5,267	5,594	4,849	4,820	4,919	4,695	4,999
Physical Arrests (Adult and Juvenile)	3,642	3,836	2,837	3,413	4,126	3,853	3,916	3,229	3,532	2,528
Parking Violations	8,670	10,415	8,471	8,107	9,408	7,282	6,002	6,920	7,081	7,282
Public Works										
Street Resurfacing (millions of square feet)	1	1	2	2	2	2	2	2	4	2
Potholes Repaired	410	260	374	526	704	1,272	3,168	1,460	5,251	2,122
Culture and Recreation										
Community Services:										
Recreation Class Participants	11,687	11,424	10,736	11,636	12,335	13,251	13,476	12,568	12,540	10,364
Senior Center Activity/Event Participants	14,974	15,484	16,522	17,034	21,886	22,018	18,377	22,075	23,250	25,436
Human Services/Club Activity Participants	50,111	49,598	47,705	33,668	41,868	38,592	33,853	38,740	40,241	7,096
Library:										
Volumes in Collection (thousands)	91,984	79,630	80,573	80,955	80,291	80,692	76,049	77,702	57,523	55,195
Total Volumes Borrowed (thousands)	341,719	330,451	313,743	300,517	247,737	253,522	219,157	195,562	200,639	139,482
Wastewater										
Storm Drain Inlets	5,712	5,583	5,583	5,583	5,583	5,583	5,583	5,583	5,583	5,583
Sewer Overflows	16	18	34	28	12	9	8	19	10	19
Average Daily Pumping (millions of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: City of Concord

Table 21: Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Works										
Miles of Streets	308	309	309	310	310	310	310	310	310	310
Street Lights	8,216	8,254	8,254	8,254	8,256	8,256	8,256	8,256	8,290	8,325
Traffic Signals	155	156	157	158	158	158	165	173	173	180
Culture and Recreation										
Community Services:										
City Parks	18	18	18	18	18	18	18	18	18	18
City Parks Acreage	379	379	379	379	379	379	379	379	379	379
Playgrounds	18	18	18	19	19	19	19	19	19	19
City Trails	8	8	8	9	9	9	9	9	9	9
Miles of City Trails	19	19	19	22	22	22	22	22	22	22
Roadway Landscaping Acreage	52	52	52	52	52	52	52	52	52	52
Regional Park Acreage (a)	40	40	40	40	40	40	40	40	40	2,256
Regional Park Facilities:										
Golf Courses (18 holes)	1	1	1	1	1	1	1	1	1	1
Banquet Facility	4	4	4	4	4	4	4	4	4	4
Historic House	3	3	3	3	3	3	3	3	3	3
Community Gardens	3	1	1	1	1	1	1	1	1	1
Community Centers	2	2	2	2	2	2	2	2	2	2
Senior Centers	1	1	1	1	1	1	1	1	1	1
Sports Centers	1	1	1	1	1	1	1	1	1	1
Performing Arts Centers	1	1	1	1	1	1	1	1	1	1
Swimming Pool/Spray Park	2	2	2	2	2	2	2	2	2	2
Tennis/Pickleball Courts	17	17	17	17	17	27	27	27	27	27
Baseball/Softball Field Complexes	13	13	13	13	13	13	13	13	13	13
Soccer/Football Field Complexes	13	13	13	13	13	13	13	13	13	13
Library:										
City Libraries	1	1	1	1	1	1	1	1	1	1
Wastewater										
Sewer Lines (miles)	383	383	383	389	389	389	389	389	389	389

(a) The East Bay Regional Park District took possession of the former Concord Naval Weapons Station from the National Park Service and Navy in 2020.

Source: City of Concord

MUNICIPAL DEBT CONTINUING DISCLOSURE

MUNICIPAL DEBT CONTINUING DISCLOSURE

City of Concord Joint Powers Financing Authority
Lease Revenue Bonds (Concord Pavilion) Series 1995

a.	Summary of Revenues, Expenditures and Changes in Fund Balances	(Table 1)
b.	Principal Amount of Bonds Outstanding	(CAFR, page 69)

City of Concord Joint Powers Financing Authority
Certificates of Participation (2004 Wastwater System Improvement Project), Refunded
Certificates of Participation (2007 Wastwater System Improvement Project), Refunded
Wastewater Revenue Refunding Bonds Series 2012
2018 Wastewater Revenue Refunding Bonds

a.	Ten Largest Users of the Wastewater System	(Table 2)
b.	Sewer Rates	(Table 3)
c.	Debt Service Coverage Ratio	(CAFR, page 159)
d.	Principal Amount of Bonds Outstanding	(CAFR, page 69)

Successor Agency of the Former Redevelopment Agency of the City of Concord
(Central Concord Redevelopment Project) Tax Allocation Refunding Bonds Series 2004, Refunded

a.	Historical Taxable Values and Tax Increment Revenues	(Table 4)
b.	Largest Property Taxpayers by Assessed Value and Revenue	(Table 5)
c.	Annual Assessed Value Appeals	(Table 6)
d.	Tax Revenue Collection	(CAFR, page 153)
e.	Principal Amount of Bonds Outstanding	(CAFR, page 69)

Successor Agency of the Former Redevelopment Agency of the City of Concord
(Central Concord Redevelopment Project) Tax Allocation Refunding Bonds Series 2014

a.	Assessed Valuation by Category of Use	(Table 7)
b.	Historical Taxable Values and Tax Revenues	(Table 8)
c.	Largest Property Taxpayers by Assessed Value and Revenue	(Table 9)
d.	Annual Assessed Value Appeals	(Table 10)
e.	Debt Service Coverage	(CAFR, page 160)
f.	Tax Revenue Projection	(Table 11)

City of Concord Joint Powers Financing Authority
Lease Revenue Bonds (Concord Pavilion) Series 1995

Table 1: Summary of Revenues & Expenditures and Changes in Fund Balances
Last Eight Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES:								
Debt Contribution	$782,032	$700,832	$1,391,030	$630,995	$456,321	$434,514	$511,066	$327,296
Operating Revenues								
Nonoperating Income	844,744	924,791	1,129,112	1,005,736	983,136	1,029,002	1,314,894	731,367
Total Revenues	1,626,776	1,625,623	2,520,142	1,636,731	1,439,457	1,463,516	1,825,960	1,058,663
EXPENDITURES:								
Debt Service	785,067	703,817	625,913	555,869	493,998	434,334	511,066	327,216
Operating Expenditures								
Nonoperating Expenditures	901,820	803,558	1,592,827	760,142	584,395	597,323	651,870	542,730
Total Expenditures	1,686,887	1,507,375	2,218,740	1,316,011	1,078,393	1,031,657	1,162,936	869,946
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(60,111)	118,248	301,402	320,720	361,065	431,859	663,024	188,717
OTHER FINANCING SOURCES (USES):								
Transfers In								
Transfers (Out)								
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(60,111)	118,248	301,402	320,720	361,065	431,859	663,024	188,717
Fund Balance at Beginning of Year	(6,766,077)	(6,826,188)	(6,707,940)	(6,406,538)	(6,085,818)	(5,724,753)	(5,292,894)	(4,629,870)
Fund Balance at End of Year	($6,826,188)	($6,707,940)	($6,406,538)	($6,085,818)	($5,724,753)	($5,292,894)	($4,629,870)	($4,441,153)

Source: City of Concord Financial Statements

City of Concord Joint Powers Financing Authority
Certificates of Participation - 2007 Wastewater System Improvement Projects (Refunded)
Certificates of Participation - 2004 Wastewater System Improvement Projects(Refunded)
Wastewater Revenue Refunding Bonds Series 2012
2018 Wastewater Revenue Refunding Bonds

Table 2: Ten Largest Users of the Wastewater System

12 MONTHS THROUGH JUNE 30, 2020

	Customers	Type of Use	Percent
1.	MT. DIABLO UNIFIED SCHOOL DISTRICT	29 School Sites	0.88%
2.	PALM LAKE APARTMENTS	300 Apartments	0.49%
3.	CLAYTON CROSSING APARTMENTS	290 Apartments	0.49%
4.	U.S. COAST GUARD	286 Dwelling + 3 Offices	0.47%
5.	CONCORD GARDENS MOBILE HOMES	260 Spaces	0.43%
6.	JOHN MUIR MEDICAL CENTER	Hospital and Medical Campus	0.41%
7.	STERLING COVE APARTMENTS	218 Apartments	0.36%
8.	CLAYTON CREEK APARTMENTS	208 Apartments	0.34%
9.	HERITAGE TOWERS APARTMENTS	196 Apartments	0.32%
10.	ARCADIAN APARTMENTS	192 Apartments	0.31%

Source: City of Concord Public Works Department

City of Concord Joint Powers Financing Authority
Certificates of Participation - 2007 Wastewater System Improvement Projects(Refunded)
Certificates of Participation - 2004 Wastewater System Improvement Projects(Refunded)
Wastewater Revenue Refunding Bonds Series 2012
2018 Wastewater Revenue Refunding Bonds

Table 3: Sewer Rates for Fiscal Year 2019-20

RESIDENTIAL OWNERS		
1.	Minimum rate for any premises	$637.00
2.	Each single-family dwelling unit	637.00
3.	Each dwelling unit in a multiple dwelling structure	637.00 per unit
4.	Mobile Home Park	637.00 per space
COMMERCIAL OWNERS - Charge based upon quantity of water used in cubic feet		
1.	Minimum rate for any premises	$637.00
2.	Bowling Alleys	5.63/100 cu. ft.
3.	Car Washes	5.63/100 cu. ft.
4.	Health Studios and Gymnasiums	5.63/100 cu. ft.
5.	Hospitals - Convalescent	5.63/100 cu. ft.
6.	Multiple Lodging Structures (hotels, motels and rooming houses)	5.63/100 cu. ft.
7.	Laundromats and Laundries	5.63/100 cu. ft.
8.	Restaurants	11.20/100 cu. ft.
	Restaurants with pretreatment facilities approved annually	6.37/100 cu. ft.
9.	Bakeries	Determined Individually
10.	All others	6.37/100 cu. ft.
INSTITUTIONAL OWNERS		
1.	Minimum rate for any premises	$637.00
2.	As defined in Section 110-31, except for Convalescent Hospitals	6.37/100 cu. ft.
INDUSTRIAL OWNERS - Charge based upon quantity of water used and quality of effluent		
1.	Minimum rate for any premises	$637.00
2.	Flow/Million Gallons	4,942.00
3.	Biochemical Oxygen Demand (B.O.D.) per thousand pounds	1,161.00
4.	Suspended Solid (S.S.) per thousand pounds	989.00
SPECIAL DISCHARGE PERMITS, AS ISSUED BY THE DISTRICT		
1.	Charge based upon quantity of water used and quality of effluent	Determined Individually
SPECIAL CONTRACTUAL AGREEMENT		Determined Individually

Note: The sewer service charges are set by separate City Ordinance under Concord Municipal Code Section 13.05.020.

Successor Agency of the Former Redevelopment Agency of the City of Concord
(Central Concord Redevelopment Project) Tax Allocation Refunding Bonds Series 2004, Refunded

Table 4: Historical Taxable Values and Tax Increment Revenues

Last Five Fiscal Years ($Thousands)***

	Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
Total Assessed Values	$1,866,546	$1,929,347	$2,054,198	$2,323,567	$2,604,150
Base Year Values	(339,586)	(339,586)	(339,586)	(339,586)	(339,586)
Incremental Assessed Values	1,526,960	1,589,761	1,714,612	1,983,981	2,264,564
Incremental Property Taxes	15,270	15,898	17,146	19,840	22,646
Less:					
Educational Revenue Augmentation Fund					
Tax Increment Pass Through	(1,006)	(1,047)	(1,320)	(2,245)	(2,323)
Tax Increment Rebate	(485)	(490)	(500)	(506)	(682)
Net Tax Revenues	**$13,779**	**$14,361**	**$15,326**	**$17,089**	**$19,641**

Note: ***Updated and adjusted to reflect data collected during refunding of the 2004 Tax Allocation Refunding Bonds

Source: City of Concord Finance Department

Successor Agency of the Former Redevelopment Agency of the City of Concord
(Central Concord Redevelopment Project) Tax Allocation Refunding Bonds Series 2004, Refunded

Table 5: Largest Property Taxpayers by Assessed Value and Revenue
Fiscal Year 2019-20

	Property Owner	Primary Land Use	2018-19 Assessed Value	2019-20 Assessed Value	2019-20 Projected Revenue (a)
1.	Concord Centercal LLC	Commercial	$130,046,142	$201,297,391	$2,012,974
2.	Concord Technology Center Properties	Commercial		146,076,985	1,460,770
3.	Willows Center Concord	Commercial	118,104,966	120,461,890	1,204,619
4.	Sequoia Equities Concord PC LLC	Residential	82,666,079	117,478,593	1,174,786
5.	Jamestown Concord Technology Buildi	Commercial	102,178,139	103,094,600	1,030,946
6.	Sierra Pacific Properties, Inc.	Commercial	101,421,984	102,683,576	1,026,836
7.	Renaissance Residential Holding	Residential	96,412,200	88,310,580	883,106
8.	Bof CA One Concord Center LLC	Residential	70,450,000	71,859,000	718,590
9.	L and L Hospitatlity Holdings LLC	Commercial	65,295,830	67,119,824	671,198
10.	Seecon Financial and Construction	Commercial	47,871,799	49,453,834	494,538
	Total		**$814,447,139**	**$1,067,836,273**	**$10,678,363**

Notes:
(a) Projected Revenue is calculated using the 1% Basic County Wide Levy Rate.

Source: HDL Coren & Cone

Successor Agency of the Former Redevelopment Agency of the City of Concord (Central Concord Redevelopment Project) Tax Allocation Refunding Bonds Series 2004, Refunded

Table 6: Annual Assessed Value Appeals

Last Five Fiscal Years

	Fiscal Year				
	2016	2017	2018	2019	2020
Total Appeals	5	6	11	9	22
Resolved Appeals	5	6	11	4	0
Pending Appeals	0	0	0	5	22
Successful Appeals	4	2	8	3	0
Success Rate	80%	33%	73%	75%	0%
Successful Original Value	$ 12,999,485	$ 12,743,829	$ 11,606,572	$ 41,462,164	$ -
Successful Appeal Value Loss	$ 738,415	$ 213,094	$ 3,670,156	$ 1,490,910	$ -
Loss Rate	6%	2%	32%	4%	0%

Notes: Data in this report is updated with Suceessor Agency values only

Source: HDL Coren & Cone

Successor Agency of the Former Redevelopment Agency of the City of Concord (Contra Costa County, California) Tax Allocation Refunding Bonds Series 2014

Table 7: Assessed Valuation by Category of Use

Fiscal Year 2019-2020

	FY2019-2020		
	No. of Parcels	**Taxable Value**	**% of Total**
Commercial	386	$ 1,689,991,260	64.9%
Residential	400	415,578,851	16.0%
Industrial	77	115,430,768	4.4%
Other Secured	148	163,885,013	6.3%
Unsecured	990	219,263,622	8.4%
Total	**2,001**	**$2,604,149,514**	**100%**

Source: HDL Coren & Cone

Successor Agency of the Former Redevelopment Agency of the City of Concord (Contra Costa County, California) Tax Allocation Refunding Bonds Series 2014

Table 8: Historic Tax Revenues ($Thousands)

Last Five Fiscal Years

	Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
Assessed Value	$ 1,866,546	$ 1,929,347	$ 2,054,198	$ 2,323,567	$ 2,604,150
Base Year Value	(339,586)	(339,586)	(339,586)	(339,586)	(339,586)
Incremental AV	1,526,960	1,589,761	1,714,612	1,983,981	2,264,564
Tax Rate*	1.000%	1.000%	1.000%	1.000%	1.000%
Secured/Unsecured	15,268	15,898	17,146	19,840	22,646
Unitary	805	824	850	869	835
Supplemental / Other	205	250	362	226	1,993
Subtotal Gross Revenue	16,278	16,972	18,358	20,935	25,474
Less: County Admin**	(148)	(142)	(153)	(178)	(205)
Less: Pass Through**	(1,006)	(1,047)	(1,320)	(2,245)	(2,323)
Net Tax Incr. / RPTTF Revenue	**$ 15,124**	**$ 15,783**	**$ 16,885**	**$ 18,512**	**$ 22,946**
Less: Senior Reimb. Agreement	(569)	(578)	(577)	(578)	(568)
Historic Tax Revenues	**$ 14,555**	**$ 15,205**	**$ 16,308**	**$ 17,934**	**$ 22,378**

Note: *Weighted average inclusive of Contra Costa Water Levy applicable to land AV only.
**Non-subordinate.

Source: City of Concord Finance Department

Successor Agency of the Former Redevelopment Agency of the City of Concord (Contra Costa County, California) Tax Allocation Refunding Bonds Series 2014

Table 9: Top 10 taxpayers for Project Area

Fiscal Year 2019-20

	Property Owner	Number of Parcels	Assessed Value FY2019-20 Secured	Assessed Value FY2019-20 Unsecured	Total	% of Total AV**	% of AV Incr.**
1.	Concord Centercal LLC	1	$201,297,391		$201,297,391	7.7%	8.9%
2.	Concord Technology Center Properties	4	146,076,985		146,076,985	5.6%	6.5%
3.	Willows Center Concord	2	120,461,890		120,461,890	4.6%	5.3%
4.	Sequoia Equities Concord PC LLC	2	117,478,593		117,478,593	4.5%	5.2%
5.	Jamestown Concord Technology Building	2	103,094,600		103,094,600	4.0%	4.6%
6.	Sierra Pacific Properties, Inc.	3	102,683,576		102,683,576	3.9%	4.5%
7.	Renaissance Residential Holding	4	88,310,580		88,310,580	3.4%	3.9%
8.	Bof CA One Concord Center LLC	3	71,859,000		71,859,000	2.8%	3.2%
9.	L and L Hospitality Holdings LLC	1	67,119,824		67,119,824	2.6%	3.0%
10.	Seecon Financial and Construction	3	49,453,834		49,453,834	1.9%	2.2%
	Total Top 10 Taxpayers	**25**	**$1,067,836,273**	**$0**	**$1,067,836,273**	**41.01%**	**47.15%**

Note:
**Percentages calculated based on FY2019-20

Total assesssed value of	2,604,149,514
Total Incremental Assessed Value of	2,264,563,696

Source: HDL Coren & Cone

Successor Agency of the Former Redevelopment Agency of the City of Concord (Contra Costa County, California) Tax Allocation Refunding Bonds Series 2014

Table 10: Assessed Value Appeals for Project Area
Fiscal Year 2019-20

FY2019-2020 Appeals	Number of Filings	County Roll Value ($Millions)	Applicant Opinion ($Millions)	Estimated/Actual Resolved Value ($Millions)	Estimated/Actual Loss Value ($Millions)	% Reduction
Appeals Resolved	0	$0.00	$0.00	$0.00	$0.00	0%
Appeals Pending	22	188.4	94.2	179.9	8.5	5%
Total Appeals Filed	22	$188.4	$94.2	$179.9	$8.5	5%

Source: HDL Coren & Cone

Successor Agency of the Former Redevelopment Agency of the City of Concord (Contra Costa County, California) Tax Allocation Refunding Bonds Series 2014

Table 11: Projection of Tax Revenues for Debt Services

Next 7 Fiscal Years (dollars in thousands)

Year Ending 6/30	Parcel I Tax Revenue	Parcel II Tax Revenue	Parcel IV Tax Revenue	Parcel V Tax Revenue	Total Centaral Concord Project Revenues	Debt Service	Total Concord Project Tax Revenues	Debt Sevice Coverage
2020	8,144	4,922	514	452	14,032	3,151	17,183	4.45x
2021	8,144	4,922	514	452	14,032	3,146	17,178	4.46x
2022	8,144	4,922	514	452	14,032	3,145	17,177	4.46x
2023	8,144	4,922	514	452	14,032	3,142	17,174	4.47x
2024	8,144	4,922	514	452	14,032	2,586	16,618	5.43x
2025	8,144	4,922	514	452	14,032	2,583	16,615	5.43x

Source: Keyser Marston Associates, Inc. September 15, 2014

CONCORD, CALIFORNIA

BAY AREA MAP

APPENDIX C

INVESTMENT POLICY OF THE CITY

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CITY OF CONCORD
INVESTMENT POLICY
2020/2021

1.0 POLICY

It is the policy of the City of Concord ("City") to invest public funds in a manner which provides for safety of principal while providing sufficient liquidity to cover the City's short- and long-term needs. All investment activity will conform to the California Government Code, Sections 53600 through 53686.

The Treasurer will annually render to the City Council a statement of investment policy.

2.0 SCOPE

This investment policy applies to all financial assets of the City as accounted for in the City of Concord's Comprehensive Annual Financial Report. Policy statements included in this document focus on the City's pooled funds, but will also apply to all other funds under the Treasurer's control unless specifically exempted by statute or ordinance. This policy includes, but is not limited to, the following funds:

a. General Fund
b. Agency Fund
c. Enterprise Funds
d. Capital Project Funds
e. Debt Service Funds
f. Internal Service Funds
g. Special Revenue Funds
h. Any new funds created by the City Council

This policy specifically exempts any bond proceed funds in the possession of a trustee or fiscal agent. These bond proceeds shall be invested in accordance with the requirements and restrictions outlined in the bond documents. Also exempt are pension or other post-employment benefit funds held in a trust.

3.0 PRUDENCE

All persons authorized to make investment decisions for the City of Concord are trustees and therefore fiduciaries subject to the prudent investor standard.

The standard of prudence to be used by City of Concord fiduciaries is the "Prudent Investor" Standard found in the California Government Code Section 53600.3 and shall be applied in the context of managing the overall portfolio.

The Treasurer and other investment employees, acting within the intent and scope of the Investment Policy and other written procedures, and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or

market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

4.0 OBJECTIVE

The objective of the investment portfolio is to meet the City's short- and long-term cash flow needs. To achieve this objective, the portfolio will be structured to provide, in priority order, safety of principal, liquidity and return on investment.

4.1 Safety

Safety of principal is the foremost objective of the City of Concord. All investments of the City shall be undertaken in a manner that ensures the preservation of capital in the overall portfolio. Each investment transaction shall seek to ensure that capital losses are avoided, whether from issuer or broker/dealer default. The City shall seek to preserve principal by mitigating the two types of risk: Credit risk and market risk.

4.1.1 Credit Risk

Credit risk is the risk of loss due to failure of the issuer to repay an obligation and shall be mitigated by investing in high quality credits, actively monitoring investments, and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the City's cash flow.

4.1.2 Market Risk

Market risk is the risk of market value fluctuations due to overall changes in the general level of interest rates and shall be mitigated by limiting the effective duration of the portfolio. The effective duration of the total dollar value of funds invested in accord with this Investment Policy shall not exceed 3.5 years.

4.2 Liquidity

The City's investment portfolio will be structured to provide sufficient liquidity to meet the operating requirements of the City of Concord.

4.3 Return on Investment

State law requires that the objective of return on investment be subordinate to the objectives of safety and liquidity. Therefore, investment employees shall seek to achieve a return on the funds under their control throughout all economic cycles, taking into consideration the City of Concord's investment risk constraints and cash flow requirements. In evaluating the performance of the City's portfolio in complying with this Policy, it is expected that the City shall establish an appropriate performance

benchmark and compare the total return of its portfolio to the total return of the benchmark.

5.0 DELEGATION OF AUTHORITY

Pursuant to Section 53601 of the California Government Code, the City Council as the legislative body of the City of Concord has primary responsibility for the investment of surplus monies or monies held in sinking funds, in the City treasury. As authorized under Section 53607 of the California Government Code, the City Council hereby delegates its authority to invest or reinvest the funds of the City, and to sell or exchange securities so purchased, to the City Treasurer who shall assume full responsibility for all such transactions until such time as this delegation of authority may be revoked by the City Council.

Within the Finance Department, the responsibility of day-to-day treasury activities and investment of City funds is delegated by the City Treasurer to the Director of Finance. The Director of Finance may then delegate the authority to conduct investment transactions and to manage the operation of the investment portfolio to other specifically authorized staff members. The City Treasurer shall establish investment policy guidelines in writing within which the Director of Finance or designee shall operate day-to-day investment activities. Delegation of Authority will not remove or abridge the Treasurer's investment responsibility.

The Treasurer may also delegate investment decision making and execution authority to an investment advisor. The advisor shall follow the Investment Policy and such other written instructions as are provided.

6.0 ETHICS AND CONFLICT OF INTEREST

In accordance with California Government Code Sections 1090 et seq. and 87100 et seq., and the City of Concord's Conflict of Interest Code, public officials of the City will refrain from any activity that could conflict with the proper execution of the investment program or which could impair their ability to make impartial investment decisions. In addition, these same employees are prohibited from undertaking personal investment transactions with any individual with whom City business is conducted.

Employees and investment officials shall annual submit a Statement of Economic Interest, also known as the Form 700. The Form 700 provides necessary information to the public about an official's personal financial interests to ensure that officials are making decisions in the best interest of the public and not enhancing their personal finances. Additional guidance on disclosing potential conflicts of interest is available on the California Fair Political Practices Commission website.

7.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The City of Concord shall transact business only with commercial banks, savings and loans, and investment securities dealers. The dealers must be primary dealers regularly reporting to the Federal Reserve Bank of New York or regional dealers that qualify under the Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). Selection of financial institutions and broker/dealers authorized to do business with the City shall be at the sole discretion of the City Treasurer. The Treasurer will maintain a list of financial institutions authorized to transact with the City.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Treasurer with audited financial statement from the three most recent years, at least three references from other California Local agencies, a completed Broker/dealer questionnaire and a statement certifying that the institution has reviewed the California Government Code Section 53600 et seq. and the City's Investment Policy. The Treasurer shall determine if the Financial Institutions are adequately capitalized, make markets in securities appropriate to the City's needs and are recommended by other local agency portfolio managers.

The Treasurer will conduct an annual review of the financial condition of all qualified institutions. Additionally, their current financial statements are required to be on file.

If the City has an investment advisor, the investment advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of the City. The advisor shall make available its list of authorized broker/dealers to City staff upon request.

8.0 AUTHORIZED INVESTMENTS

The City is authorized by California Government Code Section 53600 et seq. to invest in the types of securities listed below.

Where this section specifies a percentage limitation for a particular security type, that percentage is applicable only on the date of purchase. Credit criteria listed in this section refers to the credit rating at the time the security is purchased. If an investment's credit rating falls below the minimum rating required at the time of purchase, the Treasurer will perform a timely review and decide whether to sell or hold the investment.

8.1 United States Treasury Bills, Bonds, and Notes, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest. There is no limitation as to the percentage of the portfolio that can be invested in this category. There is a five-year maximum term.

8.2 Federal Agency or United States Government-Sponsored Enterprise Obligations, participations, or other instruments, including those issued by

or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. This shall include any mortgage pass through security issued and guaranteed by a Federal Agency with a maximum final maturity of five years. Purchase of Federal Agency issued mortgage-backed securities authorized by this subdivision may not exceed 20% of the City's investment portfolio; all other investments in Federal Agency securities are unrestricted.

8.3 **Obligations of the State of California or any local agency within the state**, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency, or by a department, board, agency or authority of the state or any local agency. These securities shall be rated in a ratings category of "A" or its equivalent or better by a nationally recognized statistical-rating organization ("NRSRO"). Purchases in this category, together with those allowed by 8.4, may not exceed 30% of the cost value of the portfolio.

8.4 **Registered Treasury Notes or Bonds of any of the other 49 states in addition to California**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state, or by a department, board, agency, or authority of any of these states. These securities shall be rated in a ratings category of "A" or its equivalent or better by a nationally recognized statistical-rating organization ("NRSRO"). Purchases in this category, together with those allowed by 8.3, may not exceed 30% of the cost value of the portfolio.

8.5 Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as **Bankers' Acceptances,** with a ratings category of "A" or A1/P1 as applicable, or its equivalent or better by a nationally recognized statistical-rating organization ("NRSRO"). Purchases in this category may not exceed 180 days to maturity or 30% of the cost value of the portfolio.

8.6 **Commercial Paper** of prime quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization ("NRSRO"). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph a or paragraph b below:

a. The entity meets the following criteria: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars ($500,000,000), and (iii) has debt other than commercial paper, if any, which is rated in a ratings category of at least "A", or its equivalent or better by a NRSRO.

b. The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited

liability company, (ii) has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (iii) has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Purchases of eligible commercial paper may not exceed 270 days to maturity. Purchases of commercial paper may not exceed 25 percent of the cost value of the portfolio nor represent more than 10 percent of the outstanding paper of an issuing corporation.

8.7 **Negotiable Certificates of Deposit** issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally- or state-licensed branch of a foreign bank. These securities shall be rated in a ratings category of "A" or its equivalent or better. Purchases of Negotiable Certificates of Deposit shall not exceed 30 percent of the cost value of the portfolio nor exceed a five-year term.

8.8 **Medium-Term Notes (MTNs)** issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. MTNs eligible for investment in this category must rate in a ratings category of "A" or its equivalent or better. Investments in this category may not exceed 30 percent of the cost value of the portfolio.

8.9 Shares of beneficial interest issued by diversified management companies that are **Money Market Funds** registered with the Securities and Exchange Commission under the Investment Company Act of 1940. These funds must either have attained the highest rating/ranking by at least two of the three largest NRSROs or have retained an investment advisor registered with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000).

Investments in this category will not exceed 20 percent of the portfolio and there is no final maturity.

8.10 State Pool – **Local Agency Investment Fund (LAIF).** This fund was established by the State Treasurer for the benefit of Local agencies under California Government Code Section 16429.1. The City may invest in the LAIF up to the maximum amount permitted by State law.

8.11 **Time Certificates of Deposit** in a state or national bank, savings association or federal association, or federal or state credit union with a branch in the State of California. In accordance with California Government Code Section 53635.2, to be eligible to receive City deposits a financial institution shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal

financial supervisory agency of its record of meeting the credit needs of California's communities. Time CDs are required to be collateralized as specified under Government Code Section 53630 et seq. The City, at its discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. The City shall have a signed agreement with any depository accepting City funds per Government Code Section 53649. No deposits shall be made at any time in time CDs issued by a state or federal credit union if a member of City Council or the Director of Finance serves on the board of directors or any committee appointed by the board of directors of the credit union. In accordance with Government Code Section 53638, any deposit shall not exceed that total shareholder's equity of any depository bank, nor shall the deposit exceed the total net worth of any institution. Purchases in a single institution will not exceed 10 percent of the cost value of the portfolio.

8.12 **Supranationals**, defined as United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, and eligible for purchase and sale within the United States. These securities shall be rated in a ratings category of "AA" or its equivalent or better by an NRSRO. Purchases of supranationals shall not exceed 30 percent of the cost value of the portfolio nor exceed a five-year term.

8.13 Shares of beneficial interest issued by joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

8.14 **Prohibited Investments.** Investments not described herein are ineligible investments. The City shall not invest any funds in inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages in accordance with California Government Code Section 53601.6. In addition, the City shall not invest any funds in any security that could result in zero interest accrual if held to maturity.

9.0 REVIEW OF INVESTMENT PORTFOLIO

The securities held by the City must be in compliance with Section 8.0 Authorized Investments at the time of purchase. Because some securities may not comply with Section 8.0 Authorized Investments subsequent to the date of purchase, the Treasurer shall at least annually review the portfolio to identify those securities that do not comply. The Treasurer shall establish procedures to report to the Legislative Body major and critical incidences of noncompliance identified through the review of the portfolio.

10.0 INVESTMENT POOLS/MUTUAL FUNDS

A thorough investigation of any investment pool or money market mutual fund is required prior to investing City funds. A due diligence review will be performed on all money market mutual funds and pooled investment funds on a continued basis.

As outlined in section 8.9 of this policy, investments in mutual funds are restricted to money market mutual funds and must meet the experience and asset requirements as stated. Treasury staff will continually monitor the funds to ensure the maintenance of those ratings/requirements.

Reports on the performance of the Pooled Money Investment Account/LAIF can be found on the California State Treasurer's web site as well as the Investment Board report, historical rates/costs and market valuations. These reports should be reviewed each month as part of the due diligence review.

11.0 COLLATERALIZATION

California Government Code, Sections 53652 et seq., specifies the types and levels of collateral for public funds on deposit above the FDIC insurance amounts. These collateral requirements apply to both active bank deposits (checking and savings accounts) and inactive bank deposits (non-negotiable certificates of deposit) and must be maintained for all the City's bank deposits

12.0 SAFEKEEPING AND CUSTODY

All securities held by the City of Concord shall be held in safekeeping by a third party bank trust department acting as agent for the City under the terms of the custody agreement executed by the bank and the City, and shall be evidenced by safekeeping receipts. All securities will be received and delivered using standard delivery-versus-payment (DVP) procedures. Investments in the State Pool or money market mutual funds are undeliverable and are not subject to delivery or third party safekeeping.

13.0 DIVERSIFICATION

The City of Concord will diversify its portfolio by investment type, issuer, maturity dates and broker/dealer.

No more than 5% of the City's portfolio shall be invested in the securities of any issuer regardless of security type, excluding U.S. Treasuries, Federal Agencies, and pooled investments such as LAIF, money market funds, or local government investment pools.

For purposes of diversification, LAIF accounts will not be aggregated. Limits for security types are set forth in Section 8.0 of this document.

14.0 MAXIMUM MATURITIES

The City of Concord will attempt to match its investments with anticipated cash flow requirements whenever possible. The maximum maturity of any one security, unless otherwise stated in this Investment Policy or restricted by the California Government Code, is limited to five years. The City may not invest in a security whose maturity exceeds five years from the date of purchase unless City Council has provided approval for a specific purpose at least three months before the investment is made.

15.0 INTERNAL CONTROLS

The City Treasurer has developed a system of internal controls to ensure compliance with investment policies and procedures of the City of Concord and the California Government Code.

The Senior Financial Analyst will review and post monthly interest accruals and will analyze the monthly statements of the City's externally managed portfolios and funds.

16.0 REPORTING

California Government Code 53646 states that the Treasurer may render a quarterly report to the Legislative Body within 30-days of the quarter's end. Section 53646(b) only states that the report is to be rendered to the Legislative Body; no action is required by the Legislative Body. California Government Code 53607 states that the Treasurer shall render a monthly list of investment transactions to the Legislative Body when investment authority has been delegated to the Treasurer by the Legislative Body.

The quarterly report shall include the type of investment, issuer, maturity date, par and cost/book values of all securities, investments and monies held by the City of Concord. It shall also include the rate of interest, the current market value as of the report date and the source of the valuation. In addition, the report shall include a list of investment transactions that occurred during the prior three months. The report shall state compliance of the portfolio to the Investment policy as well as the California Government Code and it shall state the City's ability to meet its

estimated expenditures for the next six months. The treasury staff will also post the quarterly investment report onto the Treasury section of the City of Concord's website.

17.0 INVESTMENT POLICY ADOPTION

The City of Concord's investment policy shall be rendered to and adopted by the City Council annually as recommended by California Government Code 53646.

18.0 GLOSSARY

AGENCIES: Federal agency securities and/or Government sponsored enterprises.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Time certificates of deposit are collateralized in accordance with the State code. Large-denomination CDs are typically negotiable and non-collateralized.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: Delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt of the securities.

DERIVATIVES: (1) Financial instruments whose return profile is lined to or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

EFFECTIVE DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. The calculation takes into account the fact that expected cash flows of some investment types will fluctuate as interest rates change. Effective duration is expressed as a number of years.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per deposit.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services

to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLB is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the US Government. Ginnie Mae securities are backed by the mortgages, including FHA and VA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

ISSUER: A legal entity that has the power to issue and distribute securities. Issuers include corporations, municipalities, foreign and domestic governments and their agencies, and investment trusts.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

POOLED MONEY INVESTMENT FUND (LAIF): The aggregate of all funds from political subdivisions that are placed in the custody of the County or State Treasurer for investment and reinvestment. The State of California's pool is known as the Local Agency Investment Fund, or LAIF.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

PORTFOLIO: Collection of securities and investments held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state. In other states, the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

RATE OF RETURN: For fixed-rate securities, it is the coupon or contractual dividend rate divided by the purchase price which is also the current yield.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of al types and descriptions are held in the bank's vaults for protection.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C301: See Uniform Net Capital Rule.

SUPRANATIONALS: International financial institutions that are generally established by agreements among nations, with member nations contributing capital and participating in management. Supranational bonds finance economic and infrastructure development and support environmental protection, poverty reduction, and renewable energy around the globe.

TREASURY BILLS: A non-interest bearing discount security issued by the US Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing US Treasury securities issued as direct obligations of the US Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing US Treasury securities issued as direct obligations of the US Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as non-member broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15:1; also called *net capital rule* and *net capital ratio*. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage: (a) Income Yield is obtained by dividing the current dollar income by the current market price for the security; (b) Net Yield or Yield to Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

APPENDIX D

FORM OF SPECIAL COUNSEL OPINION

[Closing Date]

City Council of the
City of Concord
1950 Parkside Drive
Concord, California 94519

OPINION: $100,000,000* Certificates of Participation (2021 Capital Improvement Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the City of Concord, as the Rental for Certain Property Pursuant to a Lease Agreement with the Public Property Financing Corporation of California

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Members of the City Council:

We have acted as special counsel in connection with the delivery by the City of Concord (the "City"), of its $100,000,000* Lease Agreement, dated as of May 1, 2021, by and between the Public Property Financing Corporation of California (the "Corporation") and the City (the "Lease Agreement"), pursuant to the California Government Code. The Corporation has, pursuant to the Assignment Agreement, dated as of May 1, 2021 (the "Assignment Agreement"), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), assigned certain of its rights under the Lease Agreement, including its right to receive a portion of the lease payments made by the City thereunder (the "Lease Payments"), to the Trustee. Pursuant to the Trust Agreement, dated as of May 1, 2021, by and among the Trustee, the Corporation and the City (the "Trust Agreement"), the Trustee has executed and delivered certificates of participation (the "Certificates") evidencing direct, undivided fractional interests of the owners thereof in the Lease Payments. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Lease Agreement and in the certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The City is duly created and validly existing as a municipal corporation and general law city organized and existing under the laws of the State of California with the power to enter into the Lease Agreement and the Trust Agreement and to perform the agreements on its part contained therein.

2. The Lease Agreement and the Trust Agreement have been duly authorized, executed and delivered by the City and are obligations of the City valid, binding and enforceable against the City in accordance with their respective terms.

3. The Assignment Agreement is valid, binding and enforceable in accordance with their terms.

4. Subject to the terms and provisions of the Lease Agreement, the Lease Payments to be made by the City are payable from general funds of the City lawfully available therefor. By virtue of the Assignment Agreement, the

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* Preliminary, subject to change.

owners of the Certificates are entitled to receive their fractional share of the Lease Payments in accordance with the terms and provisions of the Trust Agreement.

5. Subject to the City's compliance with certain covenants, interest with respect to the Certificates is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Failure to comply with certain of such covenants could cause interest with respect to the Certificates to be includable in gross income for federal income tax purposes retroactively to the date of delivery of the Certificates.

6. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

Ownership of the Certificates may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Certificates.

The rights of the owners of the Certificates and the enforceability of the Lease Agreement, the Assignment Agreement and the Trust Agreement may be subject to the Bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of certain provisions of the Site and Facility Lease, the Lease Agreement, the Assignment Agreement and the Trust Agreement prepared for Certificates. The following also includes definitions of certain terms used therein and in this Official Statement. Such summary is not intended to be definitive. Reference is directed to said documents for the complete text thereof. Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. Copies of said documents are available from the City and from the Trustee.

DEFINITIONS

"*Additional Payments*" means the payments so designated and required to be paid by the City pursuant to \ the Lease Agreement.

"*Assignment Agreement*" means the Assignment Agreement, dated as of May 1, 2021, by and between the Corporation and the Trustee, together with any duly authorized and executed amendments thereto.

"*Bond Counsel*" means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the City of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"*Business Day*" means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the state in which the Designated Corporate Trust Office is located or in the State are closed or are required to close or a day on which the New York Stock Exchange is closed.

"*Certificate of Completion*" means the certificate of a City Representative certifying that the Project has been completed by the City and that all costs relating thereto have been paid.

"*Certificates*" means the certificates of participation to be executed and delivered pursuant to the Trust Agreement which evidence direct, undivided fractional Interests of the Owners thereof in Lease Payments.

"*City*" means City of Concord, a municipal corporation and general law city, duly organized and existing under and by virtue of the laws of the State.

"*City Representative*" means the Mayor, the City Manager, the Director of Finance or any other person authorized by resolution of the Council delivered to the Trustee to act on behalf of the City under or with respect to the Site and Facility Lease, the Lease Agreement and the Trust Agreement.

"*Closing Date*" means May 19, 2021, the date upon which there is a physical delivery of the Certificates in exchange for the amount representing the purchase price of the Certificates by the Original Purchaser.

"*Code*" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Lease Agreement or the Trust Agreement) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

"*Continuing Disclosure Certificate*" shall mean that certain Continuing Disclosure Certificate executed by the City and dated the date of execution and delivery of the Certificates, as it may be amended from time to time in accordance with the terms thereof.

"*Corporation*" means the Public Property Financing Corporation of California, a nonprofit public benefit corporation organized and existing under and by virtue of the laws of the State.

"*Corporation Representative*" means the President, the Executive Director, the Treasurer and the Secretary of the Corporation, or the designee of any such official, or any other person authorized by resolution delivered to the Trustee to act on behalf of the Corporation under or with respect to the Site and Facility Lease, the Lease Agreement, the Assignment Agreement and the Trust Agreement.

"*Council*" means the City Council of the City.

"*County*" means Contra Costa County, a political subdivision of the State.

"*Defeasance Obligations*" means (a) cash, (b) direct non-callable obligations of the United States of America, (c) securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, (d) Refcorp interest strips, (e) CATS, TIGRS, STRPS, and (f) defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination of the foregoing).

"*Delivery Costs*" means all items of expense directly or indirectly payable by or reimbursable to the City or the Corporation relating to the execution and delivery of the Site and Facility Lease, the Lease Agreement, the Trust Agreement and the Assignment Agreement or the execution, sale and delivery of the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, costs for statistical data, initial fees and charges of the Trustee (including the fees and expenses of its counsel), financing discounts, legal fees and charges, insurance fees and charges (including title insurance), financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates, and charges and fees in connection with the foregoing.

"*Delivery Costs Fund*" means the fund by that name established and held by the Trustee pursuant to \ the Trust Agreement.

"*Designated Corporate Trust Office*" means the corporate trust office of the Trustee as designated in \ the Trust Agreement or such other office designated by the Trustee from time to time except that with respect to presentation of Certificates for payment or for registration of transfer and exchange or surrender and cancellation, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

"*Event of Default*" means an event of default under the Lease Agreement.

"*Facility*" means, collectively, those facilities described in the Site and Facility Lease and in the Lease Agreement.

"Federal Securities" means (a) Cash, and (b) obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States including: (i) United States treasury obligations, (ii) all direct or fully guaranteed obligations, (iii) General Services Administration, (iv) Guaranteed Title XI financing, (v) Government National Mortgage Association (GNMA), and (vi) State and Local Government Series.

"*Fiscal Year*" means the twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period selected by the City as its fiscal year.

"*Independent Counsel*" means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Corporation, the City or the Trustee.

"Information Services" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Council (at http://emma.msrb.org) or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other national information services providing information or disseminating notices of redemption of obligations similar to the Certificates.

"*Insurance and Condemnation Fund*" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"*Interest Payment Date*" means the first (1st) day of April and October in each year, commencing October 1, 2021, so long as any Certificates are Outstanding.

"*Lease Agreement*" means that certain agreement for the lease of the Property by the Corporation to the City, dated as of May 1, 2021, together with any duly authorized and executed amendments thereto.

"*Lease Payment Date*" means the fifteenth (15th) day of March and September in each year during the Term of the Lease Agreement, commencing September 15, 2021.

"*Lease Payment Fund*" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"*Lease Payments*" means the total payments required to be paid by the City pursuant to the Lease Agreement, including any prepayment thereof pursuant to the Lease Agreement, which payments consist of an interest component and a principal component, as set forth in the Lease Agreement.

"*Moody's*" means Moody's Investors Service, New York, New York, or its successors.

"*Net Proceeds*," when used with respect to insurance or condemnation proceeds, means any insurance proceeds or condemnation award paid with respect to the Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

"*Original Purchaser*" means the first purchaser of the Certificates upon their delivery by the Trustee on the Closing Date.

"*Outstanding,*" when used as of any particular time with respect to Certificates, means (subject to the provisions of the Trust Agreement) all Certificates theretofore executed and delivered by the Trustee under the Trust Agreement except:

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

(b) Certificates for the payment or redemption of which funds or Defeasance Obligations in the necessary amount shall have theretofore been deposited with the Trustee or an escrow holder (whether upon or prior to the maturity or redemption date of such Certificates), provided that, if such Certificates are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(c) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Trust Agreement; and

(d) Certificates paid pursuant to the Trust Agreement.

"*Owner*" or "*Certificate Owner*" or "*Owner of a Certificate,*" or any similar term, when used with respect to a Certificate means the person in whose name such Certificate shall be registered on the Registration Books.

"*Participating Underwriter*" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"*Permitted Encumbrances*" means, as of any particular time: (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of the Lease Agreement, permit to remain unpaid; (b) the Site and Facility Lease; (c) the Lease Agreement; (d) the Assignment Agreement; (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (f) easements, rights-of-way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which the City certifies in writing will not materially impair the use of the Property; and (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Lease Agreement and to which the Corporation and the City agree in writing do not reduce the value of the Property.

"*Permitted Investments*" means any of the following:

(a) Federal Securities;

(b) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: (i) Export-Import Bank, (ii) Rural Economic Community Development Administration, (iii) U.S. Maritime Administration, (iv) Small Business Administration, (v) U.S. Department of Housing & Urban Development (PHAs), and (vi) Federal Housing Administration;

(c) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: (i) senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), (ii) obligations of the Resolution Funding Corporation (REFCORP), and (iii) senior debt obligations of the Federal Home Loan Bank System;

(d) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks, which may include the Trustee and its affiliates, which have a rating on their short-term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(e) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(f) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee, its parent holding company, if any, or any affiliate or subsidiary of the Trustee, provide investment advisory or other management services;

(g) Pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or (B) (i) which are fully secured as to principal, interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (a) above, which escrow may be applied only to the payment of such principal, interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal,

interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) Municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of "A2/A" or higher by both Moody's and S&P (excluding those with a floating net asset value);

(i) The Local Agency Investment Fund maintained by the State;

(j) Investment agreements, including guaranteed investment contracts, repurchase agreements and forward delivery agreements, that are obligations of an entity rated, or whose obligations are rated, or guaranteed by an entity which is rated or whose obligations are rated, (at the time the investment is entered into) not lower than A3 by Moody's or its equivalent from another Nationally Recognized Rating Agency; and

(k) The Contra Costa County Investment Pool

"*Proceeds*," when used with reference to the Certificates, means the face amount of the Certificates, less original issue discount.

"*Project Costs*" means all costs of payment of, or reimbursement for, the 2021 Project.

"*Project Fund*" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"*Property*" means, collectively, the Site and the Facility.

"*Rating Category*" means, with respect to any Permitted Investment, one of the generic categories of rating by Moody's or S&P applicable to such Permitted Investment, without regard to any refinement or graduation of such rating category by a plus or minus sign or a numeral.

"*Registration Books*" means the records maintained by the Trustee pursuant to the Trust Agreement for registration of the ownership and transfer of ownership of the Certificates.

"*Regular Record Date*" means the close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

"*Rental Period*" means each twelve-month period during the Term of the Lease Agreement commencing on April 2 in any year and ending on April 1 in the next succeeding year; *provided, however*, that the first Rental Period shall commence on the Closing Date and shall end on April 1, 2022.

"S&*P*" means S&P Global Ratings, a Standard & Poor's Financial Services LLC business, New York, New York, or its successors.

"*Securities Depositories*" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041 Attention: Call Notification Department; or to such other addresses and/or such other registered securities depositories holding substantial amounts of obligations of types similar to the Certificates.

"*Site*" means, collectively, that certain real property more particularly described in the Site and Facility Lease and in the Lease Agreement.

"*Site and Facility Lease*" means the Site and Facility Lease, dated as of May 1, 2021, by and between the City, as lessor, and the Corporation, as lessee, together with any duly authorized and executed amendments thereto.

"*State*" means the State of California.

"*Term of the Lease Agreement*" means the time during which the Lease Agreement is in effect, as provided in the Lease Agreement.

"*Trust Agreement*" means the Trust Agreement, dated as of May 1, 2021, by and among the City, the Corporation and the Trustee, together with any duly authorized amendments thereto.

"*Trustee*" means The Bank of New York Mellon Trust Company, N.A., or any successor thereto, acting as Trustee pursuant to the Trust Agreement.

"*2015 Lease Agreement*" means that certain Lease Agreement, dated as of June 1, 2015, as amended as of March 1, 2018, by and between the Corporation and the City, the payments under which were assigned to Bank of the West

"*2021 Project*" means the capital improvements to be completed within the geographic boundaries of the City, more particularly described in the Trust Agreement.

SITE AND FACILITY LEASE

The Site and Facility Lease is entered into between the City and the Corporation. The City agrees to lease the Site and the Facility to the Corporation for a term continuous with the term of the Lease Agreement. The City and the Corporation agree that the lease to the Corporation of the City's right, title and interest in the Site and the Facility pursuant to the Site and Facility Lease serves the public purposes of the City by enabling the Corporation to lease the Site and Facility back to the City.

LEASE AGREEMENT

Deposit of Money

On the Closing Date, the Corporation shall cause to be deposited with the Trustee the net proceeds of sale of the Certificates. Amounts estimated to be required to pay Delivery Costs shall be deposited in the Delivery Costs Fund, the amount required to prepay the 2015 Lease Agreement shall be transferred to Bank of the West, the assignee of the City's payments under the 2015 Lease Agreement, and amounts estimated to be required to pay Project Costs shall be deposited in the Project Fund.

Payment of Delivery Costs

Payment of Delivery Costs shall be made from the moneys deposited in the Delivery Costs Fund, which moneys shall be disbursed for such purpose in accordance and upon compliance with the Trust Agreement.

Payment of Project Costs

Payment of Project Costs shall be made from the moneys deposited in the Project Fund, which moneys shall be disbursed for such purpose in accordance and upon compliance with the Trust Agreement.

Lease

The Corporation leases the Property to the City, and the City leases the Property from the Corporation, upon the terms and conditions set forth in the Lease Agreement. The leasing of the Property by the City to the Corporation pursuant to the Site and Facility Lease shall not affect or result in a merger of the City's leasehold estate pursuant to the Lease Agreement and its fee estate as lessor under the Site and Facility Lease.

Term of Agreement; Possession

The Term of the Lease Agreement shall commence on the Closing Date, and shall end on April 1, 2041, unless such term is extended. If, on April 1, 2041, the Trust Agreement shall not be discharged by its terms or if the Lease Payments payable under the Lease Agreement shall have been abated at any time and for any reason, then the Term of the Lease Agreement shall be extended without the need to execute any amendment to the Lease Agreement until there has been deposited with the Trustee an amount sufficient to pay all obligations due under the Lease Agreement, but in no event shall the Term of the Lease Agreement extend beyond April 1, 2051. If, prior to April 1, 2041, the Trust Agreement shall be discharged by its terms, the Term of the Lease Agreement shall thereupon end. The Trustee shall notify the Corporation of the termination of the Lease Agreement pursuant to the Trust Agreement.

The City agrees to accept and take possession of the Property on or prior to the date of recordation of the Lease Agreement.

Lease Payments

Obligation to Pay. The City agrees to pay to the Corporation, its successors and assigns, as rental for the use and occupancy of the Property during each Rental Period, the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in the Lease Agreement, to be due and payable on the respective Lease Payment Dates specified in the Lease Agreement. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole and other than amounts required for payment of Certificates not yet surrendered) shall be credited towards the Lease Payment then due and payable; and no Lease Payment need be made on any Lease Payment Date if the amounts then held in the Lease Payment Fund are at least equal to the Lease Payment then required to be paid. The Lease Payments for the Property payable in any Rental Period shall be for the use of the Property for such Rental Period.

Effect of Prepayment. In the event that the City prepays all remaining Lease Payments and all additional payments due under the Lease Agreement in full, the City's obligations under the Lease Agreement shall thereupon cease and terminate including, but not limited to, the City's obligation to pay Lease Payments under the Lease Agreement; subject however, to the provisions of the Lease Agreement in the case of prepayment by application of a security deposit. In the event that the City optionally prepays the Lease Payments in part but not in whole, such prepayment shall be credited entirely towards the prepayment of the Lease Payments as follows: (i) the principal components of each remaining such Lease Payments shall be reduced in such order as shall be selected by the City in integral multiples of $5,000; and (ii) the interest component of each remaining Lease Payment shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificates redeemed pursuant to the Trust Agreement.

Rate on Overdue Payments. In the event the City should fail to make any of the payments required in the Lease Agreement, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate per annum payable with respect to the Certificates. Such interest, if received, shall be deposited in the Lease Payment Fund.

Fair Rental Value. The Lease Payments for each Rental Period shall constitute the total rental for the Property for each such Rental Period and shall be paid by the City in each Rental Period for and in consideration of the right of the use and occupancy and the continued quiet use and enjoyment of the Property during each Rental Period. The parties to the Lease Agreement have agreed and determined that the total Lease Payments represent the fair rental value of the Property. In making such determination, consideration has been given to the obligations of the parties under the Lease Agreement, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the City and the general public.

Source of Payments; Budget and Appropriation. Lease Payments shall be payable from any source of available funds of the City. The City covenants to take such action as may be necessary to include all Lease Payments due under the Lease Agreement in each of its budgets during the Term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments and for additional payments due under the Lease Agreement. To that end, the Board of Supervisors shall direct budgetary staff to include in each annual budget proposal to the Board of Supervisors an appropriation sufficient to pay Lease Payments and Additional Payments. The City expresses its present intent to appropriate Lease Payments and additional payments due under the Lease Agreement during the Term of the Lease Agreement. The covenants on the part of the City contained in the Lease Agreement shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the City.

Assignment. The City understands and agrees that all Lease Payments have been assigned by the Corporation to the Trustee in trust, pursuant to the Assignment Agreement, for the benefit of the Owners of the Certificates, and the City assents to such assignment. The Corporation directs the City, and the City agrees to pay to the Trustee at the Principal Corporate Trust Office, all payments payable by the City pursuant to the Lease Agreement.

Additional Payments

In addition to the Lease Payments, the City shall pay when due the following additional payments:

(a) Any fees and expenses incurred by the City in connection with or by reason of its leasehold estate in the Property as and when the same become due and payable;

(b) Any amounts due to the Trustee pursuant to the Trust Agreement for all services rendered under the Trust Agreement and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Trust Agreement;

(c) Any reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the City, the Corporation or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Lease Agreement or the Trust Agreement; and

(d) Any reasonable out-of-pocket expenses of the City in connection with the execution and delivery of the Lease Agreement or the Trust Agreement, or in connection with the execution and delivery of the Certificates, including any and all expenses incurred in connection with the authorization, execution, sale and delivery of the Certificates, or incurred by the Corporation in connection with any litigation which may at any time be instituted involving the Lease Agreement, the Trust Agreement, the Certificates or any of the other documents contemplated or thereby, or incurred by the Corporation in connection with the Continuing Disclosure Certificate, or otherwise incurred in connection with the administration thereof.

Title

During the Term of the Lease Agreement, the Corporation shall hold leasehold title to the Property and shall hold fee title to those portions of the Property which are newly acquired or constructed and any and all additions which comprise fixtures, repairs, replacements or modifications to the Property, except for those fixtures, repairs, replacements or modifications which are added to the Property by the City at its own expense and which may be removed without damaging the Property and except for any items added to the Property by the City pursuant to the Lease Agreement.

If the City prepays the Lease Payments in full or makes the security deposit permitted by the Lease Agreement or pays all Lease Payments during the Term of the Lease Agreement as the same become due and payable, all

right, title and interest of the Corporation in and to the Property shall be terminated. The Corporation agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

Maintenance, Utilities, Taxes and Assessments

Throughout the Term of the Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the City and the City shall pay, or otherwise arrange, for the payment of all utility services supplied to the Property which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Lease Payments, the Corporation agrees to provide only the Property. The City waives the benefits of subsections 1 and 2 of section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the City under the terms of the Lease Agreement.

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

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the City that, in the opinion of Independent Counsel, by nonpayment of any such items, the interest of the Corporation in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation. The City shall provide the Corporation Insurer with written notice of any such contest and shall provide such updates on the contest as the Corporation may reasonably request.

Modification of Property

The City shall, at its own expense, have the right to remodel the Property or to make additions, modifications and improvements to the Property. All additions, modifications and improvements to the Property shall thereafter comprise part of the Property and be subject to the provisions of the Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Property, substantially alter its nature, cause the interest component of Lease Payments to be subject to federal income taxes or cause the Property to be used for purposes other than those authorized under the provisions of State and federal law; and the Property, upon completion of any additions, modifications and improvements made thereto pursuant to the Lease Agreement, shall be of a value which is not substantially less than the value of the Property immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City pursuant to the Lease Agreement; provided that if any such lien is established and the City shall first notify the Corporation of the City's intention to do so, the City may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the City.

Insurance

Public Liability and Property Damage Insurance. The City shall maintain or cause to be maintained, throughout the Term of the Lease Agreement, insurance policies, including a standard comprehensive general insurance policy or policies in protection of the Corporation, the City and the Trustee and their respective members, officers, agents and employees. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City and may be maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the City. Said policy or policies shall provide for indemnification of said parties against direct or consequential loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Said policy or policies shall provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of $100,000 (subject to a deductible clause of not to exceed $5,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City and may be maintained in the form of insurance maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the City. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

Fire and Extended Coverage Insurance; No Earthquake Insurance. The City shall maintain or cause to be maintained throughout the Term of the Lease Agreement, insurance against loss or damage to any part of the Property constituting structures, if any, by fire and lightning, with extended coverage and vandalism and malicious mischief insurance; *provided, however*, that the City shall not be required to maintain earthquake insurance with respect to the Property. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to one hundred percent (100%) of the replacement cost of such portion of the Property, if any. Such insurance may be subject to deductible clauses of not to exceed $100,000 for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried by the City and may be maintained in whole or in part in the form of insurance maintained through a joint exercise of powers authority created for such purpose. The Net Proceeds of such insurance shall be applied as provided in the Lease Agreement. The City may not satisfy the requirements of the Lease Agreement for fire and extended coverage insurance with self-insurance.

Rental Interruption Insurance. The City shall maintain, or cause to be maintained, throughout the Term of the Lease Agreement rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Property during the Term of the Lease Agreement as a result of any of the hazards covered in the insurance required by the Lease Agreement, if any, in an amount at least equal to two times maximum annual Lease Payments. The Net Proceeds of such insurance shall be paid to the Trustee and deposited in the Lease Payment Fund and shall be credited towards the payment of the Lease Payments in the order in which such Lease Payments come due and payable. Such insurance may be maintained as part of or in conjunction with any other insurance carried by the City and may be maintained in whole or in part in the form of insurance maintained through a joint exercise of powers authority created for such purpose. The City may not satisfy the requirements of the Lease Agreement for rental interruption insurance with self-insurance.

Title Insurance. The City shall provide, from moneys in the Delivery Costs Fund or at its own expense, on the Closing Date, an CLTA title insurance policy in the amount of not less than the principal amount of the Certificates, insuring the City's leasehold estate in the Property, subject only to Permitted Encumbrances.

Insurance Net Proceeds; Form of Policies Each policy or other evidence of insurance required by the Lease Agreement shall provide that all proceeds thereunder shall be payable to the Trustee as and to the extent required under the Lease Agreement, shall name the Trustee as an additional insured and shall be applied as provided in the Lease Agreement. Insurance must be provided by an insurer rated "A" or better by S&P or A.M. Best Company.

The City shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease Agreement. All policies evidencing required insurance shall provide thirty (30) days' prior written notice to the Corporation, the City and the Trustee of any cancellation, reduction in amount or material change in coverage. The Trustee shall not be responsible for the sufficiency of any insurance required in the Lease Agreement, including any forms of self-insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The City shall cause to be delivered annually on or before each June 1 to the Trustee a certification, signed by a City Representative, stating compliance with the provisions of the Lease Agreement. The Trustee shall be entitled to rely on such certification without independent investigation. The City shall have the adequacy of any insurance reserves maintained by the City or by a joint exercise of powers authority, if applicable, for purposes of the insurance required by the Lease Agreement reviewed at least annually, on or before each June 1, by an independent insurance consultant and shall maintain reserves in accordance with the recommendations of such consultant to the extent moneys are available for such purpose and not otherwise appropriated.

Tax Covenants

Private Activity Bond Limitation. The City shall assure that proceeds of the Certificates are not so used as to cause the Certificates or the Lease Agreement to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Certificates or the Lease Agreement to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Rebate Requirement. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Certificates and the Lease Agreement.

No Arbitrage. The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Certificates which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Certificates or the Lease Agreement to be "arbitrage bonds" within the meaning of section 148 of the Code.

Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest with respect to the Certificates from the gross income of the Owners of the Certificates to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

No Condemnation

The City covenants and agrees, to the extent it may lawfully do so, that so long as any of the Certificates remain outstanding and unpaid, the City will not exercise the power of condemnation with respect to the Property. The City further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the City should fall or refuse to abide by such covenant and condemns the Property, the appraised value of the Property shall not be less than the greater of (i) if the Certificates are then subject to redemption, the principal and interest components of the Certificates Outstanding through the date of their redemption, or (ii) if the Certificates are not then subject to redemption, the amount necessary to defease the Certificates to the first available redemption date in accordance with the Trust Agreement.

Eminent Domain

If all of the Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (1) the Lease Agreement shall con-

tinue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments, in an amount to be agreed upon by the City and the Corporation and communicated to the Trustee such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property, except to the extent of special funds available for the payment of Lease Payments.

Application of Net Proceeds

From Insurance Award. The Net Proceeds of any insurance award resulting from any damage to or destruction of any portion of the Property constituting structures, if any, by fire or other casualty shall be paid by the City to the Trustee, as assignee of the Corporation under the Assignment Agreement, deposited in the Insurance and Condemnation Fund held by the Trustee and applied as set forth in the Trust Agreement.

From Eminent Domain Award. The Net Proceeds of any eminent domain award shall be paid by the City to the Trustee, as assignee of the Corporation under the Assignment Agreement, deposited in the Insurance and Condemnation Fund and applied as set forth in the Trust Agreement.

From Title Insurance. The Net Proceeds of any title insurance award shall be paid to the Trustee, as assignee of the Corporation under the Assignment Agreement, deposited in the Insurance and Condemnation Fund and applied as set forth in the Trust Agreement.

Abatement of Lease Payments in the Event of Damage or Destruction

Lease Payments shall be abated during any period in which, by reason of damage or destruction, there is substantial interference with the use and occupancy by the City of the Property or any portion thereof to the extent to be agreed upon by the City and the Corporation and communicated by a City Representative to the Trustee. The parties agree that the amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments as are then set forth in the Lease Agreement, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed, based upon the opinion of an MAI appraiser with expertise in valuing such properties, or other appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as communicated by a City Representative to the Trustee. In the event of any such damage or destruction, the Lease Agreement shall continue in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments to the extent that (a) the proceeds of rental interruption insurance, or (b) amounts in the Insurance and Condemnation Fund and/or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated, it being declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

Access to the Property

The City agrees that the Corporation and any Corporation Representative, and the Corporation's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Property. The City further agrees that the Corporation, any Corporation Representative, and the Corporation's successors or assigns, shall have such rights of access to the Property as may be reasonably necessary to cause the proper maintenance of the Property in the event of failure by the City to perform its obligations under the Lease Agreement.

Release and Indemnification Covenants

The City shall and agrees to indemnify and save the Corporation and the Trustee and their officers, agents, directors, employees, successors and assigns harmless from and against all claims, losses and damages, including

legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on the Property by the City, (ii) any breach or default on the part of the City in the performance of any of its obligations under the Lease Agreement or the Trust Agreement, (iii) any act or omission of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (iv) any act or omission of any sublessee of the City with respect to the Property, or (v) the authorization of payment of the Delivery Costs. Such indemnification shall include the costs and expenses of defending any claim or liability arising under the Lease Agreement or the Trust Agreement and the transactions contemplated thereby. No indemnification is made in the Lease Agreement for willful misconduct, negligence or breach of duty under the Lease Agreement by the Corporation, its officers, agents, directors, employees, successors or assigns.

Assignment by the Corporation

The Corporation's rights under the Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the City under the Lease Agreement, have been assigned to the Trustee pursuant to the Assignment Agreement.

Assignment and Subleasing by the City

The Lease Agreement may not be assigned by the City. The City may sublease the Property or any portion thereof, but only with the written consent of the Corporation and subject to, and delivery to the Corporation of a certificate as to, all of the following conditions:

(a) The Lease Agreement and the obligation of the City to make Lease Payments shall remain obligations of the City;

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

(c) No such sublease by the City shall cause the Property to be used for a purpose other than as may be authorized under the provisions of the Constitution and laws of the State; and

(d) The City shall furnish the Corporation and the Trustee with a written opinion of Bond Counsel, which shall be an Independent Counsel, stating that such sublease does not cause the interest components of the Lease Payments to become subject to federal income taxes or State personal income taxes.

Amendment of Lease Agreement

(a) *Substitution of Site or Facility.* The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute other land (a "Substitute Site") and/or a substitute facility (a "Substitute Facility") for the Site (the "Former Site"), or a portion thereof, and/or the Facility (the "Former Facility"), or a portion thereof, provided that the City shall satisfy all of the following requirements (to the extent applicable) which are hereby declared to be conditions precedent to such substitution:

(i) If a substitution of the Site, the City shall file with the Corporation and the Trustee an amended Site and Facility Lease which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(ii) If a substitution of the Site, the City shall file with the Corporation and the Trustee an amended Lease Agreement which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(iii) If a substitution of the Facility, the City shall file with the Corporation and the Trustee an amended Site and Facility Lease which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(iv) If a substitution of the Facility, the City shall file with the Corporation and the Trustee an amended Lease Agreement which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(v) The City shall certify in writing to the Corporation and the Trustee that such Substitute Site and/or Substitute Facility serve the purposes of the City, constitutes property that is unencumbered, subject to Permitted Encumbrances, and constitutes property which the City is permitted to lease under the laws of the State;

(vi) The City delivers to the Corporation and the Trustee a Certificate of a City Representative based on insurance values or any other reasonable basis of valuation received by the City (which need not require an appraisal) that the value of the Property following such substitution is equal to or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee that the indemnification provided pursuant to the Trust Agreement applies with respect to the Substitute Site and/or Substitute Facility;

(vii) The Substitute Site and/or Substitute Facility shall not cause the City to violate any of its covenants, representations and warranties made herein and in the Trust Agreement, as evidenced by a Certificate of a City Representative delivered to the Trustee;

(viii) The City shall obtain an amendment to the title insurance policy required pursuant to the Lease Agreement which adds thereto a description of the Substitute Site and deletes therefrom the description of the Former Site;

(ix) The City shall certify that the Substitute Site and/or the Substitute Facility is of the same or greater essentiality to the City as was the Former Site and/or the Former Facility;

(x) The City shall provide notice of the substitution to any rating agency then rating the Certificates which rating was provided at the request of the City or the Corporation; and

(xi) The City shall furnish the Corporation and the Trustee with a written opinion of Bond Counsel, which shall be an Independent Counsel, stating that such substitution does not cause the interest components of the Lease Payments to become subject to federal income taxes or State personal income taxes.

(b) *Release of Site*. The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Site, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Corporation and the Trustee an amended Site and Facility Lease which describes the Site, as revised by such release;

(ii) The City shall file with the Corporation and the Trustee an amended Lease Agreement which describes the Site, as revised by such release;

(iii) The City delivers to the Corporation and the Trustee a Certificate of a City Representative based on insurance values or any other reasonable basis of valuation received by the City (which need not require an appraisal) that the value of the Property, as revised by such release, is equal to or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee and the Corpora-

tion that the indemnification provided pursuant to the Trust Agreement applies with respect to the Site, as revised by such release;

(iv) Such release shall not cause the City to violate any of its covenants, representations and warranties made herein and in the Trust Agreement, as evidenced by a Certificate of a City Representative delivered to the Trustee;

(v) The City shall obtain an amendment to the title insurance policy required pursuant to the Lease Agreement which describes the Site, as revised by such release; and

(vi) The City shall provide notice of the release to any rating agency then rating the Certificates which rating was provided at the request of the City or the Corporation.

(c) *Release of Facility*. The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Facility, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Corporation and the Trustee an amended Site and Facility Lease which describes the Facility, as revised by such release;

(ii) The City shall file with the Corporation and the Trustee an amended Lease Agreement which describes the Facility, as revised by such release;

(iii) The City delivers to the Corporation and the Trustee a Certificate of a City Representative based on insurance values or any other reasonable basis of valuation received by the City (which need not require an appraisal) that the value of the Property, as revised by such release, is equal to or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee and the Corporation that the indemnification provided pursuant to the Trust Agreement applies with respect to the Facility, as revised by such release;

(iv) Such release shall not cause the City to violate any of its covenants, representations and warranties made herein and in the Trust Agreement, as evidenced by a Certificate of a City Representative delivered to the Trustee; and

(v) The City shall provide notice of the release to any rating agency then rating the Certificates which rating was provided at the request of the City or the Corporation.

(d) *Generally*. The Corporation and the City may at any time amend or modify any of the provisions of the Lease Agreement, but only (i) with the prior written consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates, or (ii) without the consent of any of the Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City contained in the Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, or in any other respect whatsoever as the Corporation and the City may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners; or

(iii) to amend any provision thereof relating to the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest with respect to the Certificates under the Code, in the opinion of Bond Counsel.

Events of Default and Remedies

Events of Default. The following shall be "events of default" under the Lease Agreement and the terms "Events of Default" and "Default" shall mean, whenever they are used in the Lease Agreement, any one or more of the following events:

(a) Failure by the City to pay any Lease Payment or other payment required to be paid at the time specified.

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease Agreement or under the Trust Agreement, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Corporation, the Trustee or the Owners of not less than five percent (5%) in aggregate principal amount of Certificates then outstanding; *provided, however*, if the failure stated in the notice can be corrected, but not within the applicable period, the Corporation, the Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected.

(c) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar acts which may hereafter be enacted.

Remedies on Default. The Trustee shall have the right to re-enter and re-let the Property and to terminate the Lease Agreement.

Whenever any Event of Default shall have happened and be continuing, it shall be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; *provided, however*, that notwithstanding anything in the Lease Agreement or in the Trust Agreement to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant in the Lease Agreement to be kept and performed by the City is expressly made a condition and upon the breach thereof, the Corporation may exercise any and all rights of entry and re-entry upon the Property, and also, at its option, with or without such entry, may terminate the Lease Agreement; provided, that no such termination shall be effected either by operation of law or acts of the parties to the Lease Agreement, except only in the manner expressly provided in the Lease Agreement. In the event of such default and notwithstanding any re-entry by the Corporation, the City shall, as expressly provided in the Lease Agreement, continue to remain liable for the payment of the Lease Payments and/or damages for breach of the Lease Agreement and the performance of all conditions therein contained and, in any event such rent and/or damages shall be payable to the Corporation at the time and in the manner as provided in the Lease Agreement, to wit:

(a) In the event the Corporation does not elect to terminate the Lease Agreement in the manner provided for below, the City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions contained in the Lease Agreement and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Property, or, in the event the Corporation is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Property

or the exercise of any other remedy by the Corporation. The City irrevocably appoints the Corporation as the agent and attorney-in-fact of the City to enter upon and re-lease the Property in the event of default by the City in the performance of any covenants contained in the Lease Agreement to be performed by the City and to remove all personal property whatsoever situated upon the Property, to place such property in storage or other suitable place within Sacramento County, for the account of and at the expense of the City, and the City exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions contained in the Lease Agreement. The City waives any and all claims for damages caused or which may be caused by the Corporation in re-entering and taking possession of the Property as provided in the Lease Agreement and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the City that may be in or upon the Property. The City agrees that the terms of the Lease Agreement constitute full and sufficient notice of the right of the Corporation to re-lease the Property in the event of such re-entry without effecting a surrender of the Lease Agreement, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of the Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate the Lease Agreement shall vest in the Corporation to be effected in the sole and exclusive manner provided for in paragraph (b) below.

(b) In an Event of Default, the Corporation at its option may terminate the Lease Agreement and re-lease all or any portion of the Property. In the event of the termination of the Lease Agreement by the Corporation at its option and in the manner provided in the Lease Agreement on account of default by the City (and notwithstanding any re-entry upon the Property by the Corporation in any manner whatsoever or the re-leasing of the Property), the City nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is provided in the Lease Agreement in the case of payment of Lease Payments. Any surplus received by the Corporation from such re-leasing shall be credited towards the Lease Payments next coming due and payable. Neither notice to pay rent or to deliver up possession of the premises given pursuant to law nor any proceeding in unlawful detainer taken by the Corporation shall of itself operate to terminate the Lease Agreement, and no termination of the Lease Agreement on account of default by the City shall be or become effective by operation of law, or otherwise, unless and until the Corporation shall have given written notice to the City of the election on the part of the Corporation to terminate the Lease Agreement. The City covenants and agrees that no surrender of the Property and/or of the remainder of the Term of the Lease Agreement or any termination of the Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

No Remedy Exclusive. No remedy is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease Agreement now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in the Lease Agreement, it shall not be necessary to give any notice, other than such notice as may be required in the Lease Agreement or by law.

Security Deposit

Notwithstanding any other provision of the Lease Agreement, the City may, on any date, secure the payment of all or a portion of the Lease Payments remaining due by an irrevocable deposit with the Trustee or an escrow holder under an escrow deposit and trust agreement as referenced in the Trust Agreement, of: (a) in the case of a security deposit relating to all Lease Payments, either (i) cash in an amount which, together with amounts on deposit in the Lease Payment Fund and the Insurance and Condemnation Fund, is sufficient to pay all unpaid Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in the Lease Agreement, or (ii) Defeasance Obligations in such amount as will, in the written opinion of an independent certified public accountant or other firm of recognized experts in such matters, together with interest to

accrue thereon and, if required, all or a portion of moneys or Defeasance Obligations or cash then on deposit and interest earnings thereon in the Lease Payment Fund and the Insurance and Condemnation Fund, be fully sufficient to pay all unpaid Lease Payments on their respective Lease Payment Dates; or (b) in the case of a security deposit relating to a portion of the Lease Payments, a certificate executed by a City Representative designating the portion of the Lease Payments to which the deposit pertains, and either (i) cash in an amount which is sufficient to pay the portion of the Lease Payments designated in such City Representative's certificate, including the principal and interest components thereof, or (ii) Defeasance Obligations in such amount as will, together with interest to be received thereon, if any, in the written opinion of an independent certified public accountant or other firm of recognized experts in such matters, be fully sufficient to pay the portion of the Lease Payments designated in the aforesaid City Representative's certificate.

In the event of a deposit pursuant as to all Lease Payments and the payment of all fees, expenses and indemnifications owed to the Trustee, all obligations of the City under the Lease Agreement shall cease and terminate, excepting only the obligation of the City to make, or cause to be made, all payments from the deposit made by the City and the obligations of the City pursuant to the Lease Agreement and title to the Property shall vest in the City on the date of said deposit automatically and without further action by the City or the Corporation. Said deposit and interest earnings thereon shall be deemed to be and shall constitute a special fund for the payments and said obligation shall thereafter be deemed to be and shall constitute the installment purchase obligation of the City for the Property. Upon said deposit, the Corporation will execute or cause to be executed any and all documents as may be necessary to confirm title to the Property in accordance with the provisions of the Lease Agreement. In addition, the Corporation appoints the City as its agent to prepare, execute and file or record, in appropriate offices, such documents as may be necessary to place record title to the Property in the City.

Prepayment

Optional Prepayment. The Corporation grants an option to the City to prepay the principal component of the Lease Payments in full, by paying the aggregate unpaid principal components of the Lease Payments, or in part, in a prepayment amount equal to the principal amount of Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Said option may be exercised with respect to Lease Payments due on and after March 15, _____, in whole or in part on any date. Said option shall be exercised by the City by giving written notice to the Corporation and the Trustee of the exercise of such option at least forty-five (45) days prior to said prepayment date. In the event of prepayment in part, the partial prepayment shall be applied against Lease Payments in such order of payment date as shall be selected by the City. Lease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule which shall be provided by, or caused to be provided by, the City to the Trustee and which shall represent an adjustment to the schedule set forth in the Lease Agreement taking into account said partial prepayment. The Trustee agrees to notify the Corporation in the event of any prepayment of Lease Payments, as provided in the Trust Agreement.

Mandatory Prepayment from Net Proceeds of Insurance, Title Insurance or Eminent Domain. The City shall be obligated to prepay the Lease Payments, in whole on any date or in part on any Lease Payment Date, from and to the extent of any Net Proceeds of an insurance, title insurance or condemnation award with respect to the Property theretofore deposited in the Lease Payment Fund for such purpose. The City and the Corporation agree that such Net Proceeds shall be applied first to the payment of any delinquent Lease Payments, and thereafter shall be credited towards the City's obligations under the Lease Agreement. Lease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule which shall be provided by, or caused to be provided by, the City to the Trustee and which shall represent an adjustment to the schedule set forth in the Lease Agreement taking into account said partial prepayment.

ASSIGNMENT AGREEMENT

The Assignment Agreement is entered into between the Corporation and the Trustee, pursuant to which the Corporation assigns and transfers to the Trustee, for the benefit of the Owners, certain of the rights of the Corporation under the Lease Agreement, including the right to receive Lease Payments under the Lease Agreement and the rights and remedies of the Corporation under the Lease Agreement to enforce payment of Lease Payments or otherwise to protect and enforce the Lease Agreement in the event of default by the City. Certain rights of the Corporation to payment of advances, indemnification and attorneys' fees and expenses are not assigned.

TRUST AGREEMENT

Project Fund; Payment of Project Costs

There shall be deposited in the Project Fund from the proceeds of the Certificates the amount required to be deposited therein, together with any other amounts from time to time deposited with the Trustee for such purpose as may be identified in writing to the Trustee.

Amounts in the Project Fund shall be disbursed for Project Costs. Disbursements from the Project Fund shall be made by the Trustee upon receipt of a sequentially numbered requisition requesting disbursement executed by a City Representative. Each such requisition shall:

(a) set forth the amounts to be disbursed for payment or reimbursement of previous payments of Project Costs and the person or persons to whom said amounts are to be disbursed;

(b) state that the amounts to be disbursed constitute Project Costs, that said amounts are required to be disbursed pursuant to a contract entered into therefor by or on behalf of the City, or were necessarily and reasonably incurred, and that said amounts are not being paid in advance of the time, if any, fixed for payment;

(c) state that no amount set forth in the requisition was included in any requisition requesting disbursement previously filed with the Trustee ; and

(d) state that there has been compliance with the Lease Agreement relating to the private use limitation and the private loan limitation.

The Trustee shall be responsible for the safekeeping and investment of the moneys held in the Project Fund and the payment thereof in accordance with the Trust Agreement, but the Trustee shall not be responsible for the truth or accuracy of such requisitions, may rely conclusively thereon and shall be under no duty to investigate or verify any statements made therein.

Upon the filing with the Trustee of a Written Certificate of the City stating that the Project has been completed, the Trustee shall withdraw any remaining amounts then on deposit in the Project Fund and, at the direction of the City, either (i) transfer such amounts to the Lease Payment Fund and applied to the payment of interest with respect to the Certificates, or (ii) apply such amount to the redemption of Certificate in accordance with the Trust Agreement and, in either case, the Project Fund shall be closed and the Trustee shall no longer be obligated to make payments for Project Costs.

Delivery Costs Fund; Payment of Delivery Costs

There shall be deposited in the Delivery Costs Fund the proceeds of sale of the Certificates required to be deposited therein pursuant to the Trust Agreement and any other funds from time to time deposited with the Trustee for such purpose and identified in writing to the Trustee.

The moneys in the Delivery Costs Fund shall be disbursed by the Trustee to pay the Delivery Costs. Disbursements from the Delivery Costs Fund shall be made by the Trustee on receipt of a sequentially numbered requisition, signed by a City Representative.

The Trustee shall be responsible for the safekeeping and investment (in accordance with the Trust Agreement) of the moneys held in the Delivery Costs Fund and the payment thereof in accordance with the Trust Agreement, but the Trustee shall not be responsible for the truth or accuracy of such requisitions, may rely conclusively thereon and shall be under no duty to investigate or verify any statements made therein.

Upon written notice from a City Representative that all Delivery Costs have been paid, the Trustee shall transfer any moneys then remaining in the Delivery Costs Fund to the Project Fund and applied for the purposes of such fund, the Delivery Costs Fund shall be closed, the Trustee shall no longer be obligated to make payments for Delivery Costs and all further Delivery Costs shall be paid by the City.

Assignment of Rights in Lease Agreement

The Corporation has, in the Assignment Agreement, transferred, assigned and set over to the Trustee certain of its rights but none of its obligations set forth in the Lease Agreement, including but not limited to all of the Corporation's rights to receive and collect Lease Payments and all other amounts required to be deposited in the Lease Payment Fund pursuant to the Lease Agreement or pursuant to the Trust Agreement. All Lease Payments and such other amounts to which the Corporation may at any time be entitled shall be paid directly to the Trustee and all of the Lease Payments collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof, and all such Lease Payments and such other amounts shall be forthwith deposited by the Trustee upon the receipt thereof in the Lease Payment Fund.

Lease Payment Fund

All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates. So long as any Certificates are Outstanding, neither the City nor the Corporation shall have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in the Trust Agreement.

There shall be deposited in the Lease Payment Fund all Lease Payments received by the Trustee, including any moneys received by the Trustee for deposit therein pursuant to the Trust Agreement or the Lease Agreement, and any other moneys required to be deposited therein pursuant to the Lease Agreement or the Trust Agreement.

All amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest with respect to the Certificates as the same shall become due and payable in accordance with the provisions of the Trust Agreement.

Any surplus remaining in the Lease Payment Fund after redemption and/or payment of all Certificates, including accrued interest (if any) and payment of any applicable fees and expenses to the Trustee, or provision for such redemption or payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the City.

Insurance and Condemnation Fund; Application of Net Proceeds of Insurance Award

(a) Any Net Proceeds of insurance against damage to or destruction of any part of the Property collected by the City in the event of any such damage or destruction shall be paid to the Trustee by the City pursuant to the Lease Agreement and deposited by the Trustee promptly upon receipt thereof in a special fund designated as the "Insurance and Condemnation Fund" to be established by the Trustee when deposits are required to be made therein.

(b) Within ninety (90) days following the date of such deposit, the City shall determine and notify the Trustee in writing of its determination either (i) that the replacement, repair, restoration, modification or improvement of the Property is not economically feasible or in the best interest of the City, or (ii) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property.

(c) In the event the City's determination is as set forth in clause (i) of paragraph (b) above, such Net Proceeds shall be promptly transferred by the Trustee to the Lease Payment Fund, applied to the prepayment of Lease Payments pursuant to the Lease Agreement and applied to the redemption of Certificates as provided in the Trust Agreement; *provided, however*, that in the event of damage or destruction of the Property in full, such Net Proceeds may be transferred to the Lease Payment Fund only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments pursuant to the Lease Agreement, otherwise such Net Proceeds shall be applied to the replacement, repair, restoration, modification or improvement of the Property; *provided further, however*, that in the event of damage or destruction of the Property in part, such Net Proceeds may be transferred to the Lease Payment Fund and applied to the prepayment of Lease Payments only if the resulting Lease Payments represent fair consideration for the remaining portions of the Property, evidenced by a certificate signed by a City Representative and an Corporation Representative.

(d) In the event the City's determination is as set forth in clause (ii) of paragraph (b) above, Net Proceeds deposited in the Insurance and Condemnation Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the City, and disbursed by the Trustee upon receipt of requisitions signed by a City Representative stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Trustee shall not be responsible for the representations made in such requisitions and may conclusively rely thereon and shall be under no duty to investigate or verify any statements made therein. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the City.

Application of Net Proceeds of Eminent Domain Award

If all or any part of the Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain), the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to the Lease Agreement and shall be applied and disbursed by the Trustee as follows:

(a) If the City has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the City to meet any of its obligations with respect to the Property under the Lease Agreement, and (ii) such proceeds are not needed for repair or rehabilitation of the Property, the City shall so certify to the Trustee and the Trustee, at the City's written request, shall transfer such proceeds to the Lease Payment Fund to be credited towards the prepayment of the Lease Payments pursuant to the Lease Agreement and applied to the redemption of Certificates in the manner provided in the Trust Agreement.

(b) If the City has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the City to meet any of its obligations with respect to the Property under the Lease Agreement, and (ii) such proceeds are needed for repair, rehabilitation or replacement of the Property, the City shall so certify to the Trustee and the Trustee, at the City's written request, shall pay to the City, or to its order, from said proceeds such amounts as the City may expend for such repair or rehabilitation, upon the filing with the Trustee of requisitions of the City Representative in the form and containing the provisions set forth in the Trust Agreement. The Trustee shall not be responsible for the representations

made in such requisitions and may conclusively rely thereon and shall be under no duty to investigate or verify any statements made therein.

(c) If (i) less than all of the Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the City has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the operation of the Property or the ability of the City to meet any of its obligations with respect to the Property under the Lease Agreement or (ii) all of the Property shall have been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the prepayment of the Lease Payments pursuant to the Lease Agreement and applied to the redemption of Certificates in the manner provided in the Trust Agreement.

Application of Net Proceeds of Title Insurance Award

The Net Proceeds from a title insurance award shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to the Lease Agreement and shall be transferred to the Lease Payment Fund to be credited towards the prepayment of Lease Payments required to be paid pursuant to the Lease Agreement and applied to the redemption of Certificates in the manner provided in the Trust Agreement.

Moneys in Funds; Investment

Held in Trust. The moneys and investments held by the Trustee under the Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Certificates and for the purposes specified in the Trust Agreement and such moneys, and any income or interest earned thereon, shall be expended only as provided in the Trust Agreement and shall not be subject to levy, attachment or lien by or for the benefit of any creditor of the Corporation, the Trustee, the City or any Owner of Certificates.

Investments Authorized. Moneys held by the Trustee under the Trust Agreement shall, upon written order of a City Representative, be invested and reinvested by the Trustee in Permitted Investments. The Trustee may deem all investments directed by a City Representative as Permitted Investments without independent investigation thereof. If a City Representative shall fail to so direct investments, the Trustee shall hold such moneys uninvested. Such investments, if registrable, shall be registered in the name of and held by the Trustee or its nominee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the Trust Agreement. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as principal or agent in the making or disposing of any investment and make or dispose of any investment through its investment department or that of an affiliate and shall be entitled to its customary fees therefor. The Trustee is authorized, in making or disposing of any investment permitted by the Trust Agreement, to deal with itself (in its individual capacity) or with one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account. The Trustee may rely on the investment directions of the City Representative as to both the suitability and legality of the directed investments.

Allocation of Earnings. Unless and until otherwise directed by the City to the Trustee in writing, all interest or income received by the Trustee on investment of the Lease Payment Fund shall as received, prior to the Completion Date, be transferred to the Project Fund (except as otherwise provided in the Trust Agreement) and thereafter shall be retained in the Lease Payment Fund. Amounts retained or deposited in the Lease Payment Fund shall be applied as a credit against the Lease Payment due by the City pursuant to the Lease Agreement on the Lease Payment Date following the date of deposit. All interest or income in the Project Fund shall be retained in the Project Fund until the Project Fund is closed. All interest or income in the Delivery Costs Fund shall be retained in the Delivery Costs Fund until the Delivery Costs Fund is closed. All interest or income in the Delivery Costs Fund shall be retained in the Delivery Costs Fund until the Delivery Costs Fund is closed pursuant to the Trust Agreement.

Such investments shall be valued by the Trustee not less often than quarterly, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding valuation date.

Amendments

The Trust Agreement and the rights and obligations of the Owners of the Certificates, the Lease Agreement and the rights and obligations of the parties thereto, the Site and Facility Lease and the rights and obligations of the parties thereto and the Assignment Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of at least sixty percent (60%) in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in the Trust Agreement, shall have been filed with the Trustee. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof, without the express consent of the Owner of such Certificate, or (2) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of a Lease Agreement, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental agreement shall become effective as provided in the Trust Agreement.

The Trust Agreement and the rights and obligations of the Owners of the Certificates and the Lease Agreement and the rights and obligations of the respective parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only (1) to add to the covenants and agreements of the Corporation or the City, (2) to cure, correct or supplement any ambiguous or defective provision contained therein and which shall not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the Owners of the Certificates, (3) in regard to questions arising thereunder, as the parties thereto may deem necessary or desirable and which shall not, in the opinion of nationally recognized bond counsel, materially adversely affect the interests of the Owners of the Certificates; (4) to make such additions, deletions or modifications as may be necessary or appropriate in the opinion of bond counsel to assure the exclusion from gross income for federal income tax purposes of the interest component of Lease Payments and the interest payable with respect to the Certificates, (5) to add to the rights of the Trustee, or (6) to maintain the rating or ratings assigned to the Certificates. Any such supplemental agreement shall become effective upon execution and delivery by the parties thereto, as the case may be.

The Trust Agreement and the Lease Agreement may not be modified or amended at any time by a supplemental agreement which would modify any of the rights and obligations of the Trustee without its written assent thereto.

Certain Covenants

Compliance with and Enforcement of Lease Agreement. The City covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement. The Corporation covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement.

The City will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of their respective Lease Agreement by the Corporation thereunder. The Corporation and the City, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting their respective estates, or either of them, in the Property, which may or can in any manner affect such estate of the City or the Corporation, will deliver the same, or a copy thereof, to the Trustee.

Observance of Laws and Regulations. The City and the Corporation will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by

any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the City or the Corporation, respectively, including its right to exist and carry on business as a public entity, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Budgets. The City shall supply to the Trustee as soon as practicable, but not later than September 15 in each year, a written determination by a City Representative that the City has made adequate provision in its annual budget for the payment of Lease Payments due under the Lease Agreement in the Fiscal Year covered by such budget. The determination given by the City to the Trustee shall be that the amounts so budgeted are fully adequate for the payment of all Lease Payments and Additional Payments due under the Lease Agreement in the annual period covered by such budget.

Continuing Disclosure. The City covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Trust Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee may, upon payment of its fees and expenses, including counsel fees, and receipt of indemnity satisfactory to it, at the request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Certificates, shall or any holder or beneficial owner of the Certificates may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Limitation of Liability

Limited Liability of City. Except for the payment of Lease Payments when due in accordance with the Lease Agreement and the performance of the other covenants and agreements of the City contained in the Lease Agreement and the Trust Agreement, the City shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to the Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee, except as expressly set forth in the Trust Agreement.

No Liability of City or Corporation for Trustee Performance. Neither the City nor the Corporation shall have any obligation or liability to any of the other parties or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under the Trust Agreement.

Indemnification of Trustee. The City shall to the extent permitted by law indemnify and save the Trustee, its officers, employees, directors, affiliates and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses (including allocated costs of internal counsel), arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on, the Property by the Corporation or the City; (ii) any breach or default on the part of the Corporation or the City the performance of any of their respective obligations under the Lease Agreement, the Assignment Agreement, the Trust Agreement and any other agreement made and entered into for purposes of the Property; (iii) any act of the Corporation or the City or of any of their respective agents, contractors, servants, employees, licensees with respect to the Property; (iv) any act of any assignee of, or purchaser from the Corporation or the City or of any of its or their respective agents, contractors, servants, employees or licensees with respect to the Property; (v) the authorization of payment of Delivery Costs; (vi) the actions of any other party, including but not limited to the ownership, operation or use of the Property by the Corporation or the City including, without limitation, the use, storage, presence, disposal or release of any Hazardous Substances on or about the Property; (vii) the Trustee's exercise and performance of its powers and duties under the Trust Agreement or as assigned to it under the Assignment Agreement; (viii) the offering and sale of the Certificates; (ix) the presence under or about or release from the Property, or any portion thereof, of any substance, material or waste which is or becomes regulated or classified as hazardous or toxic under State, local or federal law, or the violation of any such law by the City; or (x) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in the light of the cir-

cumstances under which they were made, not misleading, in any official statement or other offering document utilized in connection with the sale of the Certificates. Such indemnification shall include the costs and expenses of defending against any claim or liability arising under the Trust Agreement. No indemnification will be made under the Trust Agreement for willful misconduct or negligence under the Trust Agreement by the Trustee, its officers, affiliates or employees. The City's obligations under the Trust Agreement shall remain valid and binding notwithstanding maturity and payment of the Certificates or resignation or removal of the Trustee.

Assignment of Rights; Remedies. Pursuant to the Assignment Agreement, the Corporation has transferred, assigned and set over to the Trustee certain of the Corporation's rights in and to the Lease Agreement, including without limitation all of the Corporation's rights to exercise such rights and remedies conferred on the Corporation pursuant to the Lease Agreement as may be necessary or convenient (i) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund, and (ii) otherwise to exercise the Corporation's rights and take any action to protect the interests of the Trustee or the Certificate Owners in an Event of Default.

If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee shall, upon request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, and upon payment of its fees and expenses, including counsel fees, and being indemnified to its satisfaction therefor shall, exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; *provided, however*, that notwithstanding anything in the Trust Agreement or in the Lease Agreement to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Certificates or otherwise to declare any Lease Payment not then in default to be immediately due and payable.

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APPENDIX F

DTC'S BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F, concerning The Depository Trust Company, New York, New York ("DTC"), and DTC's book-entry system, has been furnished by DTC for use in official statements and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Certificates, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Certificates, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix F. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. Information Furnished by DTC Regarding its Book-Entry Only System

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Certificates (as used in this Appendix E, the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

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

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

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

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

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the paying agent or bond 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 nor its nominee, the paying agent or bond trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the paying agent or bond 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.

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

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

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

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the CITY OF CONCORD (the "City") in connection with the execution and delivery of $100,000,000* Certificates of Participation (2021 Capital Improvement Project) (the "Certificates"). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of May 1, 2021, by and among The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), the City and the Public Property Financing Corporation of California (the "Trust Agreement"). Pursuant to Section 11.08 of the Trust Agreement, the City covenants and agree as follows:

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

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is nine months after the end of the City's fiscal year (currently March 31 based on the City's fiscal year end of June 30).

"*Dissemination Agent*" shall mean, initially, Fieldman. Rolapp & Associates, doing business as Applied Best Practices, or any successor Dissemination Agent designed in writing by the City and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

"*Fiscal Year*" means any twelve–month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve–month period selected and designated by the City as its official fiscal year period under a Certificate of the City filed with the Trustee.

"*MSRB*" means 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*" means the final official statement executed by the City in connection with the issuance of the Certificates.

"*Participating Underwriter*" means the original underwriter of the Certificates.

"*Rule*" means Rule 15c2–12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

"*Significant Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2– 12(b)(5).

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* Preliminary, subject to change.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2022, with the report for fiscal year 2020-21 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 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 contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent 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 report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

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

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, 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) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the City for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

(i) The principal amount of Certificates outstanding, including principal amounts and years of maturity of the Certificates, if any, called for redemption in advance of maturity;
(ii) General Fund Statement of Revenues, Expenditures and Changes in Fund Balances;
(ii) General Fund Balance Sheet;
(iii) General Fund Tax Revenues By Source; and
(iv) Assessed Valuations.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) 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 are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Certificates:

(i) Principal and interest payment delinquencies;

(ii) Non–payment related defaults, if material;

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

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

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

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

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

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

(ix) Defeasances;

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

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person;

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

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

(xv) The incurrence of a financial obligation of the City or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or other obligated person, any of which affect security holders, if material; and

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City or other obligated person, any of which reflect financial difficulties.

(b) The City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates under the Trust Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier "if material." The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event's occurrence is material for purposes of U.S. federal securities law. The City intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in the Rule.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City or an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City or an obligated person, or if such jurisdiction has been assumed by leaving the existing governing 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 City.

Section 6. 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 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the City shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

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

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

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

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

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

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

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

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

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) Article VIII of the Trust Agreement is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder and 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 Certificates.

(b) 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 shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

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

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

Date: [Closing Date]

CITY OF CONCORD

By _____
Authorized Officer

ACKNOWLEDGED:

Fieldman. Rolapp & Associates doing business as
Applied Best Practices, as Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: City of Concord

Name of Issue: Certificates of Participation (2021 Capital Improvement Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be made by the City of Concord, as the Rental for Certain Property Pursuant to a Lease Agreement with the Public Property Financing Corporation of California

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated [Closing date], furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by _____.

Date: _____

Fieldman. Rolapp & Associates doing business as
Applied Best Practices, as Dissemination Agent

By _____
Authorized Officer

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