SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY (NEIGHBORHOOD DEVELOPMENT AND PRESERVATION PROJECT) TAX ALLOCATION REFUNDING BONDS, ISSUE OF 2014

ANNUAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020

Dated January 29, 2021

Prepared at the direction of and on behalf of:

County of Orange
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Prepared by:

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Orange County Development Agency
Tax Allocation Refunding Bonds, Issue of 2014
(Neighborhood Development and Preservation Project)
Annual Report
For Fiscal Year Ended June 30, 2020

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INTRODUCTION

The Successor Agency to the Orange County Development Agency (the "Successor Agency") hereby provides its annual report (the "Annual Report") for the Fiscal Year ended June 30, 2020 in connection with the following Bonds:

Bond Issue:

Successor Agency to the Orange County Development Agency (Neighborhood Development and Preservation Project), Tax Allocation Refunding Bonds, Issue of 2014 (the "2014 Tax Allocation Refunding Bonds").

Annual Report:

The Successor Agency's Annual Report as defined by Section 5.1 Covenant 13 of the Indenture of Trust with respect to the 2014 Tax Allocation Refunding Bonds for the Fiscal Year ended June 30, 2020 is attached hereto in Exhibit A.

Other Matters:

This Annual Report is provided solely for the purposes of the Section 5.1 Covenant 13 of the Indenture of Trust with respect to the 2014 Tax Allocation Refunding Bonds. The filing of this Annual Report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the Successor Agency or the 2014 Tax Allocation Refunding Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the Fiscal Year to which this Annual Report relates (other than as contained in this Annual Report), or that no other information exists, which may have a bearing on the Successor Agency's financial condition, the security for the 2014 Tax Allocation Refunding Bonds, or an investor's decision to buy, sell, or hold the 2014 Tax Allocation Refunding Bonds. The information contained in this Annual Report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this Annual Report should be construed as a prediction or representation about future financial performance of the Successor Agency.

SECTION 5.1 COVENANT 13 OF THE INDENTURE OF TRUST

A. Audited Financial Statements for Fiscal Year Ended June 30, 2020

The Successor Agency's Audited Financial Statements for Fiscal Year 2019-2020 are included herein as Exhibit A.

B. Certification of the Successor Agency demonstrating the Ratio of Pledged Tax Revenues to scheduled debt service on the 2014 Tax Allocation Refunding Bonds for the prior Fiscal Year

The percent by which annual Pledged Tax Revenues have provided coverage for debt service on the 2014 Tax Allocation Refunding Bonds for Fiscal Year 2019-2020 is shown below.

Neighborhood Development and Preservation Project
Percentage of Debt Service Coverage
Fiscal Year 2019-2020

Pledged Tax Revenue	$35,157,347
FY 2019-2020 Debt Service Payment	$2,021,150
Debt Service Coverage Percentage	**1,739%**

Source: County of Orange, CEO Public Finance Unit

C. Assessed Valuation of the Taxable Property in the Neighborhood Development and Preservation Project for the prior Fiscal Year and Top Ten Taxpayers

The Assessed Valuations of the Taxable Property in the Neighborhood Development and Preservation Project for Fiscal Years 2019-2020 and 2020-2021 are shown below.

Neighborhood Development and Preservation Project
Assessed Valuations of the Taxable Property
Fiscal Years 2019-2020 and 2020-2021

	FY 2019-2020 Taxable Value	**FY 2020-2021 Taxable Value**
Secured Value	$4,462,375,114	$4,696,064,116
Unsecured Value	$89,705,224	$66,358,599
Total Assessed Value	**$4,552,080,338**	**$4,762,422,715**
Base Year Value	$967,406,905	$967,406,905
Annual Incremental Value	$3,584,673,433	$3,795,015,810

Source: County of Orange Auditor-Controller

The Fiscal Year 2020-2021 Top Ten Taxpayers by Assessed Valuation in the Neighborhood Development and Preservation Project are shown below.

Neighborhood Development and Preservation Project
Top Ten Taxpayers by Assessed Valuation
Fiscal Year 2020-2021

	Property Owner	Number of Parcels	Primary Land Use	Secured Assessed Valuation	Unsecured Assessed Valuation	Total Assessed Valuation	Percent of Total Valuation
1	Orchard Lake Forest CA LP	5	Commercial	$128,957,808	-	$128,957,808	2.71%
2	Buchheim Properties I, II, III, IV	9	Commercial	$75,881,607	-	$75,881,607	1.59%
3	Casa Pacifica	1	Commercial	$34,553,983	-	$34,553,983	0.73%
4	Business Properties	7	Commercial	$32,751,818	-	$32,751,818	0.69%
5	RBN El Toro LLC	2	Commercial	$27,419,353	-	$27,419,353	0.58%
6	Space Back Bay LLC	1	Commercial	$24,709,500	-	$24,709,500	0.52%
7	EFTFTB LLC	1	Residential	$24,029,993	$52,659	$24,082,652	0.51%
8	H&H Investments LP	1	Commercial	$17,704,435	-	$17,704,435	0.37%
9	Ashley Real Estate LLC	1	Commercial	$15,555,721	-	$15,555,721	0.33%
10	168 ET LLC	3	Commercial	$15,085,800	-	$15,085,800	0.32%
	Total	**31**	**N/A**	**$396,650,018**	**$52,659**	**$396,702,677**	**8.33%**
	Total FY 2020-2021 Project Area Assessed Value			**$4,696,064,116**	**$66,358,599**	**$4,762,422,715**	

Prepared by RSG, Inc.
Sources: County of Orange Assessor 2020-2021 Secured and Unsecured Roll, County of Orange Auditor-Controller

D. Updated Information on the Plan Limitations and materials required pursuant to Section 5.1 Covenant 11 of the Indenture of Trust (relating to tax increment limitations, if any).

Covenant 11 of the Indenture of Trust requests that an independent consultant report on the total amount of tax increment revenues remaining available to the Successor Agency under the Redevelopment Plan's cumulative annual debt service with respect to the 2014 Tax Allocation Refunding Bonds. A copy of such report is included herein as Exhibit B.

CERTAIN DISCLAIMERS

The information contained in this Annual Report expresses only the views of the applicable party. An explanation of the significance of any such information may be obtained from the applicable party; provided, however, that no information provided by any party is incorporated in this Annual Report. The Successor Agency undertakes no responsibility to oppose any revision or withdrawal of such information contained in this Annual Report.

To the extent the Successor Agency provides information in this Annual Report, the Successor Agency is not obligated to present or update information in future Annual Reports.

By providing the information in this Annual Report, the Successor Agency does not imply or represent (a) that all information provided in this Annual Report is material to investors' decisions regarding investment in the 2014 Tax Allocation Refunding Bonds, (b) the completeness or accuracy of any financial, operational or other information not included herein, (c) that no changes, circumstances or events have occurred since the date of this Annual Report (other than as contained herein), or (d) that no other information exists which may have a bearing on the Successor Agency's financial condition, the security for the 2014 Tax Allocation Refunding Bonds or an investor's decision to buy, sell or hold the 2014 Tax Allocation Refunding Bonds.

The information set forth in this Annual Report or incorporated in this Annual Report has been furnished by the Successor Agency and is believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in or incorporated by this Annual Report which involves estimates, forecasts or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained in this Annual Report or incorporated in this Annual Report are subject to change without notice and the delivery of this Annual Report will not, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency. The Successor Agency is relying upon and has not independently confirmed or verified the accuracy or completeness of information provided by others or other information incorporated by reference therein.

No statement contained in this Annual Report should be construed as a prediction or representation about future financial performance of the Successor Agency. Historical results presented herein may not be indicative of future operating results.

EXHIBIT A

SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY
AUDITED FINANCIAL STATEMENTS

Financial Statements
June 30, 2020

County of Orange
Redevelopment Successor Agency

(A Private-Purpose Trust Fund of the County of Orange, California)

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COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)

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Independent Auditor's Report

To the Oversight Board
County of Orange Redevelopment Successor Agency
Santa Ana, California

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Orange Redevelopment Successor Agency (Successor Agency), a private-purpose trust fund of the County of Orange, California (County), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Successor Agency'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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 entity'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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of Orange Redevelopment Successor Agency as of June 30, 2020, and the changes in fiduciary position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter
As discussed in Note 1, the financial statements present only the Successor Agency, and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2020, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Successor Agency's financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplemental 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of the Successor Agency'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 solely 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 the effectiveness of the Successor Agency's 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 Successor Agency's internal control over financial reporting and compliance.

Eide Bailly LLP

Laguna Hills, California
December 16, 2020

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Statement of Fiduciary Net Position (Deficit)
June 30, 2020

Assets		
Current assets:		
Pooled cash and investments (Note 2)	$	1,890,769
Restricted assets - cash equivalents and investments with trustee (Note 2)		4,672,969
Interest receivable		5,481
Due from other governmental agencies		218
Total assets		6,569,437
Deferred Outflows of Resources		
Deferred charge on refunding		151,547
Liabilities		
Current liabilities:		
Bond interest payable		184,383
Due to other governmental agencies		4,515
Bonds payable (Note 4)		4,451,939
Noncurrent liabilities:		
Bonds payable, net of current portion (Note 4)		9,331,338
Total liabilities		13,972,175
Deferred Inflows of Resources		
Deferred charge on refunding		61,447
Net Position (deficit)		
Held in trust for other governments (Note 7)	$	(7,312,638)

See accompanying notes to the financial statements.

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Statement of Changes in Fiduciary Net Position (Deficit)
For the Year Ended June 30, 2020

Additions:		
Intergovernmental revenue	$	4,172,677
Interest		110,001
Less: investment expense		(1,465)
Total additions		4,281,213
Deductions:		
Professional services		89,673
Tax pass-throughs (Note 5)		250,111
Interest on long-term debt		412,252
Total deductions		752,036
Change in net position		3,529,177
Net position (deficit), July 1, 2019		(10,841,815)
Net position (deficit), June 30, 2020 (Note 7)	$	(7,312,638)

See accompanying notes to the financial statements.

Note 1 –Summary of Significant Accounting Policies

Reporting Entity

On January 24, 2012, the County of Orange (County) elected to become the Successor Agency to the former Orange County Development Agency (Successor Agency) in accordance with ABx1 26 (Dissolution Act). An Oversight Board was appointed to oversee the dissolution process. A Private-Purpose Trust Fund, administered by the County, was established to account for the assets and liabilities of the former Orange County Development Agency (OCDA).

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established Oversight Board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The accompanying financial statements are not intended to present fairly the financial position or changes in financial position of the County in conformity with the accounting principles generally accepted in the United States of America.

Measurement Focus

Fiduciary fund financial statements are used to account for assets held in a trustee or agency capacity and cannot be used to support the County's own programs. Trust funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with operation of these funds are included on the statement of fiduciary net position (deficit). Additions are recorded when earned and deductions are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Fiduciary Fund Financial Statements

The fiduciary fund financial statements provide information about the Successor Agency's funds.

Deferred Charges on Refunding

The deferred charges on refunding are deferred and amortized over the life of the Successor Agency Tax Allocation Refunding Bonds Neighborhood Development and Preservation Project (NDAPP), Series 2014 and Santa Ana Heights (SAH), Series 2014 using the straight-line method.

The deferred charge on refunding for the NDAPP bonds is recorded as a deferred outflows of resources. With the refunding of the SAH bonds, it is recorded as a deferred inflows of resources.

Note 1 –Summary of Significant Accounting Policies (continued)

Bond Premium

The bond premium is deferred and amortized over the life of the Successor Agency Tax Allocation Refunding Bonds SAH, Series 2014 using the effective interest method. Bonds payable are reported net of the applicable bond premium.

The bond premium is recorded annually as a reduction of interest expense.

Intergovernmental Revenue

The Dissolution Act amended the allocation of property tax revenue to successor agencies. Property taxes that formerly would have been apportioned to the former OCDA are deposited into a trust fund with the County of Orange, known as the Redevelopment Property Tax Trust Fund (RPTTF). The County Auditor – Controller administers the RPTTF on behalf of the former redevelopment agency debt holders, and taxing entities that receive pass-through payments and property tax distributions. This fund is used to pay obligations listed on the Recognized Obligation Payment Schedule (ROPS), including bond debt service, approved by the Successor Agency's Oversight Board, and the California Department of Finance. Any remaining monies in the RPTTF after the approved amounts listed on the ROPS have been paid are distributed to the appropriate taxing entities.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates. Where significant estimates have been made in preparing these financial statements, they are described in the applicable footnotes.

Note 2 – Cash and Investments

The Successor Agency follows the County's policy guidelines for pooling its cash and investments with the County Treasurer. The County Treasurer abides by the Investment Policy Statement (IPS) in investing the Pool's monies.

Pooled Cash and Investments

The County Treasurer maintains the Pool for the County and other non-County entities for the purpose of benefiting from economies of scale through pooled investment activities. At June 30, 2020, the Pool contains deposits and investments in U.S. government agencies, negotiable certificates of deposits, medium-term notes, repurchase agreements, and money market mutual funds with an average maturity of approximately 273 days. The Successor Agency's cash and investments are combined with the County's pooled investments, and therefore, do not represent specific identifiable investments. The County categorizes its 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. 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. Investments in the internal County investment pool are not subject to reporting within the level hierarchy. Interest is apportioned to individual funds based generally on the average daily balances on deposit with the County Treasurer.

Note 2 – Cash and Investments (continued)

Cash Equivalents and Investments with Trustee

Cash equivalents and investments with trustee represent amounts held by a trustee bank, which are restricted for servicing long-term debt of the Successor Agency as required by the bond indentures. The trustee as fiscal agent is mandated by the bond indentures as to the types of authorized investments. The investments of money market mutual funds are reported at net asset value, and as such, are not subject to the fair value hierarchy.

Summary of Cash and Investments

At June 30, 2020, cash and investments of the Successor Agency are summarized as follows:

Cash and investments pooled by the County Treasurer	$ 1,890,769
Investments held by trustee:	
Money market mutual funds	4,672,969
Total	$ 6,563,738

Investment Disclosures

As of June 30, 2020, the major classes of the Successor Agency's investments consisted of the following:

	Fair Value	Principal	Weighted Average Maturity (Years)
County Investment Pool	$ 1,890,769	$ 1,890,769	0.747
Restricted Investment with Trustee:			
Money Market Mutual Funds	$ 4,672,969	$ 4,672,969	
Portfolio Weighted Average Maturity			0.215

Interest Rate Risk

Interest rate risk refers to the risk that changes in interest rates will affect the fair value of an investment. The County manages exposure to declines in fair value by limiting the weighted average maturity (WAM) in accordance with the IPS. At June 30, 2020, the WAM for the Pool approximated 273 days (0.747 years). The money market mutual funds are government money market funds with the highest ratings by S&P and Moody's, as indicated by the trustee.

Note 2 – Cash and Investments (continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Successor Agency will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. At year-end, the Successor Agency's investment in the County Pool and Money Market Fund was not exposed to custodial credit risk.

Credit Risk

The IPS sets forth the minimum acceptable credit ratings for investments from any two of the following nationally recognized statistical rating organizations. For an issuer of short-term debt, the rating must be no less than "A-1" or "SP-1" (Standard & Poor's), "MIG 1/VMIG 1" (Moody's), or "F1" (Fitch). For an issuer of long-term debt, the rating must be no less than an "A". As of June 30, 2020, the Pool and money market fund are rated at AAAm Principal Stability Fund Rating by S&P.

Additional information regarding the Pool, including the investment portfolio and related interest rate, the custodial credit, credit, concentration of credit risks, and fair value measurements is presented in Note 4 of the County's Comprehensive Annual Financial Report (CAFR). The CAFR is available by accessing the Auditor-Controller's website at http://acdcweb01.ocgov.com/reports/cafrreports/.

Note 3 – Land and Improvements Held for Resale

Land and improvements held for resale was recorded at the lower of acquisition cost or estimated net realizable value. At June 30, 2020, the Successor agency had written off all remaining Land Held for Resale.

Note 4 – Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the period July 1, 2019 through June 30, 2020.

	Balance 7/1/2019	Discount/ Premium Amortization	Retirements	Balance 6/30/2020	Due Within One Year
Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Series 2014- SAH	$ 10,805,000	$ -	$ (2,195,000)	$ 8,610,000	$ 2,310,000
Bond premium on Tax Allocation Refunding Bonds, Series 2014 – SAH	964,729	(251,452)	-	713,277	231,939
Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Series 2014- NDAPP	6,320,000	-	(1,860,000)	4,460,000	1,910,000
Total long-term liabilities	$ 18,089,729	$ (251,452)	$ (4,055,000)	$ 13,783,277	$ 4,451,939

Note 4 – Long-Term Liabilities (continued)

Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Issue 2014 - Santa Ana Heights (SAH)

On January 9, 2014, the Successor Agency issued Tax Allocation Refunding Bonds for the SAH Project Area in the principal amount of $20,960,000 at a premium of $1,806,653. The bonds were issued to redeem the outstanding 2003 Tax Allocation Refunding Bonds, fund a reserve fund, and pay the cost of issuing the bonds. The SAH Refunding Bonds, payable through September 2023, are secured by a pledge of property tax revenues from the Santa Ana Heights Project Area. The bond documents contain a provision that, in the event of a default, the outstanding principal balance and accrued interest shall be come due and payable immediately. The bonds were issued for a debt service savings and have a final maturity of September 1, 2023. The principal amount outstanding at June 30, 2020 is $8,610,000. Principal, interest paid, and total tax increment revenues (intergovernmental revenues) were $2,195,000, $513,125 and $2,354,585 respectively, during the fiscal year.

Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Issue 2014 - Neighborhood Development and Preservation Project (NDAPP)

On August 20, 2014, the Successor Agency issued Tax Allocation Refunding Bonds, for the NDAPP Area in the principal amount of $14,090,000. The Bonds were issued to redeem the outstanding Tax Allocation Refunding Bonds, Series 2001. The NDAPP Refunding bonds, payable through September 2022, are secured by a pledge of property tax revenues from the Neighborhood Development and Preservation Project Area. The bond documents contain a provision that, in the event of default, the outstanding principal balance and accrued interest shall become due and payable immediately. The bonds were issued for a debt service savings and have a maturity of September 1, 2022. The principal amount outstanding at June 30, 2020 is $4,460,000. Principal, interest paid, and total tax increment revenues (intergovernmental revenues) were $1,860,000, $161,150 and $1,738,442, respectively, during the fiscal year.

The annual requirements to amortize the outstanding bond included in the Statement of Fiduciary Net Position (Deficit) as of June 30, 2020, including interest, are as follows:

Year(s) Ending	SAH 2014 Tax Allocation Bonds	
June 30	Principal	Interest
2021	$ 2,310,000	$ 402,000
2022	2,430,000	285,000
2023	2,550,000	162,000
2024	1,320,000	33,000
Total	$ 8,610,000	$ 882,000.00

Note 4 – Long-Term Liabilities (continued)

The annual requirements to amortize the outstanding bond from private placement borrowings included in the Statement of Fiduciary Net Position (Deficit) as of June 30, 2020, including interest, are as follows:

Year(s) Ending	NDAPP 2014 Tax Allocation Bonds	
June 30	Principal	Interest
2021	$ 1,910,000	$ 109,656
2022	1,760,000	56,788
2023	790,000	10,862
Total	$ 4,460,000	$ 177,306

Note 5 – Pass-Through Agreements

The former OCDA entered into agreements with various governmental entities to "pass-through" applicable portions of property tax revenues received by the SAH and NDAPP project areas attributable to these entities to the extent that their territorial limits reside within the former OCDA's project areas.

Note 6 – Related Party Transactions

Orange County Community Resources (OC Community Resources), a department of the County, is the primary administrative support to the Successor Agency, and is responsible for preparation of all payment schedules, financial reports, and project related matters. OC Community Resources also oversees the Orange County Housing Authority, the entity elected to be the County's Housing Successor. County Counsel provides all legal support services, and CEO's Corporate Real Estate Unit provides project support on real estate issues. All debt service related matters are administered by the CEO's Public Finance Unit.

Note 7 – Deficit Net Position

The Successor Agency reported a deficit net position of $7,312,638. The deficit resulted from the Due Diligence Review payments required by Assembly Bill 1484. Enforceable Obligations will be paid by future property taxes apportioned to the Successor Agency as subject to the ROPS process.

Note 8 – New Accounting Pronouncements

The following lists recent Governmental Accounting Standards Board (GASB) pronouncements implemented or effective in fiscal year 2019-20:

In May 2020, GASB issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." This Statement postpones effective dates of certain Statements and Implementation Guides that

Note 8 – New Accounting Pronouncements (continued)

first became effective for periods beginning after June 15, 2018. The primary objective of this Statement is to provide temporary relief to governments and stakeholders in light of the COVID-19 pandemic.

The following summarizes recent GASB pronouncements issued but not yet adopted as amended by GASB Statement 95 that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following Statements may have on the financial statements of the Successor Agency.

In January 2017, GASB issued Statement No. 84, "*Fiduciary Activities*." This statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement also describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The requirements of this statement are effective for reporting periods beginning after December 15, 2019, which requires the Successor Agency to implement this statement in FY 2020-21, if applicable.

In June 2017, GASB issued Statement No. 87, "*Leases*." This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflows of resources. The requirements of this statement are effective for reporting periods beginning after December 15, 2020, which requires the Successor Agency to implement this statement in FY 2020-21, if applicable.

In August 2018, GASB issued Statement No. 90, "*Majority Equity Interests.*" This statement improves the consistency and comparability of a government's majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. The statement requires that a component unit in which a government has a 100% equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired 100% equity interest in the component unit. The requirements of this statement are effective for reporting periods beginning after December 15, 2019, which requires the Successor Agency to implement this statement in FY 2020-21, if applicable.

In May 2019, GASB issued Statement No. 91, "Conduit Debt Obligations." This statement provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. The requirements of this statement are effective for reporting periods beginning after December 15, 2021, which requires the Successor Agency to implement this statement in FY 2022-23, if applicable.

In January 2020, GASB issued Statement No. 92, "Omnibus 2020." This statement enhances 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 of this statement are effective for reporting periods after June 15 2021, which requires the Successor Agency to implement the Statement in FY 2021-22, if applicable.

Note 8 – New Accounting Pronouncements (continued)

In March 2020, GASB issued Statement No. 93, "Replacement of Interbank Offered Rates." This statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate due to global reference rate reform. The requirements of this Statement, are effective for reporting periods beginning after June 15, 2021, which requires the Successor Agency to implement this Statement in FY 2021-22, if applicable.

In March 2020, GASB issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements. It also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Successor Agency will implement this Statement in FY 2022-23, if applicable.

In May 2020, GASB issued Statement No. 96, "Subscription-Based Information Technology Arrangements." This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Successor Agency will implement this Statement in FY 2022-23, if applicable.

In June 2020, 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 (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans by clarifying the financial burden criteria in Statement No.84. It also extends the accounting and financial reporting requirements related to the Pension Plans, to Section 457 plans that meet the definition of a pension plan. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021 and all reporting periods thereafter, which requires the Successor Agency to implement this Statement in FY 2020-21, if applicable. However, portions of the Statement related to GASB No. 84 are effective for reporting periods beginning after December 15, 2019, or FY 2020-21.

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Combining Statement of Fiduciary Net Position (Deficit) by Trust Fund
June 30, 2020

	Private-Purpose Trust Funds			
	Redevelopment Retirement Obligation **SAH Debt Service**	Redevelopment Retirement Obligation **NDAPP Debt Service**	OCDA Redevelopment **Successor Agency**	**Total**
Assets				
Current assets:				
Pooled cash and investments	$ 333,131	$ 119,289	$ 1,438,349	$ 1,890,769
Restricted assets - cash equivalents and investments with trustee	3,662,359	1,010,610	-	4,672,969
Interest receivable	987	361	4,133	5,481
Due from other governmental agencies	-	-	218	218
Total assets	3,996,477	1,130,260	1,442,700	6,569,437
Deferred Outflows of Resources				
Deferred charge on refunding	-	151,547	-	151,547
Liabilities				
Current liabilities:				
Bond interest payable	143,500	40,883	-	184,383
Due to other governmental agencies	831	855	2,829	4,515
Bonds payable	2,541,939	1,910,000	-	4,451,939
Noncurrent liabilities:				
Bonds payable, net of current portion	6,781,338	2,550,000	-	9,331,338
Total liabilities	9,467,608	4,501,738	2,829	13,972,175
Deferred Inflows of Resources				
Deferred charge on refunding	61,447	-	-	61,447
Net Position (deficit)				
Held in trust for other governments	$ (5,532,578)	$ (3,219,931)	$ 1,439,871	$ (7,312,638)

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of the County of Orange, California)
Combining Statement of Changes in Fiduciary Net Position (Deficit) by Trust Fund
For the Year Ended June 30, 2020

	Private-Purpose Trust Funds			
	Redevelopment Retirement Obligation **SAH Debt Service**	Redevelopment Retirement Obligation **NDAPP Debt Service**	OCDA Redevelopment **Successor Agency**	**Total**
Additions:				
Intergovernmental revenue	$ 2,354,585	$ 1,738,442	$ 79,650	$ 4,172,677
Interest	57,934	14,431	37,636	110,001
Less: investment expense	(290)	(137)	(1,038)	(1,465)
Total additions	2,412,229	1,752,736	116,248	4,281,213
Deductions:				
Professional services	24,229	21,334	44,110	89,673
Tax pass-throughs	26,374	9,443	214,294	250,111
Interest on long-term debt	207,533	204,719	-	412,252
Total deductions	258,136	235,496	258,404	752,036
Transfer in (out)	287,626	287,627	(575,253)	-
Change in net position	2,441,719	1,804,867	(717,409)	3,529,177
Net position (deficit), July 1, 2019	(7,974,297)	(5,024,798)	2,157,280	(10,841,815)
Net position (deficit), June 30, 2020	$ (5,532,578)	$ (3,219,931)	$ 1,439,871	$ (7,312,638)

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Oversight Board
County of Orange Redevelopment Successor Agency
Santa Ana, California

We have audited, 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, the financial statements of the County of Orange Redevelopment Successor Agency (Successor Agency), a private-purpose trust fund of the County of Orange, California (County) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Successor Agency's basic financial statements and have issued our report thereon dated December 16, 2020. Our report includes emphasis of matter paragraph stating the financial statements of the Successor Agency do not present fairly the financial position of the County.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Successor Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Successor Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Successor Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Successor Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Laguna Hills, California
December 16, 2020

EXHIBIT B

UPDATED INFORMATION ON THE PLAN LIMITATIONS AND MATERIALS REQUIRED PURSUANT TO COVENANT 11 OF THE INDENTURE OF TRUST

RSG
BETTER COMMUNITIES.
BOLDER FUTURES.

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Date: December 23, 2020

To: Susie Ortiz, Administrative Manager
CEO/Public Finance, County of Orange

From: Tara Matthews, Principal
Dominique Clark, Senior Associate
Alan Alé, Analyst
RSG, Inc.

Subject: **Continuing Disclosure - NDAPP**

This memorandum is to confirm that RSG, Inc. ("RSG") has reviewed Covenant 11 of the Indenture of Trust related to Tax Allocation Refunding Bonds, Issue 2014 of $14,090,000 for the Neighborhood Development and Preservation Project ("NDAPP"). Covenant 11 requests that an independent consultant report on the total amount of tax increment revenues remaining available to the Successor Agency to the Orange County Development Agency ("Successor Agency") under the Redevelopment Plan's cumulative annual debt service with respect to the bonds.

NDAPP's Redevelopment Plan limitations are as follows:

Time Limit to Incur Debt:	Eliminated
Time Limit to Receive Increment:	June 27, 2038
Total Bonded Debt Limit:	$500 Million
Total Tax Increment Limit:	$1.6 Billion

Based on data obtained from the Successor Agency, the State Department of Finance, and a review of records RSG maintains on file, the 2014 Refunding Bonds are the only bonds associated with NDAPP. As such, the $14,090,000 bond indebtedness is well under the $500 million limit.

Additionally, RSG reviewed internal records and obtained available reports on annual tax increment collections for NDAPP (inclusive of all sub-areas) through Fiscal Year 2019-20 (the most recently completed fiscal year) from the Orange County Auditor Controller ("Auditor Controller"). Through Fiscal Year 2019-20, $425,031,554 in tax increment has been collected from NDAPP (inclusive of all sub-areas), well below the $1.6 billion limit.

It should be noted that, though the Indenture of Trust requires this review, Section 34189(a) of the Health and Safety Code was amended by Senate Bill 107 in the 2015-16 Legislative Session. Accordingly, the law now states that limitations on time and tax increment collections no longer apply if tax increment is still needed for enforceable obligations, including bond debt service.

Finally, ample revenues are available for debt service coverage on the bonds. Based on the Fiscal Year 2020-21 total assessed valuation in NDAPP (as reported by the Auditor Controller) and RSG's conservative projections, NDAPP will generate a total of $26.3 million in tax increment in Fiscal Year 2020-21, net of taxing agency pass-through payments and County bankruptcy payments, but inclusive of the amount that was once set aside for affordable housing before redevelopment agency dissolution. Approximately $6.3 million of the projected available $26.3 million in net revenues is associated with the El Toro Sub-Area.