



Agenda Date: 02/10/2015  
Agenda Item: 3.12

## STAFF REPORT

**Date:** February 10, 2015  
**To:** Bryan H. Montgomery, City Manager  
**From:** Paul Abelson, Finance Director

Approved and Forwarded to City Council, as  
the Board of the Successor Agency to the  
Oakley Redevelopment Agency:

  
Bryan Montgomery, City Manager

**SUBJECT: Resolution Approving the Final Form of Certain Documents Relating to the Issuance and Sale of Tax Allocation Refunding Bonds to Refund the Former Oakley Redevelopment Agency's 2003 Bonds, and Approving Related Matters and Official Actions**

### Background and Analysis

State Law requires the Successor Agency to move forward with the winding down of the Redevelopment Agency's affairs as expeditiously as possible. Steps contemplated to help accomplish that goal include the potential refunding of existing bonds to reduce debt service payments, where such savings are meaningful.

This Board and the Successor Agency's Oversight Board approved the refunding of the 2003 bonds in October 2014, including the selection of Stifel, Nicolaus & Company as underwriters; and the State Department of Finance (DOF) approved the sale on January 29, 2015, conditioned on the refunding's meeting the related Dissolution Act legal requirements.

As a final step in the necessary approvals process, Staff now seeks your approval of the attached the Preliminary Official Statement and Bond Purchase Agreement, in substantially final form, and authority for staff to make the final changes as needed and to complete the sale after pricing, as long as it continues to meet the conditioned legal requirements and offer substantial savings, as intended.

### Fiscal Impact

The principal outstanding on the existing bonds is \$6,150,000. The attached Refunding Analysis from the Agency's Financial Advisor prepared in October showed a successful refunding could provide total savings from cash flow of approximately \$1,471,000, and the bonds could be structured to realize most of the savings in the first few years at approximately \$285,000-\$290,000 in each of the first five (5) years. These represent potential savings after all costs of issuance.

**Subject: Resolution Approving the Final Form of Certain Documents Relating to the Issuance and Sale of Tax Allocation Refunding Bonds to Refund the Former Oakley Redevelopment Agency's 2003 Bonds, and Approving Related Matters and Official Actions**

**Date: February 10, 2015**

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With the remaining work to prepare the bonds and proceed in obtaining a bond rating, issuance will likely occur in mid-to-late March. While the market could change by the time we are ready to go, recent pricing remains favorable and absent significant changes, we anticipate a successful refunding at that time.

**Recommendation**

Staff recommends the Board adopt the attached Resolution approving the documents attached in substantially final form, authorizing Staff to make the necessary changes to finalize them, and complete the sale when ready and all conditions met.

**Attachments**

1. Resolution
2. Preliminary Official Statement
3. Bond Purchase Agreement

## RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY, APPROVING THE FINAL FORM OF CERTAIN DOCUMENTS RELATING TO THE ISSUANCE AND SALE OF TAX ALLOCATION REFUNDING BONDS TO REFUND CERTAIN OUTSTANDING OBLIGATIONS OF THE FORMER OAKLEY REDEVELOPMENT AGENCY, AND APPROVING RELATED MATTERS AND OFFICIAL ACTIONS**

**WHEREAS**, pursuant to Section 34172(a) of the California Health and Safety Code (the "Code"), the Oakley Redevelopment Agency (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173 of the Code the City of Oakley has become the successor entity to the Agency (the "Successor Agency"); and

**WHEREAS**, the Successor Agency is obligated to pay the Redevelopment Agency of the City of Oakley 2003 Taxable Tax Allocation Bonds, Series 2003 (Oakley Redevelopment Project Area), issued in the aggregate principal amount of \$8,500,000 (the "Prior Obligations"), for the purpose of financing and refinancing programs, projects and activities relating to the Former Agency's Oakley Redevelopment Project (the "Redevelopment Project") from tax increment revenues derived from the Redevelopment Project; and

**WHEREAS**, the Prior Obligations are subject to redemption and the Successor Agency has adopted its Resolution No. SA-08-14 on October 28, 2014 (the "Authorizing Resolution"), pursuant to Section 34177.5 of the Code, authorizing the issuance of refunding bonds in the aggregate principal amount of not to exceed \$8,000,000 (the "Refunding Bonds") under Article 11 (commencing with §53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code for the purpose of refunding the Prior Obligations, subject to compliance with the savings requirements set forth in Section 34177.5(a) of the Code; and

**WHEREAS**, pursuant to Section 34179 of the Code, an oversight board (the "Oversight Board") has been established for the Successor Agency and has previously adopted its resolution approving the issuance of the Refunding Bonds and related matters; and

**WHEREAS**, such actions by the Oversight Board relating to the issuance of the Refunding Bonds have been approved by the California Department of Finance; and

**WHEREAS**, pursuant to the Authorizing Resolution, the Successor Agency has previously authorized the execution and delivery of a First Supplemental Trust Indenture and Escrow Instructions relating to the issuance of the Refunding Bonds and the

refunding of the Prior Obligations, in substantially the respective forms on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as the Mayor, as the presiding officer of the Successor Agency, or the City Manager of the City, as the chief administrative officer of the Successor Agency (each, an "Authorized Officer"), shall approve, such approval to be conclusively evidenced by the execution and delivery thereof; and

**WHEREAS**, the Successor Agency wishes at this time to approve the final form of various other legal documents relating to the issuance and sale of the Refunding Bonds for the purpose of refunding the Prior Obligations;

**NOW, THEREFORE, BE IT RESOLVED** by the Successor Agency to the Oakley Redevelopment Agency, as follows:

**Section 1. Issuance of Refunding Bonds.** In accordance with the Authorizing Resolution, the Successor Agency hereby approves the issuance of the Refunding Bonds for the purpose of providing for the refunding of the Prior Obligations. As provided in the Authorizing Resolution, the Refunding Bonds may only be issued and sold if the total interest cost to maturity on the Refunding Bonds plus the principal amount of the Refunding Bonds does not exceed the total remaining interest cost to maturity on the Prior Obligations plus the remaining principal of the Prior Obligations.

**Section 2. Sale of Refunding Bonds.** In accordance with the Authorizing Resolution, the Successor Agency hereby approves the negotiated sale of the Refunding Bonds to Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter"). The Refunding Bonds shall be sold to the Underwriter pursuant to the Bond Purchase Agreement in substantially the form on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as an Authorized Officer shall approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Refunding Bonds shall be sold at a true interest cost of not to exceed 4.50%, and the amount of the Underwriter's discount on the sale of the Refunding Bonds shall not exceed 1% of the par amount thereof.

**Section 3. Approval of Official Statement.** The Successor Agency hereby approves the Preliminary Official Statement describing the Refunding Bonds, in substantially the form on file with the City Clerk. Distribution of the Preliminary Official Statement by the Underwriter is hereby approved. Prior to the distribution of the Preliminary Official Statement, the City Manager of the City is authorized and directed, on behalf of the Successor Agency, to deem the Preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). The execution of the Final Official Statement, which shall include such changes and additions thereto deemed advisable by the City Manager, and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, is hereby approved for delivery to the purchasers of the Refunding Bonds. The City Manager is authorized and directed to execute and deliver the Final Official Statement for and on

behalf of the Successor Agency and to deliver to the Underwriter a certificate with respect to the information set forth therein.

**Section 4. Official Actions.** All actions heretofore taken by the officers and agents of the Successor Agency with respect to the issuance of the Refunding Bonds are hereby approved, confirmed and ratified. The Mayor, the City Manager, the Finance Director, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, and other documents, including but not limited to documents relating to any policy of municipal bond insurance which is issued with respect to the Bonds, which they, or any of them, may deem necessary or advisable in order to consummate the sale, issuance and delivery of the Refunding Bonds to the Underwriter and the refunding of the Prior Obligations.

**Section 5. Effective Date.** This Resolution shall take effect from and after the date of its passage and adoption.

**PASSED AND ADOPTED** this \_\_\_ day of February, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Doug Hardcastle, Chair

Attest:

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Libby Vreonis, Secretary

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2015

**NEW ISSUE – BOOK-ENTRY**

RATING

Insured Rating: S&P: “\_”  
Underlying Rating: S&P: “\_”

(See “CONCLUDING INFORMATION - Rating on the Bonds” herein)

*In the opinion of Nossaman LLP, Irvine, California, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Series A Bonds is excludable from gross income for federal income tax purposes. Interest on the Series A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxable income, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Interest on the Series B Bonds is not excludable from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is, under existing law, exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “LEGAL MATTERS - Tax Matters” herein.*

**SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY**

\$ \_\_\_\_\_ \*  
**(OAKLEY REDEVELOPMENT  
 PROJECT AREA)  
 TAX ALLOCATION  
 REFUNDING BONDS  
 SERIES 2015A**

\$ \_\_\_\_\_ \*  
**(OAKLEY REDEVELOPMENT  
 PROJECT AREA)  
 TAXABLE TAX ALLOCATION  
 REFUNDING BONDS  
 SERIES 2015B**

**Dated: Date of Delivery****Due: September 1, as shown on the inside cover page**

**The cover page contains certain information for quick reference only. It is not a summary of the issue. Potential 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 evaluating the investment quality of the Bonds.**

Proceeds from the sale of the Successor Agency to the Oakley Redevelopment Agency (the “Successor Agency”) Tax Allocation Refunding Bonds, Series 2015A (“Series A Bonds”) and Taxable Tax Allocation Refunding Bonds, Series 2015B (“Series B Bonds,” and together with the Series A Bonds, the “Bonds”) will be used to refinance certain outstanding obligations of the Oakley Redevelopment Agency (the “Former Agency”).

The Bonds will be issued under a Trust Indenture, dated as of May 1, 2008, between the Former Agency and Wells Fargo Bank, National Association (the “Trustee”), as supplemented by a First Supplemental Trust Indenture, dated as of March 1, 2015 (as supplemented, the “Indenture”), by and between the Successor Agency and the Trustee. The Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of certain tax increment revenues of the Former Agency’s Project Area, on a parity basis to certain obligations of the Former Agency to remain outstanding after the issuance of the Bonds, and a pledge of amounts in certain funds and accounts established under the Indenture (see “SECURITY FOR THE BONDS” and “RISK FACTORS”).

Interest on the Bonds is payable on September 1, 2015 and semiannually thereafter on March 1 and September 1 of each year until maturity (see “THE BONDS - General Provisions” herein). The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity.

**The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City of Oakley, the County of Contra Costa, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Oakley, the County of Contra Costa, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.**

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by \_\_\_\_\_. See “MUNICIPAL BOND INSURANCE” and “APPENDIX G – SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

**[INSERT INSURER LOGO]**

The Bonds are being offered when, as and if issued, subject to the approval as to their legality by Nossaman LLP, Irvine, California, Bond Counsel. Certain legal matters will also be passed on for the Successor Agency by Nossaman LLP, Irvine, California, as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, \_\_\_\_\_, \_\_\_\_\_, California. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about March \_\_\_\_, 2015.

*The date of the Official Statement is \_\_\_\_\_, 2015.*

**[INSERT STIFEL LOGO]**

**SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY  
(OAKLEY REDEVELOPMENT PROJECT AREA)**

**\$ \_\_\_\_\_ TAX ALLOCATION  
REFUNDING BONDS, SERIES 2015A**

**MATURITY SCHEDULE\***

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP®†</b>
<b>September 1</b>					

\$ \_\_\_\_\_ % Term Bonds Due September 1, 20 \_\_, Yield: \_\_\_ % (CUSIP®: \_\_\_\_\_)

**\$ \_\_\_\_\_ TAXABLE TAX ALLOCATION  
REFUNDING BONDS, SERIES 2015B**

**MATURITY SCHEDULE\***

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP®†</b>
<b>September 1</b>					

\* Preliminary, subject to change.

† Copyright 2015, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services Bureau, operated by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency and are included solely for the convenience of the holders of the Bonds. None of the Successor Agency, the Financial Advisor or the Underwriter takes any responsibility for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the offer and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

**Estimates and Forecasts.** When used in this Official Statement and in any continuing disclosure by the Successor Agency in any press release and in any oral statement made with the approval of an authorized officer of the Successor Agency or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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

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

**Information Subject to Change.** The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or any other entity described or referenced herein since the date hereof. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

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

**Web Page.** The City of Oakley maintains a website. However, the information maintained on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

\_\_\_\_\_ (the "Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer, supplied by the Insurer and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

**SUCCESSOR AGENCY TO THE  
OAKLEY REDEVELOPMENT AGENCY  
OAKLEY, CALIFORNIA**

**CITY COUNCIL AND SUCCESSOR AGENCY  
BOARD**

Doug Hardcastle, *Mayor*  
Kevin Romick, *Vice Mayor*  
Randy Pope, *Councilmember*  
Sue Higgins, *Councilmember*  
Vanessa Perry, *Councilmember*

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**CITY AND SUCCESSOR AGENCY STAFF**

Bryan H. Montgomery, *City Manager*  
Paul Abelson, *Finance Director*  
Dwayne Dalman, *Economic Development Manager*  
Derek P. Cole, *City Attorney*

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**PROFESSIONAL SERVICES**

**Bond Counsel and Disclosure Counsel**

Nossaman LLP  
Irvine, California

**Financial Advisor**

Public Financial Management, Inc.  
San Francisco, California

**Trustee and Escrow Bank**

Wells Fargo Bank, National Association  
San Francisco, California

**Fiscal Consultant**

Fraser & Associates  
Roseville, California

**Verification Agent**

**[To Come]**

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# OFFICIAL STATEMENT

## SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY

\$ \_\_\_\_\_\*  
(OAKLEY REDEVELOPMENT  
PROJECT AREA)  
TAX ALLOCATION  
REFUNDING BONDS  
SERIES 2015A

\$ \_\_\_\_\_\*  
(OAKLEY REDEVELOPMENT  
PROJECT AREA)  
TAXABLE TAX ALLOCATION  
REFUNDING BONDS  
SERIES 2015B

This Official Statement which includes the cover page and appendices (the "Official Statement") is provided to furnish certain information concerning the sale of the Successor Agency to the Oakley Redevelopment Agency (Oakley Redevelopment Project Area) Tax Allocation Refunding Bonds, Series 2015A ("Series A Bonds") and Taxable Tax Allocation Refunding Bonds, Series 2015B ("Series B Bonds," and together with the Series A Bonds, the "Bonds"), in the aggregate principal amount of \$ \_\_\_\_\_\* and \$ \_\_\_\_\_\* respectively.

## INTRODUCTION

*This Introduction contains only a brief description of this issue and does not purport to be complete. The Introduction is subject in all respects to more complete information in the entire Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

### Authority and Purpose

The Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Bond Law"), and Section 34177.5 of the Community Redevelopment Law, constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State (the "Redevelopment Law"). The Bonds are being issued pursuant to Trust Indenture, dated as of May 1, 2008, by and between the Oakley Redevelopment Agency (the "Former Agency") and Wells Fargo Bank, National Association, as trustee (the "Trustee"), as supplemented by a First Supplemental Trust Indenture dated as of March 1, 2015 (as supplemented, the "Indenture") by and between the Successor Agency to the Oakley Redevelopment Agency (the "Successor Agency") and the Trustee.

The Bonds are being issued to refinance the Former Agency's outstanding Taxable Tax Allocation Bonds, Series 2003 (the "Refunded Bonds").

See "THE FINANCING PLAN" herein.

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\* Preliminary, subject to change.

The Bonds are being issued on a parity with the Former Agency's Subordinated Tax Allocation Bonds Series 2008A (Oakley Redevelopment Project Area) (the "2008 Bonds"), currently outstanding in the principal amount of \$ \_\_\_\_\_.

## **The Successor Agency and the Former Agency**

The Former Agency was established in 1989 by the County of Contra Costa (the "County") pursuant to the Redevelopment Law. On June 29, 2011, Assembly Bill No. 26 ("AB X1 26") was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 ("AB X1 27"). A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4<sup>th</sup> 231 (Cal. 2011), challenging the constitutionality of AB X1 26 and AB X1 27. In its December 29, 2011 decision, the California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012 (as amended from time to time, the "Dissolution Act"). The Redevelopment Law, as amended by the Dissolution Act, is sometimes referred to herein as the "Law."

Pursuant to Section 34173 of the Dissolution Act, the City Council (the "City Council") of the City of Oakley (the "City") elected for the City to serve as successor agency to the Former Agency, by adopting Resolution No. \_\_\_\_\_ on \_\_\_\_\_, and thus since the February 1, 2012 dissolution of the Former Agency, the City has served in such capacity. Section 34173(g) of the Dissolution Act expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City (see "THE SUCCESSOR AGENCY" herein).

The Successor Agency is governed by a five-member board consisting of the members of the City Council. The City Manager acts as the Successor Agency's chief administrative officer (see "THE SUCCESSOR AGENCY" herein).

## **The City**

The City was incorporated as a general law city on July 1, 1999 (see "APPENDIX C - CITY OF OAKLEY INFORMATION STATEMENT" herein). The City is situated in the eastern portion of the County, along the shore of the Sacramento-San Joaquin Delta, near the cities of Pittsburg, Antioch, and Brentwood. The City is located 55 miles east of San Francisco and 55 miles south of Sacramento.

## **Tax Allocation Financing Under the Dissolution Act**

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies

thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

Under the Dissolution Act, moneys will be deposited from time to time in a Redevelopment Property Tax Trust Fund (the "Redevelopment Property Tax Trust Fund") held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects using current assessed values on the last equalized roll on August 20 each year. See "SECURITY FOR THE BONDS - Tax Allocation Financing" herein for additional information.

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. Tax Revenues, as defined herein, pledged to pay the Bonds consist of the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act, and use of such funds to pay debt service on the Bonds is payable on a parity with the 2008 Bonds (see "Security for the Bonds" below).

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions" and "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules").

## **The Project Area**

Upon the incorporation of the City on July 1, 1999, the County transferred control of the Project Area to the Former Agency. The County adopted the Redevelopment Plan establishing the initial project area (the "Original Area") by Ordinance No. 89-89 on December 27, 1989 (the "Redevelopment Plan"). The Redevelopment Plan was amended on December 6, 1994 to conform to the provisions of AB 1290 (defined herein). The Redevelopment Plan was further amended on October 22, 2001 by Ordinance No. 17-01 to add approximately 621 acres (the "Added Area") to the Original Area's 916 acres. The Added Area began receiving tax increment revenue in Fiscal Year 2003/04. The Original Area and the Added Area are collectively referred to herein as the "Project Area."

See "THE PROJECT AREA" herein for additional information on the Project Area and "THE SUCCESSOR AGENCY" herein for additional information on the Redevelopment Plans.

## **Security for the Bonds**

For the security of the Bonds, the Successor Agency grants a pledge of and lien on all of the Tax Revenues, subject to the prior pledge, security interest and lien on Tax Revenues of debt service on a parity with the 2008 Bonds. "Tax Revenues" are defined under the Indenture as taxes that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and deposited in the Redevelopment Property Tax Trust Fund, with certain exclusions. By definition, Tax Revenues exclude the same amounts that were payable by the Former Agency pursuant to any existing Tax Sharing

Agreements, amounts that were payable by the Former Agency as Statutory Tax Sharing, and County administrative costs allowed under Section 34182 of the Law and Section 95.3 of the California Revenue and Taxation Code. See “FINANCIAL INFORMATION - Tax Sharing Agreements and Tax Sharing Statutes” and “APPENDIX B - PROJECTED TAX REVENUES” herein.

Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various component projects of the Project Area, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency’s Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. Moneys transferred by the County Auditor-Controller to the Successor Agency will be deposited into the Successor Agency’s Redevelopment Obligation Retirement Fund and will be transferred by the Successor Agency to the Trustee for deposit in the Special Fund established under the Indenture. See “SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules” herein.

**The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City of Oakley, the County of Contra Costa, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Oakley, the County of Contra Costa, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.**

## **2015-2016 Governor’s Budget Summary - Proposed Legislative Changes**

In the 2015-2016 Governor’s Budget Summary released on January 9, 2015, the Governor states that oversight of the dissolution process has progressed to the point where legislative changes can be considered in order to add finality to the entire dissolution process and reduce the burden on all parties involved. For a discussion of those changes, see “SECURITY FOR THE BONDS – 2015-2016 Governor’s Budget Summary - Proposed Legislative Changes.”

## **Municipal Bond Insurance and Reserve Account Surety Policy**

Concurrently with the issuance of the Bonds, \_\_\_\_\_ (the “Insurer”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as “APPENDIX G” to this Official Statement.

In order to further secure the payment of the principal of and interest on the Bonds, a Reserve Account for the Bonds has been established by the Indenture. The Reserve Account will be funded by the purchase of a Municipal Bond Debt Service Reserve Insurance Policy (a “Reserve Policy”) issued by the Insurer in an amount equal to the Reserve Account Requirement as defined in the Indenture. See “SECURITY FOR THE BONDS - Reserve Account - Qualified Reserve Instruments.”

## **Legal Matters**

All legal proceedings in connection with the issuance of the Bonds are subject to the approving opinion of Nossaman LLP, Irvine, California, as Bond Counsel. Such opinion, and certain tax consequences incident to the ownership of the Bonds are described more fully under the heading “LEGAL MATTERS - Tax Matters” herein. Certain legal matters will be passed on for the Successor

Agency by Nossaman LLP, Irvine, California, as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, \_\_\_\_\_, \_\_\_\_\_, California.

## **Professional Services**

The Trustee will act on behalf of the Bondholders for the purpose of receiving all moneys required to be paid to the Trustee, to allocate, use and apply the same, to hold, receive and disburse the Tax Revenues and other funds held under the Indenture, and otherwise to hold all the offices and perform all the functions and duties provided in the Indenture to be held and performed by the Trustee.

Public Financial Management, Inc., San Francisco, California (the "Financial Advisor") advised the Successor Agency as to the financial structure and certain other financial matters relating to the Bonds.

Fees payable to Bond Counsel, Disclosure Counsel, Underwriter's Counsel, and the Financial Advisor are contingent upon the sale and delivery of the Bonds.

## **Financial Statements of the Successor Agency**

After the enactment of the Dissolution Act, the activities of the Successor Agency are reported as a fiduciary trust fund, as part of the City's Comprehensive Annual Financial Report, which is in accordance with guidance issued by the State Department of Finance on September 19, 2012 and available on its website relating to redevelopment dissolution ([www.dof.ca.gov/redevelopment](http://www.dof.ca.gov/redevelopment)) under the category of "Common RDA Dissolution Questions and Answers," interpreting Section 34177(n) of the California Health and Safety Code concerning certain successor agency post audit obligations. The State Department of Finance's website is not in any way incorporated into this Official Statement, and the Successor Agency cannot take any responsibility for, nor make any representation whatsoever as to, the continued accuracy of the Internet address or the accuracy, completeness, or timeliness of information posted there. In addition, from time to time, the State Department of Finance changes its guidance without notice.

Pursuant to the Dissolution Act, the housing assets, housing obligations, and housing activities of the Former Agency have been transferred to the City after the dissolution date and have been reported in a special fund in the City's Comprehensive Annual Financial Report.

The City's financial statements for the fiscal year ended June 30, 2014, attached hereto as "APPENDIX D," have been audited by Maze & Associates, Pleasant Hill, California. The City's audited financial statements are public documents and are included within this Official Statement without the prior approval of the auditor.

## **Offering of the Bonds**

**Authority for Issuance.** The Bonds are to be issued and secured pursuant to the Indenture, as authorized by Resolution No. \_\_\_\_\_ of the Successor Agency adopted on October 28, 2014 and by Resolution No. \_\_\_\_\_ of the Successor Agency adopted on February 10, 2015 (collectively, the "Successor Agency Resolution"), the Bond Law, the Dissolution Act and the Redevelopment Law. The Successor Agency to the Oakley Redevelopment Agency Oversight Board (the "Oversight Board") approved the action taken by the Successor Agency to refinance the Refunded Bonds on \_\_\_\_\_, 2014 (the "Oversight Board Resolution"). The State Department of Finance approved the Oversight Board action by letter dated \_\_\_\_\_, 2015 (the "DOF Determination Letter").

**Offering and Delivery of the Bonds.** The Bonds are being sold to Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Bonds are offered, when, as and if issued, subject to the approval as to their legality by Nossaman LLP, Irvine, California, as Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company on or about March \_\_\_, 2015.

### **Information Concerning this Official Statement**

This Official Statement speaks only as of its date. The information set forth herein has been obtained by the Successor Agency from sources which are believed to be reliable and such information is believed to be accurate and complete, but such information is not guaranteed as to accuracy or completeness, nor has it been independently verified and is not to be construed as a representation by the Underwriter or the Disclosure Counsel. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended as such and are not to be construed as representations of fact. The information and expressions of opinion herein are subject to change without notice and the delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein or in the affairs of the Successor Agency since the date hereof.

**Availability of Legal Documents.** The summaries and references contained herein with respect to the Indenture, the Bonds and other statutes or documents do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute, and references to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of these documents may be obtained from the Successor Agency at 3231 Main Street, Oakley, California 94561.

# THE BONDS

## General Provisions

**Repayment of the Bonds.** Interest on the Bonds is payable at the rates per annum set forth on the inside cover page hereof. Interest on the Bonds will be computed on the basis of a year consisting of 360 days and twelve 30-day months.

Interest on the Bonds will be payable on March 1 and September 1 (each an "Interest Payment Date"), commencing September 1, 2015, and thereafter from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after the close of business on the 1<sup>st</sup> calendar day of the month in which such Interest Payment Date occurs (each, a "Record Date") and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) a Bond is authenticated on or before the first Record Date, in which event it shall bear interest from the Closing Date; *provided, however*, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Bonds are authorized to be issued in denominations of \$5,000 or any integral multiple of \$5,000, and will be dated as of the date of their original delivery.

**Transfer or Exchange of Bonds.** Any Bond may, in accordance with its terms, be transferred or exchanged, pursuant to the provisions of the Indenture, upon surrender of such Bond for cancellation at the Principal Corporate Trust Office of the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Trustee shall authenticate and deliver a new Bond or Bonds of like series, interest rate, maturity and principal amount. The Trustee may require the payment by the Bondholder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. The foregoing provisions regarding the transfer and exchange of the Bonds apply only if the book-entry system is discontinued. So long as the Bonds are in the book-entry system of DTC as described below, the rules of DTC will apply for the transfer and exchange of Bonds.

**Book-Entry System.** DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Interest on and principal of the Bonds will be payable when due by wire of the Trustee to DTC which will in turn remit such interest and principal to DTC Participants, which will in turn remit such interest and principal to Beneficial Owners of the Bonds (see "APPENDIX F - THE BOOK-ENTRY SYSTEM" herein). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Trustee will send any notices to Bond Owners only to DTC.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, if a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture. The Successor Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered as described in the Indenture.

## Redemption Prior to Maturity

**Optional Redemption.** The Bonds maturing before September 1, 20\_\_ are not subject to call and redemption prior to maturity. The Bonds maturing on or after September 1, 20\_\_ shall be subject to call and redemption prior to maturity, at the option of the Successor Agency, as a whole on any date or in part on any Interest Payment Date, among maturities as shall be determined by the Successor Agency, and by lot within each maturity (each Bond being deemed to be composed of \$5,000 portions with each such portion being separately redeemable), from funds derived by the Successor Agency from any source, on or after September 1, 20\_\_, at the redemption price for each redeemed Bond equal to the principal amount thereof, with accrued interest to the date of redemption, without premium.

**Sinking Account Redemption.** (i) The Bonds maturing September 1, 20\_\_ shall be subject to mandatory sinking fund redemption in part, by lot, commencing on September 1, 20\_\_, from mandatory sinking fund payments, 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, in the aggregate respective principal amounts and on the dates set forth below; provided, however, that if some but not all of such Bonds have been redeemed pursuant to optional redemption the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the Successor Agency:

### 20\_\_ Term Bonds

Payment Dates (September 1)	Amount
	\$

(ii) The Bonds maturing September 1, 20\_\_ shall be subject to mandatory sinking fund redemption in part, by lot, commencing on September 1, 20\_\_, from mandatory sinking fund payments, 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, in the aggregate respective principal amounts and on the dates set forth below; provided, however, that if some but not all of such Bonds have been redeemed pursuant to optional redemption the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the Successor Agency:

### 20\_\_ Term Bonds

Payment Dates (September 1)	Amount
	\$

**Purchase in Lieu of Redemption.** The Successor Agency may at any time buy Bonds at public or private sale at a price which, inclusive of brokerage fees, will not exceed the par amount of the Bonds so purchased, plus any applicable premium and any Bonds so purchased shall be tendered to the Trustee for cancellation. Term Bonds so purchased may be credited against sinking fund payments.

**Notice of Redemption; Rescission.** Notice of redemption shall be given by the Trustee not less than thirty (30) nor more than sixty (60) days prior to the redemption date by first class mail to each of the Owners designated for redemption at their addresses appearing on the Bond registration books of the Trustee on the date such Bonds are selected for redemption. Each notice of redemption shall (a) state the redemption date; (b) state the redemption price; (c) state the place or places of redemption; (d) state the CUSIP numbers of the Bonds to be redeemed, the individual number of each Bond to be redeemed or that all Bonds between two stated numbers (both inclusive) or that all of the Bonds are to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed; (e) state that on the redemption date there will become due and payable on each Bond the redemption price thereof and that from and after such redemption date interest thereon shall cease to accrue; and (f) require that such Bonds be then surrendered, with a written instrument of transfer duly executed by the Owner thereof or by his attorney duly authorized in writing if payment is to be made to a person other than the Owner.

The Successor Agency shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for prepayment for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

When notice of redemption has been given and when the amount necessary for the redemption of the Bonds called for redemption is set aside for that purpose in the Redemption Fund, and when interest accrued and to accrue to the redemption date has been set aside for that purpose in the Interest Account, the Bonds designated for redemption shall become due and payable on the redemption date thereof at the place specified in the notice of redemption. Such Bonds shall be redeemed and paid at said redemption price out of the Redemption Fund and no interest will accrue on such Bonds called for redemption from and after the redemption date specified in such notice. The Owners of said Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the premium thereon, if any, only to the Redemption Fund.

### **Scheduled Debt Service on the Series A Bonds**

The following is the scheduled semi-annual and annual Debt Service on the Series A Bonds (assuming no optional redemption).

<b>Interest Payment Date</b>	<b>Principal*</b>	<b>Interest*</b>	<b>Semi-Annual Debt Service*</b>	<b>Annual Debt Service*</b>
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**Total**

\* Preliminary, subject to change.

**Scheduled Debt Service on the Series B Bonds**

The following is the scheduled semi-annual and annual Debt Service on the Series B Bonds (assuming no optional redemption).

<b>Interest Payment Date</b>	<b>Principal*</b>	<b>Interest*</b>	<b>Semi-Annual Debt Service*</b>	<b>Annual Debt Service*</b>
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Total

\* Preliminary, subject to change.

# THE FINANCING PLAN

## The Refunding Program

On the Delivery Date, the Successor Agency will irrevocably deposit a portion of the proceeds of the Bonds with Wells Fargo Bank, National Association, as escrow bank (the “Escrow Bank”), pursuant to Escrow Instructions dated as of March 1, 2015 (the “Escrow Instructions”) between the Successor Agency and the Escrow Bank.

The deposit, together with other funds deposited with the Escrow Bank, will be held [uninvested] [in Federal Securities] and will be sufficient to pay the redemption price of the Refunded Bonds on March \_\_\_\_, 2018.

The lien of the Refunded Bonds will be discharged, terminated and of no further force and effect upon the deposit with the Escrow Bank of the amounts required pursuant to the Escrow Instructions (see “CONCLUDING INFORMATION - Verification of Mathematical Computations” herein). Amounts on deposit with the Escrow Bank are not available to pay debt service on the Bonds.

## Estimated Sources and Uses of Funds

Under the provisions of the Indenture, the Trustee will receive the proceeds from the sale of the Bonds and other available funds and will apply them as shown below.

### Sources of Funds

Par Amount of Bonds  
Original Issue Premium  
Funds Held for the Refunded Bonds  
Net Source of Funds

### Uses of Funds

Transfer to Escrow Bank  
Underwriter’s Discount  
Costs of Issuance Fund <sup>(1)</sup>  
Total Use of Funds

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<sup>(1)</sup> Expenses include fees and expenses of Bond Counsel, the Financial Advisor, Disclosure Counsel, Fiscal Consultant and the Trustee, costs of printing the Official Statement, rating fees, insurance premium, reserve surety premium and other costs of issuance of the Bonds.

# SECURITY FOR THE BONDS

## Tax Allocation Financing

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. First, the assessed valuation of the taxable property in a project area, as last equalized prior to adoption of the redevelopment plan, was established and became the base roll. Thereafter, except for any period during which the assessed valuation drops below the base year level, the taxing agencies, on behalf of which taxes are levied on property within the project area, receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll could be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment project. Redevelopment agencies themselves had no authority to levy taxes on property.

The Dissolution Act now requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency had the Former Agency not been dissolved using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller (the "Redevelopment Property Tax Trust Fund") pursuant to the Dissolution Act. Such funds, or portions thereof distributed to the Successor Agency, are deposited by the Successor Agency in its "Recognized Obligation Retirement Fund." The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules (see "Recognized Obligation Payment Schedules" below).

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller and payments made under Sections 33401, 33676 and 33607.7 (among others, unless subordinated) of the Redevelopment Law.

Successor agencies have no power to levy property taxes but must receive an allocation of taxes as described above. See "RISK FACTORS."

## Tax Revenues

As provided in the Redevelopment Plans for the constituent project areas (the constituent project areas are individually referred to herein as a "Redevelopment Project") of the Project Area and pursuant to Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, taxes levied upon taxable property in each Redevelopment Project each year by or for the benefit of the State, for cities, counties, districts or other public corporations (collectively, the "Taxing Agencies") for fiscal years beginning after the effective date of the ordinance approving the applicable constituent Redevelopment Plan, or the respective effective date of an ordinance approving an

amendment to the Redevelopment Plan that added territory to the Redevelopment Project, will be divided as follows:

- a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Redevelopment Project as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory, as applicable (each, a “base year valuation”), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and
- b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within the Plan Limit, when collected will be paid into a special fund of the Former Agency/Successor Agency. Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from this paragraph.

Tax revenues generated as set forth under (b) above and allocated to the Successor Agency constitute Tax Increment Revenues, as that term is used herein.

**Pledged Tax Revenues.** For the security of the Bonds, the Successor Agency grants a pledge of and lien on all of the Tax Revenues, subject to the prior pledge, security interest and lien on Tax Revenues of debt service on a parity with the 2008 Bonds. “Tax Revenues” are defined under the Indenture as taxes that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and deposited in the Redevelopment Property Tax Trust Fund. By definition, Tax Revenues are net of the same amounts that were payable by the Former Agency under Tax Sharing Agreements and Statutory Tax Sharing (as defined below) as well as the County’s administrative costs allowed under Section 34182 of the Dissolution Act and Section 95.3 of the Revenue and Taxation Code. See “FINANCIAL INFORMATION - Tax Sharing Agreements and Tax Sharing Statutes” herein.

## **Redevelopment Property Tax Trust Fund**

Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could not be used to repay indebtedness incurred for another project area. However, the Dissolution Act only requires that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund

with respect to each former redevelopment agency within the respective county. Additionally, the Dissolution Act now requires that all revenues equivalent to the amount that would have been allocated as tax increment to the former redevelopment agency will be allocated to the Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area, the Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the Redevelopment Property Tax Trust Fund, to repay indebtedness of the former redevelopment agency or the successor agency. The Former Agency had merged all its redevelopment projects into one redevelopment project.

To the extent the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act states, "It is the intent ... that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge."

The Redevelopment Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. The Former Agency had entered into several agreements for this purpose ("Tax Sharing Agreements"). Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted on or after January 1, 1994 or amended after January 1, 1994 in a manner specified in such sections (the "Statutory Tax Sharing Amounts"). See "APPENDIX B - PROJECTED TAX REVENUES - Tax Sharing Agreements" and "Tax Sharing Statutes" herein). The Dissolution Act requires the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed under any Tax Sharing Agreements and for Statutory Tax Sharing Amounts to the taxing entities for each six-month period before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund each January 2 and June 1, unless (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded by the Successor Agency, (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Successor Agency's enforceable obligations, pass-through payments, and the Successor Agency's administrative cost allowance for the applicable six-month period, and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes for the applicable six-month period. The Successor Agency has covenanted in the Indenture to timely file a "Notice of Insufficiency" with the County Auditor-Controller in the event that such an insufficiency occurs.

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency's enforceable obligations, pass-through payments, and the Successor Agency's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency

for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under Tax Sharing Agreements and for Statutory Tax Sharing Amounts, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted.

The Dissolution Act provides for a procedure by which the Successor Agency may make Statutory Tax Sharing Amounts subordinate to the Bonds. The Former Agency had previously undertaken proceedings to subordinate such payments to the 2008 Bonds, and therefore, Statutory Tax Sharing Amounts are subordinate to the 2008 Bonds or the Bonds. The City had previously agreed to subordinate its Statutory Tax Sharing Amount to the payment of the Refunded Bonds, but will not subordinate such amounts to the Bonds.

The Successor Agency expects, but cannot guarantee, that the process prescribed by the Dissolution Act of administering the Tax Revenues will effectively result in adequate Tax Revenues for the payment of principal of and interest on the Bonds when due. See "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules." Based on past history, the Successor Agency estimates that the County Auditor-Controller will collect approximately \_\_\_% of the current year's annual tax increment plus \_\_\_% of the prior year's remaining annual tax increment for deposit in the Redevelopment Project Tax Trust Fund on January 2 of such year and \_\_\_% of the current year's annual tax increment in the Redevelopment Project Tax Trust Fund on June 1 of such year such distribution in any case limited to the amount requested by the Successor Agency on the applicable Recognized Obligation Payment Schedule and approved by the State Department of Finance, as described below.

## **Recognized Obligation Payment Schedules**

Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund and from the city. A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following six-month period (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency"). The Successor Agency has covenanted to request such reserves as described below.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Low and Moderate Income Housing Fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as

approved by the oversight board). Other than amounts deposited in the Redevelopment Property Tax Trust Fund allocable to the Project Area and amounts held in funds and accounts under the Indenture, the Successor Agency does not expect to have any other funds available to pay the Bonds.

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule.

The Recognized Obligation Payment Schedule, with respect to each six-month period beginning January 1 and July 1, must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller by 90 days before the date of the next January 2 or June 1 property tax distribution. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for corresponding six-month periods. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see "RISK FACTORS - Recognized Obligation Payment Schedule."

The Dissolution Act requires the State Department of Finance to make a determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the Recognized Obligation Payment Schedule is submitted. Within five business days of the determination by the State Department of Finance, the Successor Agency may request additional review by the department and an opportunity to meet and confer on disputed items, if any. The State Department of Finance will notify the Successor Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the January 2 or June 1 date of property tax distribution, as applicable. Additionally, the County Auditor-Controller may review a submitted Recognized Obligation Payment Schedule and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the County Auditor-Controller must provide notice of any such objections to the Successor Agency, the Oversight Board, and the State Department of Finance at least 60 days prior to the January 2 or June 1 date of property tax distribution, as applicable.

In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of (i) property tax to be allocated and distributed and (ii) the amounts of pass-through payments to be made in the upcoming six-month period, and provide those estimates to the entities receiving the distributions and the State Department of Finance no later than October 1 and April 1 of each year, as applicable. If, after receiving such estimate from the County Auditor-Controller, the Successor Agency determines and reports, no later than December 1 or May 1, as applicable (e.g., by May 1, 2015 with respect to the Recognized Obligation Payment Schedule for July 1, 2015 through December 31, 2015), that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, for the Successor Agency's enforceable obligations listed on the Recognized Obligation Payment Schedule, and for the Successor Agency's administrative cost allowance,

the County Auditor-Controller must notify the State Controller and the State Department of Finance no later than 10 days from the date of the Successor Agency's notification. If the State Controller concurs that there are insufficient funds to pay required debt service, the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under "Redevelopment Property Tax Trust Fund" above.

The Successor Agency has covenanted to comply with all of the requirements of the Redevelopment Law and the Dissolution Act. Not less than 90 days prior to each January 2, the Successor Agency shall submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule that includes all debt service on the 2008 Bonds and the Bonds due and payable in the following calendar year, so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on such January 2 amounts required to enable the Successor Agency to pay timely principal of, and interest on, the 2008 Bonds and the Bonds during such calendar year and to establish a reserve for a portion of the principal due on August 15 in such calendar year (as described below). Not less than 90 days prior to each June 1, the Successor Agency shall submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule that includes the remaining debt service on the 2008 Bonds and the Bonds and any Parity Debt due and payable in such calendar year, together with amounts, if any, not funded from the January 2 distribution of the Redevelopment Property Tax Trust Fund, so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on such June 1 amounts required to enable the Successor Agency to pay timely principal of, and interest on the 2008 Bonds and the Bonds coming due on September 1 in such calendar year, taking into account any reserve established in the preceding period.

The Successor Agency shall place on the applicable Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance, to the extent necessary, any amount required to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Law and any amount required to be deposited in the Reserve Account in order to maintain in the Reserve Account the amount of the Reserve Requirement.

With respect to the debt service to be due on the 2008 Bonds and the Bonds during the calendar year 2015, the Successor Agency has requested on its Recognized Obligation Payment Schedule for the period beginning January 2, 2015 ("ROPS 14-15B"):

- (1) \$ \_\_\_\_\_ for interest due on the 2008 Bonds on March 1, 2015 and a reserve for the total principal and interest due on the 2008 Bonds on September 1, 2015;
- (2) \$ \_\_\_\_\_ for the interest due on the Refunded Bonds on March 1, 2015; and
- (3) \$ \_\_\_\_\_ as a reserve for the principal on the Refunded Bonds due on September 1, 2015.

The Successor Agency submitted the ROPS 14-15B to the Department of Finance on \_\_\_\_\_, 2014, indicating that such debt service and reserves for the Refunded Bonds would be applied to the Bonds once issued. The Department of Finance approved all payments requested on the ROPS 14-15B on \_\_\_\_\_, 2015.

## **Statutory Limitations on Review of Bonds on ROPS by DOF**

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule. Section 34177.5(f) of the Dissolution Act additionally provides that if the State Department of Finance has requested review of the Oversight Board Resolution and, after review, has approved the resolution, the scheduled payments on the Bonds shall be listed in the Recognized Obligation Payment Schedule and will not be subject to further review and approval by the State Department of Finance or the State Controller.

The DOF Determination Letter includes the following statement: "This approval is specifically conditioned on the understanding that no refunding bonds will be issued unless such bonds meet the limitations in HSC section 34177.5(a). Any debt service obligations listed on a Recognized Obligation Payment Schedule (ROPS) stemming from bonds issued not in compliance with that section will not be approvable by Finance [the State Department of Finance]." The issuance of the Bonds will be accompanied by approving legal opinions, substantially in the forms attached hereto as Appendix E regarding the due and valid authorization of the Series A Bonds and the Series B Bonds, respectively, under the Bond Law, Health and Safety Code Section 34177.5, the Successor Agency Resolution, the Oversight Board Resolution, and the Indenture. See, however, "RISK FACTORS - Factors Which May Affect Tax Revenues – Interpretation of and Future Changes in the Law; Voter Initiatives."

## **Pledge of Tax Revenues**

Under the Indenture, there is established a trust fund known as the "Special Fund" (and an Interest Account, a Principal Account, a Sinking Account, a Reserve Account, and a Redemption Account therein), which will be held by the Trustee in trust. Moneys transferred by the County Auditor-Controller to the Successor Agency will be deposited into the Successor Agency's Redevelopment Obligation Retirement Fund and will be transferred by the Successor Agency to the Trustee for deposit in the Special Fund established under the Indenture.

The Bonds and any Parity Debt (defined below) shall be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, pursuant to Section 34177.5(g) of the Law, including all of the Tax Revenues comprised of moneys deposited from time to time in the Redevelopment Property Tax Trust Fund or Tax Revenues held from time to time in the Special Fund (if applicable). The Bonds shall be additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Reserve Account. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

The Successor Agency has established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Law which the Successor Agency shall continue to hold and maintain so long as any of the Bonds are Outstanding.

The Successor Agency shall deposit all of the Tax Revenues received with respect to any Semiannual Period into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof. All Tax Revenues received by the Successor Agency in excess of the amount required to pay debt service on the 2008 Bonds and to pay debt service on the Bonds and any Parity Debt and except as may be provided to the contrary in any indenture relating to any Parity Debt, shall be released from the pledge and lien of the Indenture and shall be applied in accordance with the Law, including but not limited to the

payment of debt service on any subordinate debt. Prior to the payment in full of the principal of and interest on the Bonds and the payment in full of all other amounts payable under the Indenture and under any supplemental indentures, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in the Indenture and in any supplemental indenture.

Also see “No Additional Debt Other Than Refunding Bonds” below.

The Tax Revenues are pledged to the payment of principal of and interest on the Bonds pursuant to the Indenture until the Bonds have been paid, or until moneys have been set-aside irrevocably for that purpose. The Trustee will covenant to exercise such rights and remedies as may be necessary to enforce the payment of the Tax Revenues when due under the Indenture, and otherwise to protect the interests of the Bondholders in the event of default by the Successor Agency.

**The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City of Oakley, the County of Contra Costa, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Oakley, the County of Contra Costa, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.**

## **2015-2016 Governor’s Budget Summary – Proposed Legislative Changes**

In the 2015-2016 Governor’s Budget Summary (“Proposed State Budget”) released on January 9, 2015, the Governor states that oversight of the dissolution process has progressed to the point where legislative changes can be considered in order to add finality to the entire dissolution process and reduce the burden on all parties involved. The Proposed State Budget states that Administration will introduce legislation through the budget process to gradually transition the state away from the current detailed role in the RDA dissolution process.

The Proposed State Budget also states that the legislation will meet the following objectives:

- Minimize the potential erosion of property tax residuals being returned to the local affected taxing entities (both in the short and long term) while transitioning the state from detailed review of enforceable obligations to a streamlined process;
- Clarify and refine various provisions in the statutes to eliminate ambiguity, where appropriate, and make the statutes operate more successfully for all parties without rewarding previous questionable behavior; and
- Maintain the expeditious wind-down of former RDA activities while adding new incentives for substantial compliance with the law.
- In the Proposed State Budget, it states that the Administration’s proposed legislation will specifically include the following process changes:
  - Transition all successor agencies from a biannual ROPS process to an annual ROPS process beginning July 1, 2016, when the successor agencies transition to a countywide oversight board. This restructured process will be more efficient and will reduce the workload on all parties.
  - Establish a “Last and Final” ROPS process beginning September 2015. The Last and Final ROPS will be available only to successor agencies that have a Finding of Completion, are in agreement with Finance on what items qualify for payment, and meet other specified

conditions. If approved by Finance, the Last and Final ROPS will be binding on all parties and the successor agency will no longer submit a ROPS to Finance or the oversight board. The county auditor-controller will remit the authorized funds to the successor agency in accordance with the approved Last and Final ROPS until each remaining enforceable obligation has been fully paid.

The Proposed State Budget states further that proposed legislation will also clarify that:

- Former tax increment caps and RDA plan expirations do not apply for the purposes of paying approved enforceable obligations. One of the core principles of the dissolution process is that approved enforceable obligations will be paid and that this clarification will confirm that funding will continue to flow until all approved enforceable obligations have been paid.
- Reentered agreements that are not for the purpose of providing administrative support activities are not authorized or enforceable.
- Litigation expenses associated with challenging dissolution determinations are not separate enforceable obligations, but rather are part of the administrative costs of the successor agency.
- Contractual and statutory pass through payments end upon termination of all of a successor agency's enforceable obligations.
- The State Department of Finance is exempt, as provided in existing law, from the regulatory process.
- County auditor-controllers' offices shall serve as staff for countywide oversight boards.

It is assumed that the Proposed State Budget will not amend the process for the distribution of the Redevelopment Property Tax Trust Fund moneys twice annually on January 2 and June 1 of each year. If that is the case, even with the change in the preparation of the Recognized Obligation Payment Schedule from twice a year to once a year, the Successor Agency will continue to set aside Tax Revenue and pay debt service on the Bonds and the 2008 Bonds as described herein.

The Successor Agency expects, but cannot guarantee, that the processes for funding of enforceable obligations prescribed by any new legislative change in the Dissolution Act will not interfere with its administering of the Tax Revenues in accordance with the Indenture and will effectively result in adequate Tax Revenues for the timely payment of principal of and interest on the Bonds and Parity Debt when due.

## **Reserve Account**

A separate Reserve Account has been established under the Indenture to be held by the Trustee to further secure the timely payment of principal of and interest on each series of the Bonds and the 2008 Bonds. The Successor Agency must maintain a balance in the Reserve Account equal to the Reserve Requirement.

"Reserve Requirement" is defined in the Indenture to mean, as of the Closing Date, an amount equal to the lesser of (i) 10% of the initial outstanding principal amount of the Bonds; (ii) Maximum Annual Debt Service on the Outstanding Bonds; or (iii) 125% of Average Annual Debt Service on the Bonds, and thereafter means an amount equal to the lesser of the initial Reserve Requirement or Maximum Annual Debt Service on the Outstanding Bonds.

No deposit need be made in the Reserve Account so long as there shall be on deposit therein a sum equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn

by the Trustee solely for the purpose of paying principal of or interest on the Bonds, in the event of any deficiency at any time to make such payments, or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement may be transferred to the Interest Account.

The Reserve Requirement may be satisfied by crediting to the Reserve Account moneys, a letter of credit, a bond insurance policy, any other comparable credit facility or any combination thereof, for which the Successor Agency has received confirmation from any rating agency than rating the Bonds that replacement will not adversely affect the rating on the Bonds and which in the aggregate make funds available in the Reserve Account in an amount equal to the Reserve Requirement; provided, however, the provider of any such letter of credit, bond insurance policy or other comparable credit facility, must be rated in one of the two highest rating categories by Standard & Poor's at the time of delivery of such letter of credit, bond insurance policy or other comparable credit facility. Upon the deposit with the Trustee of such letter of credit, bond insurance policy or other comparable credit facility, the Trustee shall transfer moneys then on hand in the Reserve Account to the Successor Agency to be applied for lawful redevelopment purposes. In the event of a downgrade revision in the rating of such letter of credit, bond insurance policy or other comparable credit facility provided after the Closing Date, the Successor Agency shall promptly transfer all available surplus Tax Revenues available under the Indenture to the Reserve Account until the earlier of (i) the time when the amount in the Reserve Account equals the Reserve Requirement in which case the Successor Agency shall thereafter terminate the facility, or (ii) the time when the Successor Agency secures a substitute letter of credit, bond insurance policy or other credit facility meeting the requirements of the Indenture for the Bonds.

## **Qualified Reserve Instruments**

Concurrently with the issuance of the Bonds, the Insurer will issue its Municipal Bond Debt Service Reserve Insurance Policy for the Bonds (the "Reserve Policy") The Reserve Policy is being issued in the amount of the Reserve Account Requirement for the Bonds. Information regarding the Insurer is discussed herein under "MUNICIPAL BOND INSURANCE."

### **THE INSURER HAS ISSUED THE RESERVE POLICY SOLELY LIMITED TO FUNDING DRAWS BY THE TRUSTEE ON THE RESERVE ACCOUNT FOR THE BONDS.**

Rating agencies have downgraded or withdrawn the ratings on the claims-paying ability and financial strength of most of the nation's bond insurance companies, including the provider of the Reserve Policy described above. Deterioration in the financial condition of the provider of the Reserve Policy or a failure to honor a draw by any provider under its Reserve Policy could occur. The Successor Agency is not required under the Indenture to replace the Reserve Policy with cash or a replacement instrument in the event the ratings of its provider decline or are withdrawn. If circumstances should ever cause the Reserve Policy to be canceled or discharged, such cancellation or discharge could be determined to create a deficiency in the Reserve Account Requirement previously satisfied by such Reserve Policy. Under the Indenture, in the event that the amount on deposit in the Reserve Account is less than the Reserve Account Requirement, the Successor Agency is required to transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the amount in such Reserve Account at such Reserve Account Requirement. Should the amount of Tax Revenues then available to maintain such Reserve Account at the applicable Reserve Account Requirement be insufficient for such purpose, such insufficiency would not result in an event of default under the Indenture, but the requirement of the Successor Agency to transfer available Tax Revenues to the Trustee would continue.

## **No Additional Debt Other Than Refunding Bonds**

So long as the Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes, loans, advances, or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only as provided in the Indenture. The Successor Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Tax Revenues or other amounts pledged to the Bonds superior to the pledge and lien created for the benefit of the Bonds. Nothing in the Indenture shall prevent the Successor Agency from issuing and selling Subordinate Debt.

# MUNICIPAL BOND INSURANCE

## Bond Insurance Policy

Concurrently with the issuance of the Bonds, the Insurer will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

[DESCRIPTION OF POLICY AND INSURER TO COME]

## THE SUCCESSOR AGENCY

### Government Organization

The Former Agency was established by the County in 1989 pursuant to the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted, together with a companion bill, AB X1 27. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4<sup>th</sup> 231 (Cal. 2011), challenging the constitutionality of AB X1 26 and AB X1 27. In its December 29, 2011 decision, the California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

Pursuant to Section 34173 of the Dissolution Act, the City Council elected for the City to serve as successor agency to the Former Agency, by adopting Resolution No. \_\_\_\_\_ on \_\_\_\_\_, 20\_\_\_\_, and thus since the February 1, 2012 dissolution of the Former Agency, the City has served in such capacity. Section 34173(g) of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The Successor Agency is governed by a five-member board which consists of all members of the City Council. The Mayor serves as the presiding officer of the Successor Agency.

#### SUCCESSOR AGENCY BOARD MEMBER

Doug Hardcastle, Mayor  
Kevin Romick, Vice Mayor  
Randy Pope, Councilmember  
Sue Higgins, Councilmember  
Diane Burgis, Councilmember

#### TERM EXPIRES

The City performs certain general administrative functions for the Successor Agency. The City Manager serves as the Successor Agency's chief administrative officer, the City Clerk serves as the Successor Agency secretary and the Finance Director serves as the Successor Agency treasurer. The costs of such functions, as well as additional services performed by City staff are allocated annually to the Successor Agency, within certain limitations established by the Dissolution Act. Such reimbursement is subordinate to payment on any outstanding bonds of the Successor Agency.

Current City Staff assigned to administer the Successor Agency include:

**KEY ADMINISTRATIVE PERSONNEL**

Bryan H. Montgomery	City Manager
Paul Abelson	Finance Director
Dwayne Dalman	Economic Development Manager
Derek P. Cole	City Attorney

**Successor Agency Powers**

All powers of the Successor Agency are vested in its members, who are elected members of the City Council. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Successor Agency actions are subject to approval by the Oversight Board, as well as review by the State Department of Finance. California has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Successor Agency and Oversight Board meetings open to the public in similar manner as City Council meetings.

Section 34179.5 of the Dissolution Act established a due diligence review process for determining the unobligated balances that redevelopment agencies had available as of June 30, 2012 to remit to their respective county auditor-controllers for distribution to affected taxing entities within the project areas of the former redevelopment agencies. The Successor Agency has remitted to the County Auditor-Controller all of the unobligated balances as determined by the State Department Finance. In August 2014 the Successor Agency received its Finding of Completion from the State Department of Finance. Receipt of the Finding of Completion allows the Successor Agency to do several things, among them, developing a plan for the disposition of any properties held by the Successor Agency and spending proceeds of bonds issued prior to December 31, 2010, all requiring approval of the Oversight Board.

After receiving the finding of completion, each successor agency is required to submit a Long Range Property Management Plan detailing what it intends to do with its inventory of properties. Successor agencies are not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to fulfill an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies with the State Department of Finance within six months of receiving a finding of completion. The Successor Agency submitted its Long Range Property Management Plan in November 2014 and such plan is currently under review by the State Department of Finance.

## **Redevelopment Plans**

### **General**

The County Board of Supervisors adopted Ordinance No. 89-89 approving the Redevelopment Plan on December 27, 1989 with respect to the Original Area. The Redevelopment Plan was amended by Ordinance No. 94-65, adopted by the County Board on December 6, 1994, which amended the Redevelopment Plan with respect to the time period during which the Redevelopment Plan will be in effect, the time period during which the Agency may establish indebtedness and the amount of tax increment revenues that may be allocated to the Agency, and which brought the Redevelopment Plan into conformance with AB 1290. The Project Area was incorporated as part of the City on July 1, 1999. Pursuant to an incorporation election on November 3, 1998, Resolution No. 97-17 of the Contra Costa County Local Agency Formation Commission (the "Incorporation Resolution") and Section 33215 of the Law, the County transferred the Project Area to the City, and the Former Agency assumed the debts and obligations of the Project Area. The Redevelopment Plan was further amended on October 22, 2001 by adoption of Ordinance No. 17-01 to add the Added Area. On December 8, 2003 the City Council adopted Ordinance No. 16-03 that amended the Redevelopment Plan to eliminate the limitation on incurrence of new indebtedness in relation to the Original Area.

The Redevelopment Plan describes the boundaries of the Project Area, contains a general statement of the objectives of such Project Area, land use, layout of principal streets, building intensities and standards, and other criteria proposed as the basis for redevelopment of the Project Area. The Redevelopment Plan also describe how the Redevelopment Plan effectuates the purposes of the Redevelopment Law and how the proposed redevelopment conforms to the General Plan of the City, and describes the impact of the Redevelopment Plan upon residents thereof and upon the surrounding neighborhood.

The general objectives of the Redevelopment Plan are to the principal goals and objectives of the Redevelopment Plan are to fund circulation and transportation improvements, primarily those related to State Route 4 deficiencies, upgrade inadequate public and community facilities, rehabilitate existing housing units and the development of neighborhood parks and amenities, stimulate new industrial/retail development, assist in the financing and construction of roads, drainage improvements and utility upgrades, and expand the supply of affordable housing and upgrade existing residential areas by assisting in the rehabilitation of existing housing.

### **Financial Limitations**

Pursuant to the Redevelopment Law, the City (and the County, as its predecessor in interest) has adopted a number of ordinances extending the effective date of the Redevelopment Plan (as set forth in the table below). In addition, total Outstanding principal of bonds payable from such tax increment may not at any time exceed \$450,000,000, and total Incremental Tax Revenues may not exceed \$550,000,000. Based on Agency records, the Agency has received approximately \$\_\_\_\_\_ of Incremental Tax Revenues through June 30, 2014. Upon issuance of the Bonds, the total principal amount of Outstanding bonds payable from Incremental Tax Revenues is \$\_\_\_\_\_. After the issuance of the Bonds, no other obligations besides the Bonds and the 2008 Bonds are currently outstanding.

On October 10, 2001 the Governor of the State signed into law Senate Bill 211 ("SB 211"), which allows redevelopment agencies to eliminate the time limits on their ability to incur debt for project areas established prior to January 1, 1994. Additionally, SB 211 allows redevelopment agencies to extend the termination date of their redevelopment plans and the deadline for the receipt of tax increment for the repayment of debt by 10 years for project areas established prior to January 1, 1994. In order to extend the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment

of debt, the redevelopment agency must make certain findings of blight in the applicable project areas. Additionally, if a redevelopment agency elects to eliminate the time limit on the incurrence of debt, the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain additional statutory pass-throughs to other taxing entities. In the event the Agency elects to extend or eliminate any of the deadlines allowed to be extended pursuant to SB 211 for the Project Area, the growth of Tax Revenues, if any, would be negatively affected.

On December 8, 2003, the City adopted Ordinance No. 16-03, eliminating the time limitation for the Original Area to incur new debt and increasing the amount of tax increment available to repay indebtedness. Therefore, commencing with the first year following the expiration of the prior time limit to incur debt (Fiscal Year 2010/11) and using the Fiscal Year 2009/10 valuations as an adjusted base year value, the Agency is required to pay to the affected taxing entities statutory pass-through payments. These tax sharing payments continue for the life of the Original Area. See "FINANCIAL INFORMATION – Tax Sharing Agreements and Tax Sharing Statutes" herein.

The expiration date of the components of the Redevelopment Plan, the final date to incur indebtedness and the final date to receive Incremental Tax Revenues from each component of the Project Area is set forth in the following table. The date of final payment of principal of and interest on the 2008 Bonds is September 1, 2032 and for the Bonds is September 1, 20\_\_\_, which is prior to termination of the effective date of each component of the Project Area.

**OAKLEY REDEVELOPMENT AGENCY  
OAKLEY REDEVELOPMENT PROJECT AREA  
FINANCIAL LIMITATIONS**

<b>Project Area Component</b>	<b>Limit on Incurring Debt</b>	<b>Expiration Date of Plan</b>	<b>Last Date to Receive Increment</b>	<b>Tax Increment Limitation</b>	<b>Outstanding Bonded Debt</b>
Original Area	Eliminated	12/21/29	12/21/39	-	-
Added Area	10/22/21	10/22/31	10/22/46	-	-
Total Project Area				\$550 million	\$450 million

## THE PROJECT AREA

### Description of the Project Area

The Project Area, as amended, consists of approximately 1,537 contiguous acres (approximately 2.4 square miles), or about 69% of the total incorporated area of the City. The Project Area includes 916 acres in the Original Area and 621 acres in the Added Area. It is generally bounded on the east by the Atchison, Topeka and Santa Fe Railroad (the "AT&SF") and State Route 4, on the south by Oakley Road, State Route 4 and Cypress Road, on the west by Bridgehead/Neroly Road, and on the north by the AT&SF right-at-way in the northeast part of the City.

The percentage of 2014/15 taxable value by land use within the Project Area is shown below.

**TABLE NO. 1  
PROJECT AREA  
TAXABLE VALUE BY LAND USE**

	Parcels	Taxable Value	% of Total
Residential	1,474	\$ 259,360,702	60.84%
Commercial	73	72,110,250	16.92%
Industrial	33	40,825,046	9.58%
Vacant Land	88	13,458,407	3.16%
Other	94	11,271,028	2.64%
Total Secured	1,762	397,025,433	93.14%
Unsecured / State Assessed		29,240,064	6.86%
<b>Grand Total</b>		<b>426,265,497</b>	<b>100.00%</b>

Source: Fraser & Associates

## Assessed Valuations and Tax Revenues

Historical assessed value for the Project Area based on the equalized tax rolls are shown below.

**TABLE NO. 2  
PROJECT AREA  
HISTORICAL TAXABLE VALUE (1)**

Fiscal Year	Locally-Assessed Secured Value	Unsecured Value	State-Assessed Value	Total Taxable Value	Percentage Change	Total Incremental Value (1)
2014-15	\$ 397,025,433	\$ 24,097,964	\$ 5,142,100	\$ 426,265,497	14.98%	\$ 323,968,263
2013-14	343,303,603	25,617,663	1,802,100	370,723,366	3.67	268,426,132
2012-13	328,552,135	27,467,841	1,582,100	357,602,076	-2.64	255,304,842
2011-12	337,085,917	30,138,485	62,100	367,286,502	-2.01	264,989,268
2010-11	351,076,379	22,883,862	846,225	374,806,466	-5.74	272,509,232
2009-10	371,005,290	26,615,904	0	397,621,194	-19.92	295,323,960
2008-09	470,719,017	25,798,418	0	496,517,435	-1.25	394,220,201
2007-08	476,777,548	26,036,140	0	502,813,688	7.84	400,516,454
2006-07	440,420,028	24,789,593	1,061,481	466,271,102	17.33	363,973,868
2005-06	373,094,980	23,202,158	1,101,743	397,398,881	N/A	295,101,648
Total Percentage Change					7.26%	
Average Percentage Change					0.78%	

Source: Fraser & Associates.

(1) Taxable Value above base year value of \$106,422,877.

Historical Tax Increment Revenues levied by the County and Tax Incremental Revenues received by the County for the Project Area are shown below.

**TABLE NO. 3  
PROJECT AREA  
HISTORICAL TAX INCREMENT LEVY AND RECEIPTS**

	Levy per County (1)	Tax Increment Receipts Less Supplementals (2)	% of Levy Received	Supplementals	Total Tax Increment Receipts	% of Levy Received
2013-14	\$ 2,698,816	\$ 2,700,812	100.07%	\$ (669)	\$ 2,700,143	100.05%
2012-13	2,657,313	2,658,516	100.05	(18,707)	2,639,809	99.34
2011-12	2,782,537	2,771,007	99.59	1,563	2,772,570	99.64
2010-11	2,783,374	2,784,586	100.04	774	2,785,360	100.07
2009-10	3,022,085	3,022,820	100.02	(38,917)	2,983,903	98.74

Source: Fraser & Associates.

(1) Initial levy reported by Contra Costa County.

(2) Receipts per Agency records, inclusive of property tax administrative fees and pass through payments.

Actual Tax Increment Revenues paid to the Former Agency or available to the Successor Agency from the Project Area are shown below.

**TABLE NO. 4  
PROJECT AREA  
HISTORICAL ANALYSIS OF TAX REVENUES**

Category	2009-10	2010-11	2011-12	2012-13	2013-14
Tax Increment	\$ 3,022,820	\$ 2,784,586	\$ 2,771,007	\$ 2,658,516	\$ 2,700,812
Supplemental Taxes	(38,917)	774	1,563	(18,707)	(669)
<b>Total Tax Increment (1)</b>	<b>2,983,903</b>	<b>2,785,360</b>	<b>2,772,570</b>	<b>2,639,809</b>	<b>2,700,143</b>
<i>Senior Liens on Tax Increment:</i>					
Property Tax Administration Fees	31,412	28,272	25,981	48,965	35,749
Section 33676 Allocations	71,549	71,009	72,721	90,864	81,981
Housing Set-Aside (2)	596,781	557,072	0	0	0
Negotiated Tax Sharing Payments (3)	542,581	514,425	508,361	482,152	524,718
Statutory Tax Sharing Payments (4)	23,916	20,785	15,888	18,111	18,433
<b>Tax Revenue</b>	<b>\$ 1,717,664</b>	<b>\$ 1,593,797</b>	<b>\$ 2,149,619</b>	<b>\$ 1,999,717</b>	<b>\$ 2,039,262</b>
Sub. Negotiated Tax Sharing Payments	48,558	44,782	43,249	42,795	44,567
<b>Net Tax Revenue</b>	<b>\$ 1,669,106</b>	<b>\$ 1,549,015</b>	<b>\$ 2,106,370</b>	<b>\$ 1,956,922</b>	<b>\$ 1,994,695</b>

Source: Fraser & Associates.

- (1) Reflects actual receipts based on the records of the Agency.
- (2) The housing set-aside is no longer required under the Dissolution Act.
- (3) Payments per negotiated tax sharing agreements that are senior to debt service.
- (4) Required per Section 33607.5 of the CRL.

## Major Taxpayers

The ten largest property taxpayers for fiscal year 2014/15 within the Project Area are shown below.

**TABLE NO. 5  
MERGED PROJECT AREA  
TEN LARGEST TAXPAYERS AS A PERCENT OF 2014/15 ASSESSED VALUE**

Assessee	Number of Parcels	Area	Type of Use	2014-15			% of Value (2)	% of Inc Value (2)
				Secured	Unsecured	Total Value		
1) Cypress Square – S and R Associates	1	Original	Shopping Center	\$18,101,126	\$ 0	\$ 18,101,126	4.25%	5.59%
2) Lucky No Cal Investor LLC (3)	1	Original	Shopping Center	8,385,446	0	8,385,446	1.97	2.59
3) Shurgard Storage Centers Inc	2	Original	Self-Storage	7,400,000	11,923	7,411,923	1.74	2.29
4) Simon-Oakley Town Center LLC	4	Original	Shopping Center	6,119,300	0	6,119,300	1.44	1.89
5) Corporation for Better Housing	3	Original	Apartment	5,853,680	0	5,853,680	1.37	1.81
6) HPH Properties LP	1	Original	Industrial	5,842,829	0	5,842,829	1.37	1.80
7) WEC 98D-30 LLC	1	Original	Shopping Center	5,582,836	0	5,582,836	1.31	1.72
8) Oakley Generating Station	1	Amendment	Utility	5,080,000	0	5,080,000	1.19	1.57
9) Western Oilfields Supply Company	2	Original	Industrial	1,270,861	3,126,045	4,396,906	1.03	1.36
10) Hayworth-Fabian LLC	1	Original	Commercial	4,363,097	25,525	4,388,622	1.03	1.35
<b>Total Valuation</b>				<b>\$67,999,175</b>	<b>\$ 3,163,493</b>	<b>\$ 71,162,668</b>	<b>16.69%</b>	<b>21.97%</b>

Source: Contra Costa County property tax records.

- (1) Based on ownership of locally-assessed secured property.
- (2) Based on total 2014-15 Project Area taxable value of \$426,265,497 and incremental value of \$323,968,263.
- (3) This owner has an outstanding assessment appeal and has requested a reduction of value of \$4.4 million.

## FINANCIAL INFORMATION

### Successor Agency Accounting Records and Financial Statements

The activities of the Successor Agency are reported as a fiduciary trust fund as part of the City's Comprehensive Annual Financial Report, which is in accordance with guidance issued by the State Department of Finance on September 19, 2012 and available on its website relating to redevelopment dissolution ([www.dof.ca.gov/redevelopment](http://www.dof.ca.gov/redevelopment)) under the category of "Common RDA Dissolution Questions and Answers," interpreting Section 34177(n) of the California Health and Safety Code concerning certain successor agency post audit obligations. The Successor Agency does not prepare separate financial statements.

Pursuant to the Dissolution Act, the housing assets, housing obligations, and housing activities of the Former Agency have been transferred to the City after the dissolution date and have been reported in a special fund in the Comprehensive Annual Financial Report. These funds are not under the purview of the State Department of Finance.

The City's financial statements for the Fiscal Year ended June 30, 2014, attached hereto as "APPENDIX C" have been prepared by the City.

### Property Taxation in California

**Manner in Which Property Valuations and Assessments are Determined (Article XIII A).** On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution which imposes certain limitations on taxes that may be levied against real property. This amendment, which added Article XIII A to the State Constitution, among other things, defines full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by substantial damage, destruction or other factors. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value of that property, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on any bonded indebtedness for the acquisition or improvement of real property which is approved after July 1, 1978 by two-thirds of the votes cast by voters voting on such indebtedness. However, pursuant to an amendment to the California Constitution, redevelopment agencies are prohibited from receiving any of the tax increment revenue attributable to tax rates levied to finance bonds approved by the voters on or after January 1, 1989 for the acquisition or improvement of real property. Moreover, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from such prohibitions (see "SECURITY FOR THE BONDS - Tax Revenues," "Property Tax Rate" below and "RISK FACTORS - Factors Which May Affect Tax Revenues - Reduction in Inflationary Rate").

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend the terms "purchase" and "change of ownership," for purposes of determining full cash value of property under Article XIII A, to not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children. Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county (or in certain cases, another county), to transfer the old residence's assessed value to the new residence.

**Proposition 8 Adjustments.** Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide, and such methodology has been upheld by the California courts. During the recent recession, the County made significant blanket assessed value reductions throughout the County pursuant to Proposition 8 from the maximum amount that could be assessed on property. As a result, the Former Agency saw reductions in property values of approximately \_\_\_\_% between 2008/09 and 2010/11, which the Successor Agency attributes to Proposition 8 reductions.

**Unsecured and Secured Property.** In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property, arising pursuant to State law, has priority over all other liens on the secured property, regardless of the time of the creation of the other liens.

Property in the Project Area is assessed by the Contra Costa County Assessor except for public utility property which is assessed by the State Board of Equalization.

The valuation of secured property is determined as of January 1 each year for taxes owed with respect to the succeeding Fiscal Year. The tax rate is equalized during the following September of each year, at which time the tax rate is determined. Secured and unsecured property is entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment in addition to a \$20 cost on the second installment. On July 1 of each fiscal year any property which is delinquent will become defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption, together with any other charges permitted by law. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Property taxes on the unsecured roll become delinquent if unpaid on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1-1/2% per month begins to accrue on November 1 of the fiscal year. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's Office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

**Supplemental Assessments.** Legislation adopted in 1984 (Section 75, *et seq.* of the Revenue and Taxation Code of the State of California) provides for the supplemental assessment and taxation of property at its full cash value as of the date of a change of ownership or the date of completion of new construction (the "Supplemental Assessments"). To determine the amount of the Supplemental Assessment the County Auditor

applies the current year's tax rate to the supplemental assessment roll and computes the amount of taxes that would be due for the full year. The taxes due are then adjusted by a proration factor to reflect the portion of the tax year remaining as determined by the date on which the change in ownership occurred or the new construction was completed. Supplemental Assessments become a lien against the real property on the date of the change of ownership or completion of new construction.

**Unitary Property.** Commencing in the 1988/89 Fiscal Year, the Revenue and Taxation Code of the State of California changed the method of allocating property tax revenues derived from state assessed utility properties. It provides for the distribution of state assessed values to tax rate areas by a county-wide mathematical formula rather than assignment of state assessed value according to the location of those values in individual tax rate areas.

Commencing with the 1988/89 Fiscal Year, each county has established one county-wide tax rate area. The assessed value of all unitary property in the county has been assigned to this tax rate area and one tax rate is levied against all such property ("Unitary Revenues").

The property tax revenue derived from the assessed value assigned to the county-wide tax rate area shall be allocated as follows: (1) each jurisdiction will be allocated up to 2% of the increase in Unitary Revenues on a pro-rata basis county-wide; and (2) any decrease in Unitary Revenues or increases less than 2%, or any increase in Unitary Revenues above 2% will be allocated among jurisdictions in the same proportion of each jurisdiction's Unitary Revenues received in the prior year to the total Unitary Revenues county-wide.

Legislation adopted in 2006 (SB 1317, Chapter 872) provides that, commencing with Fiscal Year 2007/08, certain property related to new electrical facilities shall be allocated entirely to the county in which such property is located and property tax revenues derived from such property shall be allocated to such county and certain taxing entities with such county.

**Property Tax Rate.** There are a number of tax rate areas within the Project Area. The differences between the \$1.00 tax rate and those actually levied (referred to as the "tax override rate") represents the tax levied by overlapping entities to pay debt service on bonded indebtedness approved by the voters.

Tax override rates typically decline each year. A declining tax override rate is the result of several factors: an effective limit, established by Article XIII A of the California Constitution, on the amount of property taxes that can be levied; rising taxable values within the jurisdictions of taxing entities levying the approved override rate (which reduces the tax rate needed to be levied by the taxing entity to meet debt service requirements); and the eventual retirement, over time, of the voter-approved debt.

Section 34183 of the Dissolution Act effectively eliminated the tax override rate from the calculation of tax increment revenues with respect to tax override rates authorized by voters for the purpose of repaying bonded indebtedness for the acquisition or improvement of real property. Future Tax Increment Revenues have been projected by applying a tax rate of \$1.00 per \$100 of taxable value general levy to incremental taxable values.

**Administrative Costs.** In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund. For Fiscal Year 2013/14, the County administrative fees charged to

the Project Area including administration of the Redevelopment Property Tax Trust Fund were \$ \_\_\_\_\_. In total, the fees represent approximately \_\_\_\_% of gross tax increment revenues, excluding revenue generated from tax overrides.

## **Tax Sharing Agreements and Tax Sharing Statutes**

### **Tax Sharing Agreements**

Pursuant to prior Section 33401(b) of the Redevelopment Law, a redevelopment agency was authorized to enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project to alleviate any financial burden or detriment caused by the redevelopment project. These agreements are commonly referred to as “tax sharing agreements” or “pass-through agreements.”

The Successor Agency’s obligation to make payments to the Mosquito District, the Fire Protection District, the Antioch Unified School District, the Oakley Union School District and the Liberty High School District under the respective agreements are subordinate to its obligation to make payments of principal, interest or other amounts on or in connection with the issuance of the 2008 Bonds and Bonds. The Tax Sharing Agreements generally provides the following:

**East Contra Costa Fire Protection District.** Pursuant to an agreement by and between the Agency, as successor to the Contra Costa County Redevelopment Agency, and the East Contra Costa Fire Protection District, as successor to the Oakley Fire Protection District dated as of December 21, 1989, the Agency has agreed to pay one hundred percent of the portion of tax increment that would have been paid to the East Contra Costa Fire Protection District if the Project Area had not been established without regard to the division and allocation of tax increment revenue pursuant to Health and Safety Code Section 33670.

**Contra Costa Mosquito Abatement District.** Pursuant to an agreement by and between the Agency, as successor to the Contra Costa County Redevelopment Agency, and the Contra Costa Mosquito Abatement District dated as of December 21, 1989, the Agency agreed to pay a percentage of the Mosquito District’s Share (such Share being the portion of tax increment that would have been paid to the Mosquito District if the Project Area had not been established without regard to the division and allocation of tax increment revenue pursuant to Health and Safety Code Section 33670). The percentage is calculated based on the amount of assistance funds the Agency provides to the Mosquito District. The percentage ranges from 100% (if the Agency contributes less than \$10,001) to 0% (if the Agency contributes more than \$90,000). The Agency’s obligation under this agreement commenced in December 1994 and ends on December 21, 2029. The Agency’s obligation to make payments to the Mosquito District under this agreement are subordinate to its obligation to make payments of principal, interest or other amounts on or in connection with the issuance of the Bonds, or other indebtedness of the Agency.

**Antioch Unified School District, Oakley Union School District and Liberty High School District.** Pursuant to an agreement between the Agency, as successor to the Contra Costa County Redevelopment Agency, and the Antioch Unified School District dated as of March 28, 1990, an agreement between the Agency, as successor to the Contra Costa County Redevelopment Agency, and the Oakley Union School District dated as of February 14, 1990, and an agreement by and between the Agency, as successor to the Contra Costa County Redevelopment Agency, and the Liberty High School District dated as of February 14, 1990, the Agency agreed to pay to each of the School Districts (i) their full shares of general levy tax increment revenue attributable to inflationary growth of base year real property values in the Original Area, and (ii) 25% of their share of the general levy tax increment revenues in the Original Area net of the district’s inflationary share, continuing until the expiration of the Redevelopment Plan (which occurs on December 21, 2029). The School Districts agree to limit the use such tax increment pass-throughs for certain projects of benefit to the School Districts, as set forth in the Agreements.

**Contra Costa County Office of Education.** Pursuant to an agreement by and between the Agency, as successor to the Contra Costa County Redevelopment Agency, and the Contra Costa County Office of Education dated as of December 21, 1989, the Agency agreed to pay a percentage of the portion of tax increment that would have been paid to the Contra Costa County Office of Education without regard to the division and allocation of tax increment revenue pursuant to Health and Safety Code Section 33670. Such percentage is either 50% (beginning five years after adoption of the Redevelopment Plan or the construction of 50,000 square feet of development), or 100% (beginning ten years after adoption of the Redevelopment Plan, which was December 27, 1999).

### **Tax Sharing Statutes**

Certain provisions were added to the Redevelopment Law by the adoption of AB 1290 in 1994. If a new redevelopment projects was formed by a redevelopment plan adopted on or after January 1, 1994 or if new territory was added to a redevelopment project on or after January 1, 1994, under Section 33607.5 of the Redevelopment Law, any affected taxing entity would share in the Tax Increment Revenues generated by such added area pursuant to a statutory formula ("Statutory Tax Sharing").

In addition, with respect to redevelopment projects formed by adoption of a redevelopment plan prior to January 1, 1994, if the Former Agency deleted the time limit to incur indebtedness in a redevelopment project (pursuant to Section 33333.6(e) of the Redevelopment Law, as amended pursuant to SB 211) or increased the total amount of Tax Increment Revenues to be allocated to the project area or increased the duration of the Redevelopment Plan and the period for receipt of Tax Increment Revenues, Statutory Tax Sharing is required under Section 33607.7 of the Redevelopment Law with all affected taxing entities not already a party to a tax sharing agreement, once the original limitations were reached.

The Dissolution Act provides for a procedure by which the Successor Agency may make Statutory Tax Sharing amounts subordinate to the Bonds. The Former Agency had previously undertaken proceedings to subordinate such payments to the 2008 Bonds and the Successor Agency will undertake such procedure with respect to the Bonds.

Since dissolution, the County Auditor-Controller calculates and pays the Statutory Tax Sharing amounts.

### **Outstanding Indebtedness**

After refinancing the Refunded Bonds, the Successor Agency will have the 2008 Bonds outstanding in the aggregate principal amount of \$\_\_\_\_\_. The Bonds are being issued on a parity with the 2008 Bonds.

### **Projected Tax Revenues and Debt Service Coverage**

Receipt of projected Tax Revenues shown in Tables No. 6 and 7 in the amounts and at the times projected by the Successor Agency depends on the realization of certain assumptions relating to the Tax Increment Revenues. Table No. 6 projects a 2% per year property increase while Table No. 7 projects no growth in real property value. \_\_\_\_\_ has projected taxable valuation and Tax Revenues in the Project Area. The Successor Agency believes the assumptions upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur (see "RISK FACTORS"). Therefore, the actual Tax Revenues received during the forecast period may vary from the projections and the variations may be material and could affect the Successor Agency's ability to timely pay principal of and interest on the Bonds.

**TABLE NO. 6**  
**PROJECTED TAX REVENUES**  
**(ASSUMES 2% GROWTH)**  
**(000's Omitted)**

Fiscal Year	Real (1) Property	New (2) Development	Other (3) Property	Total Value	Value Over Base of 102,297	Total Tax (4) Increment	Property Tax (5) Admin Fees	(6) Section 33676	(7) Senior Negotiated Tax Sharing	Statutory Tax Sharing (8) Payment	Tax Revenue	(9) Subordinate Negotiated Tax Sharing	Net Tax Revenues
2014-2015	\$ 399,832	N/A	26,434	426,265	323,968	3,255	43	\$ 83	\$ 612	\$ 24	\$ 2,492	\$ 51	\$ 2,442
2015-2016	407,828	0	26,434	434,262	331,965	3,335	44	88	663	26	2,514	52	2,462
2016-2017	415,985	0	26,434	442,419	340,121	3,416	45	93	682	27	2,569	53	2,516
2017-2018	424,304	0	26,434	450,738	348,441	3,499	46	98	702	29	2,625	54	2,571
2018-2019	432,791	0	26,434	459,224	356,927	3,584	47	103	721	30	2,683	55	2,628
2019-2020	441,446	0	26,434	467,880	365,583	3,671	48	108	742	31	2,742	56	2,685
2020-2021	450,275	0	26,434	476,709	374,412	3,759	49	113	762	33	2,801	57	2,744
2021-2022	459,281	0	26,434	485,715	383,417	3,849	51	119	783	34	2,862	59	2,804
2022-2023	468,466	0	26,434	494,900	392,603	3,941	52	124	805	36	2,924	60	2,865
2023-2024	477,836	0	26,434	504,270	401,972	4,035	53	130	826	38	2,988	61	2,927
2024-2025	487,392	0	26,434	513,826	411,529	4,130	54	136	849	39	3,053	62	2,990
2025-2026	497,140	0	26,434	523,574	421,277	4,228	56	141	871	41	3,119	64	3,055
2026-2027	507,083	0	26,434	533,517	431,220	4,327	57	147	894	42	3,186	65	3,121
2027-2028	517,225	0	26,434	543,659	441,361	4,429	58	153	918	44	3,255	66	3,188
2028-2029	527,569	0	26,434	554,003	451,706	4,532	60	160	942	46	3,325	67	3,257
2029-2030	538,121	0	26,434	564,555	462,257	4,637	61	166	967	48	3,396	69	3,327
2030-2031	548,883	0	26,434	575,317	473,020	4,745	62	172	992	49	3,469	70	3,399
2031-2032	559,861	0	26,434	586,295	483,997	4,855	64	179	1,017	51	3,543	72	3,472
2032-2033	571,058	0	26,434	597,492	495,195	4,967	65	186	1,044	53	3,619	73	3,546
2033-2034	582,479	0	26,434	608,913	506,616	5,081	67	192	1,070	55	3,696	75	3,622
2034-2035	594,129	0	26,434	620,563	518,265	5,198	68	199	1,097	58	3,775	76	3,699
2035-2036	606,011	0	26,434	632,445	530,148	5,316	70	207	1,125	60	3,855	78	3,777
2036-2037	618,132	0	26,434	644,565	542,268	5,438	72	214	1,153	63	3,936	79	3,857
2037-2038	630,494	0	26,434	656,928	554,631	5,561	73	221	1,182	66	4,019	81	3,938

Source: Fraser & Associates

(1) Prior Year Real Property increased by 2 percent per year.

(2) No New Development included in projections.

(3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.

- (4) Based on the application of 1% tax rate to incremental taxable value plus unitary revenue.
- (5) Per SB 2557, reflects Project Area share of County's property tax administrative costs. Also includes estimate of County costs for the implementation of the Dissolution Act.
- (6) Allocations made per former Section 33676 of the CRL.
- (7) Payments required per negotiated agreements in the Original Area that are senior to debt service.
- (8) Required per the provisions of Section 33607.5 of the CRL for the Amendment Area.
- (9) Negotiated payments that are subordinate to debt service.

**TABLE NO. 7**  
**PROJECTED TAX REVENUES**  
**(ASSUMES NO GROWTH)**  
**(000's Omitted)**

Fiscal Year	Real (1) Property	New (2) Development	Other (3) Property	Total Value	Value Over Base of 102,297	Total Tax (4) Increment	Property Tax (5) Admin Fees	(6) Section 33676	(7) Senior Negotiated Tax Sharing	Statutory Tax Sharing (8) Payment	Tax Revenue	(9) Subordinate Negotiated Tax Sharing	Net Tax Revenues
2014-2015	\$ 399,832	N/A	26,434	426,265	323,968	3,255	43	\$ 83	\$ 612	\$ 24	\$ 2,492	\$ 51	\$ 2,442
2015-2016	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2016-2017	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2017-2018	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2018-2019	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2019-2020	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2020-2021	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2021-2022	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2022-2023	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2023-2024	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2024-2025	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2025-2026	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2026-2027	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2027-2028	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2028-2029	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2029-2030	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2030-2031	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2031-2032	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2032-2033	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2033-2034	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2034-2035	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2035-2036	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2036-2037	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2037-2038	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442

Source: Fraser & Associates.

(1) Prior Year Real Property held constant.

(2) No New Development included in projections.

- (3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
- (4) Based on the application of 1% tax rate to incremental taxable value plus unitary revenue.
- (5) Per SB 2557, reflects Project Area share of County's property tax administrative costs. Also includes estimate of County costs for the implementation of the Dissolution Act.
- (6) Allocations made per former Section 33676 of the CRL.
- (7) Payments required per negotiated agreements in the Original Area that are senior to debt service.
- (8) Required per the provisions of Section 33607.5 of the CRL for the Amendment Area.
- (9) Negotiated payments that are subordinate to debt service.

## RISK FACTORS

*The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and/or interest on the Bonds. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.*

### Factors Which May Affect Tax Revenues

The ability of the Successor Agency to pay principal of and interest on the Bonds depends on the timely receipt of Tax Revenues as projected herein (see "FINANCIAL INFORMATION - Projected Tax Revenues" herein). Projections of Tax Revenues are based on the underlying assumptions relating to Tax Increment Revenues derived from the Project Area. Tax Revenues allocated to the Successor Agency (which constitute the ultimate source of payment of principal of and interest on the Bonds, as discussed herein) are determined by the amount of incremental valuation of taxable property in the Project Area, the current rate or rates at which property in the Project Area is taxed and the percentage of taxes collected in the Project Area, adjusted to reflect prior claims on the Tax Increment Revenues. A number of factors which may affect Tax Increment Revenues, and consequently, Tax Revenues, are outlined below.

**Reductions in Assessed Value.** Tax Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property in the Project Area caused by economic factors beyond the Successor Agency's control, such as relocation out of the Project Area by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Tax Revenues that provide for the repayment of and secure the 2008 Bonds and the Bonds. Such reduction of Tax Revenues could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Bonds.

**Article XIII A.** Pursuant to the California voter initiative process, on June 6, 1978, California voters approved Proposition 13 which added Article XIII A to the California Constitution. This amendment imposed certain limitations on taxes that may be levied against real property to 1% of the full cash value of the property, adjusted annually for inflation at a rate not exceeding 2% annually. Full cash value is determined as of the 1975/76 assessment year, upon change in ownership (acquisition) or when newly constructed (see "FINANCIAL INFORMATION - Tax Increment Revenues" herein for a more complete discussion of Article XIII A). Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

**Reduction in Inflationary Rate.** The annual inflationary adjustment, while limited to 2%, is determined annually and may not exceed the percentage change in the California Consumer Price Index (CCPI).

Because the Revenue and Taxation Code does not distinguish between positive and negative changes in the CCPI used for purposes of the inflation factor, there was a decrease of 0.237% in 2009/10 – applied to the 2010/11 tax roll – reflecting the actual change in the CCPI, as reported by the State Department of Finance. For each fiscal year since Article XIII A has become effective (the 1978/79 fiscal year), the annual

increase for inflation has been at least 2% except in eight fiscal years (including for the upcoming Fiscal Year 2014/15) as shown below:

<u>Tax Roll</u>	<u>Percentage</u>
1981/82	1.000%
1995/96	1.190
1996/97	1.110
1998/99	1.853
2004/05	1.867
2010/11	(0.237)
2011/12	0.753
2014/15	0.454

**Proposition 8 Adjustments.** Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. This methodology has been approved by the Fourth District Court of Appeals in a case in which the California Supreme Court declined further review. See “FINANCIAL INFORMATION - Tax Increment Revenues – Proposition 8 Adjustments” herein.

If further Proposition 8 adjustments are made by the County Assessor in future years because of declines in the fair market value of properties caused by the lack of real estate development in the area generally, Tax Revenues may be adversely affected and as a possible consequence may have an adverse effect on the Successor Agency’s ability to pay debt service on the Bonds.

**Assessment Appeals.** Assessment appeals may be filed by property owners seeking a reduction in the assessed value of their property. After the property owner files an appeal, the County’s Appeals Board will hear the appeal and make a determination as to whether or not there should be a reduction in assessed value for a particular property and the amount of the reduction, if any. To the extent that any reductions are made to the assessed valuation of such properties with appeals currently pending, or appeals subsequently filed, Tax Increment Revenues, and correspondingly, Tax Revenues will be reduced. Such reductions may have an adverse effect on the Successor Agency’s ability to pay debt service on the Bonds, after satisfying the requirements of the Senior Obligation Indentures. As of \_\_\_\_\_, 2015, there were \_\_\_\_ pending appeals filed by property owners within the Project Area relating to \$\_\_\_\_ million of current year or prior years’ assessed value. To the extent these appeals are resolved in favor of the property owner, Tax Revenues will be reduced.

**Earthquake, Flood and Other Risks.** Any natural disaster or other physical calamity, including earthquake, may have the effect of reducing Tax Increment Revenues through reduction in the aggregate assessed valuation within the boundaries of the Project Area.

Natural disasters, including floods and earthquakes, could damage improvements and/or property in the Project Area, or impair the ability of landowners within the Project Area to develop their properties or to pay property taxes.

There are several identified faults within close proximity to or within the boundaries of the Project Area that could potentially result in damage to buildings, roads, bridges, and property within the Project Area

in the event of an earthquake. The Health and Safety Element of the City's General Plan states that the Brentwood Fault lies under the City and that it is inferred active on the basis of scattered small magnitude earthquakes near the trace of the fault. Other inferred active faults - the Davis and Antioch Faults -- lie west of the City. More information about seismic hazards in the City, can be found in the Health and Safety Element of the City's General Plan on the City's web site at <http://www.ci.oakley.ca.us>. A majority of the property within the Project Area has been developed in conformity with the 1988 Uniform Building Code standards.

If an earthquake were to substantially damage or destroy taxable property within the Project Area, the assessed valuation of such property would be reduced. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that could impair the ability of the Successor Agency to make payments of debt service on the Bonds when due.

While certain portions of the Project Area are within mapped flood plains, these parcels are not expected to be developed in the foreseeable future.

**Hazardous Substances.** An additional environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of a hazardous substance that would limit the beneficial use of a property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner (or operator) may be required to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance would be to reduce the marketability and value of the property, perhaps by an amount in excess of the costs of remedying the condition. The Successor Agency can give no assurance that future development will not be limited by these conditions.

**Development Risks.** The Successor Agency's collection of Tax Revenues is directly affected by the economic strength of the Project Area. Projected or potential development within the Project Area will be subject to all the risks generally associated with real estate development projects, including unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in real estate market and interest rates, unexpected increases in development costs and other similar factors. Further, real estate development operations within the Project Area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Area is delayed or halted, the economy of the Project Area could be affected, causing a reduction in Tax Revenues available to pay debt service on the Bonds.

**Certain Bankruptcy Risks.** The enforceability of the rights and remedies of the Owners of the Bonds and the obligations of the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

**Limited Obligations.** The Successor Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provision of additional sources of income

to taxing agencies having the effect of reducing the property tax rate must necessarily reduce the amount of Tax Increment Revenues, and consequently, Tax Revenues that would otherwise be available to pay the principal of, and interest on the Bonds.

**Interpretation of and Future Changes in the Law; Voter Initiatives.** The Redevelopment Law and the Dissolution Act are complex bodies of law and their application to the Successor Agency, the Redevelopment Plans and the Project Area may be subject to different interpretations by the Successor Agency, the Department of Finance, the County Auditor-Controller, taxing entities and other interested parties, including with respect to Plan Limitations, Statutory Tax Sharing obligations and enforceable obligations. Since the effectiveness of the Dissolution Act, the State Department of Finance and various successor agencies have from time to time disagreed about the interpretation of different language contained in the Dissolution Act, as well as whether or not the State Department of Finance has exceeded its authority in rejecting items from Recognized Obligation Payment Schedules submitted by successor agencies, as evidenced by numerous lawsuits. While the Successor Agency has covenanted in the Indenture to preserve and protect the security of the Bonds and the rights of the Bondowners (see "APPENDIX A – Summary of Certain Provisions of the Indenture - Covenants of the Successor Agency"), any such action taken by the Successor Agency could incur substantial time and cost that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the Senior Obligations and the Bonds. Moreover, the Successor Agency cannot guarantee the outcome of any such action taken by the Successor Agency to preserve and protect the security of the Bonds and the rights of the Bondowners.

In addition to the existing limitations on Tax Increment Revenues described in this Official Statement under "FINANCIAL INFORMATION - Property Taxation in California," the California electorate or Legislature could adopt future limitations with the effect of reducing Tax Increment Revenues payable to the Successor Agency.

## **Real Estate and General Economic Risks**

Tax Increment Revenues as presented herein as available for payment of any indebtedness of the Successor Agency are based upon the latest actual assessed values for the 2014/15 Fiscal Year. Redevelopment of real property within the Project Area, which may be adversely affected by changes in general economic conditions, fluctuations in the real estate markets and interest rates, unexpected increases in development costs, changes in or new governmental policies including governmental policies to restrict or control certain kinds of development and by other similar factors. If development and redevelopment activities in the Project Area encounters significant obstacles of the kind described herein or other impediments, the economy of the area in and around the Project Area could be adversely affected, causing reduced taxable valuation of property in the Project Area a reduction of the Tax Increment Revenues and a consequent reduction in Tax Revenues available to repay the Bonds. Due to the decline in the general economy of the region, owners of property within the Project Area may be less able or less willing to make timely payments of property taxes, causing a delay or stoppage of Tax Revenues received by the Successor Agency from the Project Area.

## **Tax Sharing**

Certain Tax Sharing Agreements contain provisions that increase the percentage of Tax Increment Revenues payable to certain taxing agencies once certain cumulative or annual Tax Increment Revenue milestones are reached. The projections herein are based on the timing of reaching such milestones. If development were to occur sooner or the assessed value of such affected Redevelopment Project were to increase at levels higher than projected herein, the Tax Sharing Agreement amounts may reach such milestones earlier than projected, in which case, the Tax Sharing Agreement amounts would increase, and Tax Revenues would decrease.

## State of California Fiscal Issues

AB X1 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its fiscal years 2011/12 and 2012/13, respectively. The 2011/12 State budget included projected State savings estimated to aggregate \$1.7 billion in 2011/12 associated with AB X1 27, which would have allowed redevelopment agencies to continue in operation provided their establishing cities or counties agreed to make an aggregate \$1.7 billion in payments to K2 schools. However, AB X1 27 was found in December 2011 by the California Supreme Court to violate the State Constitution, which altered this budgetary plan of the State. According to the State's Summary of the 2012/13 State budget, AB 1484 implements a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (projected savings of \$1.5 billion). The State's budgets for fiscal years 2013/14 and 2014/15 did not include any additional legislation dealing with dissolution of redevelopment agencies. There is legislation and litigation pending that deals with a wide range of dissolution issues.

See "SECURITY FOR THE BONDS - 2015-2016 Governor's Budget Summary - Proposed Legislative Changes" above for a discussion on how certain legislation, if adopted, could affect the administration of the Redevelopment Property Tax Trust Fund and the preparation and approval of Recognized Obligation Payment Schedules.

There can be no assurance that legislation of the type described in the Proposed State Budget will be adopted, or that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or Tax Revenues.

The full text of each State Assembly bill cited above may be obtained from the "Official California Legislative Information" website maintained by the Legislative Counsel of the State of California pursuant to State law, at the following web link: <http://www.leginfo.ca.gov/bilinfo.html>.

Information about the State budget and State spending is available at various State maintained websites. Text of the current State budget summary, the current State budget, and other documents related to the State budget may be found at the website of the State Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov). A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov).

*None of the websites or webpages referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The Successor Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.*

## Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See "SECURITY FOR THE

BONDS - Recognized Obligation Payment Schedules.” In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a six-month period, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period.

The Successor Agency has covenanted to take all actions required under the Dissolution Act to include scheduled debt service on the 2008 Bonds and the Bonds as well as any amount required under the Indenture to replenish the Reserve Account of the Special Fund, in Recognized Obligation Payment Schedules for each six-month period and to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency’s Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the 2008 Bonds and the Bonds coming due in the respective six-month period, including listing a reserve on the Recognized Obligation Payment Schedule to the extent required by the Indenture or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the 2008 Bonds and the Bonds for the next payment due in the following six-month period (see “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency”).

The Dissolution Act also contains certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller no later than 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each six-month period. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency’s administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for corresponding six-month periods.

The Successor Agency has submitted all Recognized Obligation Payment Schedules, duly approved by the Oversight Board, in a timely manner.

See “SECURITY FOR THE BONDS - 2015-2016 Governor’s Budget Summary - Proposed Legislative Changes” herein for a discussion on how certain legislation, if adopted, could affect the administration of the Redevelopment Property Tax Trust Fund and the preparation and approval of Recognized Obligation Payment Schedules.

### **Series A Bonds Loss of Tax Exemption**

As discussed under the caption “LEGAL MATTERS - Tax Matters” herein, interest on the Series A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series A Bonds were executed and delivered as a result of future acts or omissions of the Successor Agency in violation of its covenants contained in the Indenture. Should such an event of taxability occur, the Series A Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity.

In addition, Congress has considered in the past, is currently considering and may consider in the future, legislative proposals, including some that carry retroactive effective dates, that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the Series A Bonds. Prospective purchasers of the Series A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. The Successor Agency can provide no

assurance that federal tax law will not change while the Series A Bonds are outstanding or that any such changes will not adversely affect the exclusion of the interest on the Series A Bonds from gross income for federal income tax purposes. If the exclusion of the interest on the Series A Bonds from gross income for federal income tax purposes were amended or eliminated, it is likely that the market price for the Series A Bonds would be adversely impacted.

## **IRS Audit of Tax-Exempt Bond Issues**

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

## **Risks Related to Insured Bonds**

**The Bond Insurer.** If the Successor Agency fails to provide funds to make payment of the principal of and interest on the Bonds when the same shall become due, any owner of such Bonds shall have a claim on the Policy for such payments. Purchasers of the Bonds should also note that, while the Policy will insure payment of the principal amount (but not any premium) paid to any owner of the Bonds in connection with the mandatory or optional prepayment of any Bond which is recovered from such owner as a voidable preference under applicable bankruptcy law, such amounts will be repaid by the Bond Insurer to the Owner only at the times and in the amounts as would have been due absent such prepayment unless the Bond Insurer chooses to pay such amount at an earlier date or dates.

So long as the Bonds are Outstanding and the Bond Insurer performs its obligations under the Policy, the Bond Insurer shall be deemed to be the sole holder of the Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent of direction or taking any other action that the Owners of such Bonds are entitled to take pursuant to the Indenture pertaining to defaults and remedies, and the duties and obligations of the Trustee.

If the Bond Insurer is unable to make payments of principal of and interest on the Bonds as such payments become due, the Bonds are payable solely from moneys received by the Trustee pursuant to the Indenture. If the Bond Insurer is required to pay principal of or interest with respect to the Bonds, no representation or assurance is given or can be made that such event will not adversely affect the market price for or marketability of the Bonds.

The long-term rating on the Bonds is dependent, in part, on the claims paying ability or financial strength ratings, as applicable, of the Bond Insurer's current claims paying ability or financial strength ratings are predicated upon a number of factors which could change over time and could result in downgrading of the ratings on the Bonds insured by the Bond Insurer. Such a downgrade could adversely affect the market price for, and marketability of, the Bonds. The Bond Insurer is not contractually bound to maintain its present claims paying ability or financial strength ratings in the future. See "CONCLUDING INFORMATION - Ratings on the Bonds" herein.

**Creditworthiness of the Bond Insurer.** The Bond Insurer's obligation under the Policy is a general obligation of the Bond Insurer. Default by the Bond Insurer may result in insufficient funds being available to pay the principal of and interest on the Insured Bonds. In such event, the remedies available to the Trustee may be limited by, among other things, certain risks related to bankruptcy proceedings, and may also have been altered prior to a default by the Bond Insurer, which has the right, acting with the Trustee, without Owner consent, and upon the occurrence of an Event of Default, to waive the applicable provisions of the Indenture governing defaults and remedies and to direct the Trustee to enforce rights and remedies with respect to such Bonds.

When making an investment decision on the Bonds a prospective Owner should look to the ability of the Successor Agency to pay principal and interest on the Bonds and not solely to the Insurer's ability to pay claims under the Policy. No review of the business or affairs of the Bond Insurer has been conducted by the Successor Agency in connection with the offering of the Bonds. No assurance can be given by the Successor Agency as to the Bond Insurer's ability to pay claims under the Policy. See "MUNICIPAL BOND INSURANCE" herein and "APPENDIX G" hereto for further information concerning the Bond Insurer and the Policy, including resources for obtaining certain financial information concerning the Bond Insurer.

## **Secondary Market**

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

## LEGAL MATTERS

### Enforceability of Remedies

The remedies available to the Trustee and the Owners of the Bonds upon an event of default under the Indenture or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds and the Indenture are subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

### Approval of Legal Proceedings

Nossaman LLP, Irvine, California, as Bond Counsel, will render an opinion which states that the Indenture is a valid and binding obligation of the Successor Agency and enforceable in accordance with its terms. The legal opinion of Bond Counsel will be subject to the effect of bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights and to the exercise of judicial discretion in accordance with general principles of equity. See "APPENDIX E" for the proposed form of Bond Counsel's opinions.

The Successor Agency has no knowledge of any fact or other information which would indicate that the Indenture is not so enforceable against the Successor Agency, except to the extent such enforcement is limited by principles of equity and by state and federal laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally.

Certain legal matters will be passed on for the Successor Agency by Nossaman LLP, Irvine, California, as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, \_\_\_\_\_, \_\_\_\_\_, California. Fees payable to Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

### Tax Matters

#### Series A Bonds

*General.* In the opinion of Nossaman LLP, Irvine, California, Bond Counsel, based on existing statutes, regulations, rulings and court decisions, interest on the Series A Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. A copy of the proposed opinion of Bond Counsel is set forth in Appendix E hereto.

The Internal Revenue Code of 1986 (the "Code"), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series A Bonds. The District has covenanted to comply with certain restrictions designed to assure that interest on the Series A Bonds will not be includable in federal gross income. Failure to comply with these covenants may result in interest on the Series A Bonds being includable in federal gross income, possibly from the date of issuance of the Series A Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series A Bonds may affect the value of, or the tax status of interest on the Series A Bonds. Further, no assurance can be given that pending or future

legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Series A Bonds. Prospective owners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Bond Counsel is further of the opinion that interest on the Series A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. Bond Counsel observes, however, that interest on the Series A Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income.

Prospective purchasers of the Series A Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest with respect to the Series A Bonds, (ii) interest with respect to the Series A Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income, including interest with respect to the Series A Bonds, may be subject to federal income taxation under Section 1375 of the Code for subchapter S corporations having subchapter C earnings and profits at the close of the taxable year and gross receipts more than 25% of which constitute passive investment income, and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Series A Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Series A Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Series A Bond is sold is greater than the amount payable at maturity thereof, then the excess of the tax basis of a purchaser of such Series A Bond (other than a purchaser who holds such Series A Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) over the principal amount of such Series A Bond constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Code, original issue discount is excludable from gross income for federal income tax purposes to the same extent as the interest on the Series A Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each such Series A Bond and the basis of such Series A Bond acquired at such initial offering price by an initial purchaser of each such Series A Bond will be increased by the amount of such accrued discount. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of such Series A Bonds who purchase such Series A Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such Series A Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such Series A Bonds. All holders of such Series A Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition to the extent that calculation of such loss is based on accrued original issue discount.

Under the Code, original issue premium is amortized for federal income tax purposes over the term of such a Series A Bond based on the purchaser's yield to maturity in such Series A Bond, except that in the case of such a Series A Bond callable prior to its stated maturity, the amortization period and the yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Series A Bond. A purchaser of such a Series A Bond is required to decrease his or her adjusted basis in such Series A Bond by the amount of bond premium attributable to each taxable year in which such purchaser holds such Series A Bond. The amount of bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of such Series A Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of bond premium attributable to each taxable year and the effect of bond premium on the sale or other disposition of such a Series A Bond, and with respect to the state and local tax consequences of owning and disposing of such a Series A Bond.

Certain agreements, requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in those documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to the effect on any Series A Bond or the interest payable with respect thereto if any change occurs or action is taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Although Bond Counsel has rendered an opinion that interest on the Series A Bonds is excludable from federal gross income, and is exempt from State of California personal income taxes, the ownership or disposition of the Series A Bonds, and the accrual or receipt of interest on the Series A Bonds may otherwise affect an Owner's state or federal tax liability. The nature and extent of these other tax consequences will depend upon each Owner's particular tax status and the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future rulings, court decisions, legislative proposals, if enacted into law, or clarification of the Code may cause interest on the Series A Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the Series A Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on the Series A Bonds to some extent for high-income individuals. There can be no assurance that such future rulings, court decisions, legislative proposals, if enacted into law, or clarification of the Code enacted or proposed after the date of issuance of the Series A Bonds will not have an adverse effect on the tax exempt status or market price of the Series A Bonds.

***Internal Revenue Service Audit of Tax-Exempt Issues.*** The Internal Revenue Service ("IRS") has initiated an expanded program for the auditing of tax-exempt issues, including both random and targeted audits. It is possible that the Certificates will be selected for audit by the IRS. It is also possible that the market value of the Certificates might be affected as a result of such an audit of the Certificates (or by an audit of similar obligations).

***Information Reporting and Backup Withholding.*** Information reporting requirements apply to interest (including original issue discount) paid after March 31, 2007 on tax-exempt obligations, including the Series A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series A Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

## **Series B Bonds**

***General.*** In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the opinion that interest on the Series B Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no

opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series B Bonds. A copy of the proposed opinion of Bond Counsel to be delivered in connection with the issuance of the Series B Bonds is set forth in Appendix E hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Series B Bonds that acquire their Series B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series B Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the indirect effects on persons who hold equity interests in a holder, or (iii) any tax consequences applicable to Non-U.S. Holders (as such term is defined below) of the Series B Bonds. In addition, this summary generally is limited to investors that acquire their Series B Bonds pursuant to this offering for the issue price that is applicable to such Series B Bonds (i.e., the price at which a substantial amount of the Series B Bonds are sold to the public) and who will hold their Series B Bonds as "capital assets" within the meaning of Section 1221 of the Code. This summary also does not consider the taxation of the Series B Bonds under state, local or foreign tax laws.

As used herein, "U.S. Holder" means a beneficial owner of a Series B Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Series B Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Series B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series B Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Prospective investors should consult their own tax advisors in determining the federal, state, local or foreign tax consequences to them from the purchase, ownership and disposition of the Series B Bonds in light of their particular circumstances.

**Interest.** Interest on the Series B Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

The Series B Bonds may be issued with original issue discount ("original issue discount"). In general, the excess of the stated redemption price at maturity of a Series B Bond over its issue price will constitute original issue discount for U.S. federal income tax purposes. The stated redemption price at maturity of a Series B Bond is the sum of all scheduled amounts payable on such Bond (other than qualified stated interest). U.S. Holders of Series B Bonds issued with original issue discount will be required to include original issue

discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods. The Series B Bonds may be issued at a premium. In general, the excess of the issue price of a Series B Bond over its stated principal amount will constitute a premium. A U.S. Holder of a Series B Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series B Bond.

***Sale or Other Taxable Disposition of the Series B Bonds.*** Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the State) or other disposition of a Series B Bond, will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series B Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series B Bond which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted tax basis in the Series B Bond (generally, the purchase price paid by the U.S. Holder for the Series B Bond, increased by the amount of any original issue discount previously included in income, and decreased by any payments previously made on such Series B Bond (other than payments of qualified stated interest) or by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder of the Series B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

***Net Investment Income.*** Certain non-corporate holders of Series B Bonds who are U.S. Holders will be required to pay an additional 3.8% tax on their net investment income (including, among other things, interest and capital gains from the sale, exchange, redemption, retirement or other taxable disposition of Series B Bonds).

***Information Reporting and Backup Withholding.*** Payments on the Series B Bonds generally will be subject to U.S. information reporting and "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Series B Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series B Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series B Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with back-up withholding rules may result in the imposition of penalties by the IRS.

## **No Litigation**

There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing.

## CONCLUDING INFORMATION

### Rating on the Bonds

Standard & Poor's is expected to assign its rating of “\_\_” to the Bonds with the understanding that the Policy insuring the payment when due of the principal of and interest on the Bonds will be issued concurrently by the Insurer with the delivery of the Bonds. The Bonds have received the underlying rating of “\_\_” by Standard & Poor's. Such ratings reflect only the views of Standard & Poor's, and any desired explanation of the significance of such ratings may be obtained from such rating agency at the following addresses: Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041, (212) 438-2000. 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 ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Except as otherwise required in the Continuing Disclosure Certificate, the Successor Agency undertakes no responsibility either to bring to the attention of the owners of any Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

### The Financial Advisor

Public Financial Management, Inc., San Francisco, California, an independent financial consulting firm, advised the Successor Agency as to the financial structure and certain other financial matters relating to the Bonds. Fees paid to the Financial Advisor are contingent upon the sale and delivery of the Bonds.

### Verifications of Mathematical Computations

\_\_\_\_\_ will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of (1) the computations contained in the provided schedules to determine that the cash and investments, together with investment earnings thereon if any, to be held in escrow, will be sufficient to pay, when due, the principal, redemption premium and interest requirements of the Refunded Bonds, and (2) the computation of yield on the Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest with respect to the Bonds is exempt from federal taxation. \_\_\_\_\_ will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest with respect to the Bonds.

### Continuing Disclosure

The Successor Agency will covenant (i) to provide annually certain financial information and operating data relating to the Project Area by not later than March 31 each year commencing March 31, 2016, (ii) to provide the Successor Agency's post audit of its financial transactions and records (which, in accordance with Section 34177(n) of the Dissolution Act and related State Department of Finance guidance are contained in the audited financial statements of the City) for the Fiscal Year ended June 30, 2015 and for each subsequent Fiscal Year when they are available (together, the “Annual Report”), and (iii) to provide notices of the occurrence of certain other enumerated events. The Annual Report will be filed by NBS, as Dissemination Agent, on behalf of the Successor Agency on the Electronic Municipal Market Access Website (“EMMA”) operated by the Municipal Securities Rulemaking Board ([www.emma.msrb.org](http://www.emma.msrb.org)). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events and certain

other terms of the continuing disclosure obligation are summarized in "APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The Former Agency and the Successor Agency have never failed to comply in all material respects with any undertaking made pursuant to the Rule in the previous five years. *[TO BE CONFIRMED]*

## **Underwriting**

The Bonds were sold to Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), who is offering the Bonds at the prices set forth on the inside cover page hereof. The initial offering prices may be changed from time to time and concessions from the offering prices may be allowed to dealers, banks and others. The Underwriter has purchased the Bonds at a price equal to \$ \_\_\_\_\_ (\_\_\_\_%), which amount represents the principal amount of the Bonds (\$\_\_\_\_\_) plus an original issue premium of \$\_\_\_\_\_, less an Underwriter's discount of \$\_\_\_\_\_. The Underwriter will pay certain of its expenses relating to the offering.

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

## **References**

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

**Execution**

The execution and delivery of this Official Statement by the City Manager, acting as the chief administrative officer of the Successor Agency has been duly authorized by the Successor Agency.

**SUCCESSOR AGENCY TO THE OAKLEY  
REDEVELOPMENT AGENCY**

By: \_\_\_\_\_  
City Manager of the City of Oakley

**APPENDIX A**  
**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

[TO BE PROVIDED BY BOND COUNSEL]

## **APPENDIX B**

### **CITY OF OAKLEY INFORMATION STATEMENT**

*The following information regarding the City and the surrounding area is presented as general background data. The Bonds are payable solely from the sources described herein (see "SECURITY FOR THE BONDS"). The taxing power of the City of Oakley, the County of Contra Costa, the State of California or any political subdivision thereof is not pledged to the payment of the Bonds. See the information under the caption "THE BONDS."*

#### **The City and the County**

**The City.** One of California's newest cities, the City of Oakley incorporated in July 1999 in order to manage growth and improve law enforcement services through its own city police force. The City is situated in the eastern portion of the County, along the shore of the Sacramento-San Joaquin Delta, near the cities of Pittsburg, Antioch, and Brentwood. Close to the junction of Highways 4 and 160, with access to San Francisco, the Silicon Valley, and the state capital at Sacramento, Oakley is equidistant from San Francisco and Sacramento, at approximately 55 miles. The City also enjoys close proximity to major regional recreation areas, including Mt. Diablo State Park approximately 25 miles to the west, the Sierra Nevada Mountains 90 miles to the east and the Sacramento Delta waterway to the north.

**The County.** Situated northeast of San Francisco, Contra Costa County (the "County") is bounded by San Francisco and San Pablo Bays, the Sacramento River Delta, 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.

#### **Municipal Government**

The City was incorporated in 1999 as a general law city. The City's Council/Manager form of government is a system founded on the balance between the policy-setting functions of the City Council and the management expertise of an appointed City Manager. City Council members are each elected by popular vote of City residents to serve for four-year terms. A new mayor is selected each year on a rotating basis from its members. Numerous commissions, committees, and task forces operate in concert with the Council to address issues identified by staff and the community.

**Population**

The following chart indicates historic population estimates of the City, the County and the State of California, for the last five calendar years for which data is available.

**HISTORICAL CITY, COUNTY AND STATE POPULATION DATA**

<u>Year</u>	<u>City of Oakley</u>	<u>Contra Costa County</u>	<u>State of California</u>
2010	35,351	1,047,948	37,223,900
2011	35,998	1,056,306	37,427,946
2012	36,573	1,066,597	37,668,804
2013	37,308	1,076,429	37,984,138
2014	38,075	1,087,008	38,340,074

Source: California State Department of Finance, Demographic Research Unit, as of January 1.

**Commercial Activity**

Total taxable sales during calendar year 2012 in the City were reported to be \$132,691,000, a .56% increase over the total taxable sales of \$131,946,000 reported during calendar year 2011. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the City is presented in the following table.

**CITY OF OAKLEY  
Taxable Retail Sales  
Number of Permits and Valuation of Taxable Transactions  
(Dollars in Thousands)**

<u>Year</u>	<u>Retail Stores &amp; Food Services</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2009	278	\$86,700	394	\$115,462
2010	290	92,756	407	124,283
2011	269	97,365	397	131,946
2012	278	98,355	410	132,691
2013 <sup>(1)</sup>	274	80,007	403	96,830

Source: California State Board of Equalization.

(1) Includes first three quarters of 2013. Data for the fourth quarter of 2013 and 2014 is not yet available.

Total taxable sales during calendar year 2012 in the County were reported to be \$13,997,249,000, a 8.5% increase over the total taxable sales of \$12,799,857,000 reported during calendar year 2011. The number of establishments selling merchandise subject to sales' tax and the valuation of taxable transactions in the County is presented in the following table:

**CONTRA COSTA COUNTY**  
**Taxable Retail Sales**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousands)**

<b>Year</b>	<b>Retail Stores &amp; Food Services</b>		<b>Total All Outlets</b>	
	<b>Number of Permits</b>	<b>Taxable Transactions</b>	<b>Number of Permits</b>	<b>Taxable Transactions</b>
2009	14,045	\$8,473,578	21,395	\$11,883,049
2010	14,423	8,716,393	21,784	11,953,846
2011	13,930	9,300,418	21,153	12,799,857
2012	14,343	10,062,437	21,504	13,997,249
2013 <sup>(1)</sup>	14,511	7,764,410	21,449	10,526,208

Source: California State Board of Equalization.

(1) Includes first three quarters of 2013. Data for the fourth quarter of 2013 and 2014 is not yet available.

**Industry and Employment**

As of November 2014, the County's employment was approximately 518,600; unemployment was approximately 31,100 for a total civilian labor force of approximately 549,700. The unemployment rate was 5.7%. As of November 2014, the City's employment was approximately 14,000; unemployment was approximately 600 for a total civilian labor force of approximately 14,600. The unemployment rate was 4.0%.

**County Labor Force.** Since 2009, the county's labor force gained 13,800, to total 538,900 in 2013. After peaking at 11.1% in 2010, the unemployment rate declined to 7.4% in 2013. The County's unemployment rate has been consistently lower than the rate for California in recent years.

**County Employment by Industry.** The County's employment by industry numbers are not yet available for 2014. Contra Costa industry employment added 9,500 jobs from 2009 through 2013, a growth of 2.83%. Three industries contributed a total of 15,700 new jobs during the period 2009–2013: Professional and Business Services; Educational and Health Services; and Leisure and Hospitality. Within Leisure and Hospitality, Accommodation and Food Services recorded almost all of the growth (3,800 jobs). Employment gains in Professional and Business Services were distributed among three major sectors: Professional, Scientific and Technical Services (2,700); Management of Companies and Enterprises (700); and Administrative and Support and Waste Services (2,100). Educational and Health Services gained 5,800, growth of 9.9 percent. During this same period, job loss was recorded in several industries: Manufacturing; Information; Financial Activities; and Government.

The civilian labor force, employment and unemployment and industry employment for the County of Contra Costa is outlined in the following table for the past five years from 2009 through 2013.

**COUNTY OF CONTRA COSTA**  
**Civilian Labor Force, Employment and Unemployment & Employment by Industry**  
**(Annual Averages)<sup>(1)</sup>**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Civilian Labor Force:</u> <sup>(2)</sup>	525,100	524,200	529,200	535,700	538,900
Employment	471,700	465,900	474,300	487,800	499,100
Unemployment	53,400	58,300	54,800	48,000	39,800
Unemployment Rate	10.2%	11.1%	10.4%	9.0%	7.4%
<u>Employment by Industry:</u> <sup>(3)</sup>					
Total, All Industries	326,600	317,200	318,100	326,600	336,100
Total Farm	800	700	800	800	1,000
Total Non-Farm	325,900	316,500	317,300	325,800	335,100
Good Producing	39,900	36,600	35,200	37,100	37,400
Mining, Logging and Construction	21,200	18,300	17,800	19,700	21,600
Manufacturing	18,700	18,300	17,400	17,400	15,800
Service Providing	286,000	279,900	282,000	288,700	297,800
Trade, Transportation & Utilities	57,300	55,900	56,500	57,400	58,100
Information	10,400	9,600	9,000	8,400	8,500
Financial Activities	25,700	25,300	24,800	25,300	25,300
Professional & Business Services	45,900	43,800	45,900	48,000	51,300
Educational & Health Services	52,900	53,000	53,500	55,700	58,700
Leisure and Hospitality	31,200	31,300	32,300	33,500	35,700
Other Services	11,700	11,800	12,400	12,400	12,100
Government	51,300	49,200	47,800	47,900	48,100

Source: State of California Employment Development Department.

(1) Data is not seasonally adjusted. Data may not add due to rounding.

(2) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

**Construction**

The following tables show a five-year summary of the valuation of building permits issued in the City and a five-year summary in the County.

**CITY OF OAKLEY  
Total Building Permit Valuations  
(valuations in thousands)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014<sup>(1)</sup></u>
<b>Residential</b>					
Single Family	\$43,185,767	\$ 20,530,394	\$36,596,124	\$ 58,062,968	\$ 24,451,787
Multi-Family Dwelling	3,309,595	0	1,630,441	3,939,866	0
Alterations/Additions	<u>1,105,005</u>	<u>1,021,430</u>	<u>742,012</u>	<u>902,361</u>	<u>809,265</u>
<b>Total Residential:</b>	<b>\$47,600,367</b>	<b>\$ 21,551,824</b>	<b>\$38,968,577</b>	<b>\$ 62,905,195</b>	<b>\$25,261,052</b>
<b>Non-Residential</b>					
New Commercial	\$ 0	\$ 0	\$ 1,957,114	\$ 0	\$ 1,555,647
New Industrial	0	0	15,000	40,000	0
New Other	966,166	577,614	1,312,542	1,314,204	961,980
Alterations/Additions	<u>795,691</u>	<u>424,500</u>	<u>93,900</u>	<u>1,799,965</u>	<u>949,364</u>
<b>Total Non-Residential:</b>	<b>\$ 1,761,857</b>	<b>\$1,002,114</b>	<b>\$ 3,378,556</b>	<b>\$ 3,154,169</b>	<b>\$ 3,466,991</b>
<b>Total Building Permit Valuation:</b>	<b>\$49,362,224</b>	<b>\$22,553,938</b>	<b>\$42,347,133</b>	<b>\$ 66,059,364</b>	<b>\$ 28,728,043</b>
<b>New Dwelling Units</b>					
Single Family	166	77	146	206	77
Multi-Family	<u>44</u>	<u>0</u>	<u>44</u>	<u>30</u>	<u>0</u>
<b>Total:</b>	<b>210</b>	<b>77</b>	<b>190</b>	<b>236</b>	<b>77</b>

Source: Construction Industry Research Board, *Building Permit Summary*.

(1) 2014 numbers are through November 2014.

**COUNTY OF CONTRA COSTA**  
**Total Building Permit Valuations**  
(valuations in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014<sup>(1)</sup></u>
<b>Residential</b>					
Single Family	\$237,457,990	\$211,417,860	\$340,255,658	\$469,376,459	\$381,648,398
Multi-Family Dwelling	106,555,397	47,304,215	54,884,765	62,799,697	75,550,326
Alterations/Additions	<u>209,044,439</u>	<u>197,218,990</u>	<u>179,471,670</u>	<u>195,787,426</u>	<u>237,315,118</u>
<b>Total Residential:</b>	<b>\$553,057,826</b>	<b>\$455,941,065</b>	<b>\$574,612,093</b>	<b>\$727,963,582</b>	<b>\$ 694,513,842</b>
<b>Non-Residential</b>					
New Commercial	\$ 38,093,540	\$ 12,389,015	\$ 41,233,596	\$ 27,946,785	\$ 134,242,721
New Industrial	29,619,448	7,187,991	7,000,791	8,927,774	20,836,514
New Other	47,510,661	55,825,499	42,220,483	76,946,019	51,527,362
Alterations/Additions	<u>170,193,776</u>	<u>214,521,008</u>	<u>124,147,158</u>	<u>220,737,032</u>	<u>173,130,318</u>
<b>Total Non-Residential:</b>	<b>\$285,417,425</b>	<b>\$289,923,513</b>	<b>\$214,602,028</b>	<b>\$334,557,610</b>	<b>\$ 379,736,915</b>
<b>Total Building Permit Valuations:</b>	<b>\$838,475,251</b>	<b>\$745,864,578</b>	<b>\$789,214,121</b>	<b>\$1,062,521,192</b>	<b>\$1,074,250,757</b>
<b>New Dwelling Units</b>					
Single Family	890	718	1,188	1,585	1,349
Multi-Family	<u>890</u>	<u>355</u>	<u>534</u>	<u>370</u>	<u>525</u>
<b>Total:</b>	<b>1,699</b>	<b>1,073</b>	<b>1,722</b>	<b>1,955</b>	<b>1,874</b>

Source: Construction Industry Research Board, *Building Permit Summary*.

(1) 2014 numbers are through November 2014.

**Assessed Valuation**

The following table shows a ten-year history of assessed valuations in the City:

**CITY OF OAKLEY**  
**ASSESSED VALUATIONS**  
Fiscal Years 2005-06 through 2014-15

<u>Fiscal Year</u>	<u>Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2005-06	\$1,398,339,162	\$712,644	\$71,050,542	\$1,470,102,348
2006-07	1,733,961,994	1,184,044	80,743,551	1,815,889,589
2007-08	1,927,903,868	872,467	87,191,974	2,015,968,309
2008-09	1,785,673,983	403,948	94,770,275	1,880,848,206
2009-10	1,603,872,653	151,584	97,960,445	1,701,984,682
2010-11	1,526,172,355	151,584	92,926,737	1,619,250,676
2011-12	1,507,516,383	151,584	57,995,143	1,565,663,110
2012-13	1,475,641,653	57,878	56,667,283	1,532,366,814
2013-14	1,514,792,956	57,878	55,369,790	1,570,220,624
2014-15	1,706,057,369	57,878	56,338,414	1,762,453,661

Source: California Municipal Statistics, Inc.

## **Utilities**

Gas and electric service in the City is provided by Pacific Gas & Electric. Telephone service is provided by AT&T. Water is supplied by City wells and the Diablo Valley Water District through the City water lines and filtration plant. Sewer service is supplied by Iron Horse Sanitary District. Oakley Disposal Service provides residential and commercial garbage recycling and green waste collection and recycling service to the City of Oakley.

## **Education**

The City is part of the Oakley and Liberty Union School Districts which provide K-12 public education needs. There is one high school and one continuation high school, two middle schools and five elementary schools located in the City.

Near the City are four colleges: Los Medanos Community College in Pittsburg, Diablo Valley College in Concord and San Joaquin Delta Community College and Contra Costa College in San Pablo.

## **Transportation**

The City, located near the cities of Antioch and Stockton, is in close proximity to a highly developed transportation network. State Highway 4 runs in an east/west direction near the City, intersecting Interstate 680 near Martinez and Interstate 80 in Hercules. To the east, Highway 4 leads to Stockton where it intersects with Interstate 5. The highways provide the City with access to major regional workplace and recreation areas. The City is close to both regional and international airports - Concord Airport, Stockton Airport and Oakland International Airport. The City is also served by bus lines and railroads. Tri-Delta Transit is a local bus service provider for Oakley residents and Eastern Contra Costa residents. Bay Area Rapid Transit ("BART") provides a bus service from Antioch connecting to the existing Concord BART station. BART stations in West Pittsburg and Pittsburg have recently opened, further extending the rapid transit system into the east County area.

**APPENDIX C**  
**CITY AUDITED FINANCIAL STATEMENTS**

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Successor Agency to the Oakley Redevelopment Agency (the "Issuer") in connection with the issuance of its (Oakley Redevelopment Project Area) Tax Allocation Refunding Bonds, Series 2015A and Taxable Tax Allocation Refunding Bonds, Series 2015B (the "Bonds"), in the aggregate principal amount of \$ \_\_\_\_\_ and \$ \_\_\_\_\_, respectively.

The Bonds will be issued under a Trust Indenture, dated as of May 1, 2008, between the Oakley Redevelopment Agency and Wells Fargo Bank, National Association (the "Trustee"), as supplemented by a First Supplemental Trust Indenture dated as of March 1, 2015 (as supplemented, the "Indenture") by and between the Issuer and the Trustee. The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12.

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

"*Annual Report*" means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means March 31 in each year, beginning March 31, 2016.

"*Dissemination Agent*" means NBS, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) or 5(b).

"*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.

"*Official Statement*" means the Official Statement dated \_\_\_\_\_, 2015 relating to the Bonds.

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

"*Project Area*" means the Oakley Redevelopment Project Area.

"*Rule*" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2016 with the report for the 2014/15 Fiscal Year, provide to the MSRB, in an

electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4. Not later than 5 days prior to the Annual Report Date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the Issuer for the applicable Fiscal Year 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 Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Dissemination Agent (if other than the Issuer) shall have no duty or obligation to review such Annual Report.

(b) If the Issuer does not provide (or cause the Dissemination Agent to provide) an

Annual Report by the Annual Report Date, the Issuer shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice of its failure to provide the Annual Report as required under this Disclosure Certificate.

(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 Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

(d) The Issuer shall also electronically file a copy of the Annual Report with the Insurer.

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

(a) 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 Issuer'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. The audited Financial Statements of the Issuer may be reported and included as a fiduciary fund (agency trust fund) of the City of Oakley's Comprehensive Annual Financial Report if no separate Financial Statement is prepared for the Issuer.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Issuer for the prior fiscal year of the type included in the Official Statement, in the following categories (to the extent not included in the Issuer's audited financial statements):

(i) secured and unsecured assessed valuation of taxable properties in the Project Area during the most recent completed fiscal year;

(ii) Tax Revenues collected compared to deposits to the Redevelopment Property Tax Trust Fund for the most recent completed fiscal year;

- (iii) total amount of Tax Revenues derived from the Project Area during the most recent completed fiscal year;
- (iv) the total amount by which pledged Tax Revenues derived from the Project Area during the most recent completed fiscal year provided coverage for annual debt service on the Bonds and all obligations issued on a parity with the Bonds;
- (v) 10 largest taxpayers in the Project Area during the most recent completed fiscal year, and the total assessed valuation represented thereby and the percent of the total taxable assessed value of all properties in the Project Area.

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

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The Successor Agency shall, or shall cause the Dissemination (if not the Successor Agency) to, give notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Defeasances.
- (6) Rating changes.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (9) 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.

(b) *Material Reportable Events.* The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Non-payment related defaults.

- (2) Modifications to rights of security holders.
- (3) Bond calls.
- (4) The release, substitution, or sale of property securing repayment of the securities.
- (5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
- (6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall, or shall cause the Dissemination Agent (if not the Issuer) to, file a notice of such occurrence with EMMA, 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 Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Indenture.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be NBS. The Dissemination Agent may resign by providing thirty days prior written notice to the Issuer.

Section 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Successor Agency may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Issuer to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer 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 Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer 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 Listed Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer 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 Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent (if other than the Issuer), its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Issuer from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent may conclusively rely upon the Annual Report provided to it by the Issuer as constituting the Annual Report required of the Issuer in accordance with this Disclosure Certificate and shall have no duty or obligation to review such Annual Report. The Dissemination Agent shall have no duty to prepare the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the Issuer in a timely manner in a form suitable for filing with the MSRB. In accepting the appointment under this Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the Holders or Beneficial Owners of the Certificates, the Issuer, the Participating Underwriters or any other party or person. No provision of this Disclosure Certificate shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act.

Section 13. Beneficiaries. This Disclosure Certificate inures solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and creates no rights in any other person or entity.

Date: \_\_\_\_\_, 2015

**SUCCESSOR AGENCY TO THE OAKLEY  
REDEVELOPMENT AGENCY**

By: \_\_\_\_\_  
City Manager of the City of Oakley

**APPENDIX E**  
**PROPOSED FORM OF BOND COUNSEL OPINIONS**  
[TO BE PROVIDED BY BOND COUNSEL]

## APPENDIX F

### THE BOOK-ENTRY SYSTEM

*The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (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 issue of the Securities, each 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 has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). *The information contained on such Internet site is not incorporated herein by reference.*

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 effect 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 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 Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 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 Issuer or Agent, 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, Agent, or

Issuer, 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 Issuer or Agent, 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 Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry 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 Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

**APPENDIX G**  
**SPECIMEN BOND MUNICIPAL INSURANCE POLICY**

[TO COME]

**APPENDIX H**  
**FISCAL CONSULTANT REPORT**

[TO COME]

*Stradling Yocca Carlson & Rauth  
Draft 1/30/2014*

§ \_\_\_\_\_  
**SUCCESSOR AGENCY TO THE OAKLEY  
 REDEVELOPMENT AGENCY  
 (OAKLEY REDEVELOPMENT PROJECT AREA)  
 TAX ALLOCATION REFUNDING BONDS,  
 SERIES 2015A**

§ \_\_\_\_\_  
**SUCCESSOR AGENCY TO THE OAKLEY  
 REDEVELOPMENT AGENCY  
 (OAKLEY REDEVELOPMENT PROJECT AREA)  
 TAXABLE TAX ALLOCATION REFUNDING BONDS,  
 SERIES 2015B**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2015

Successor Agency to the Oakley Redevelopment Agency  
 3231 Main Street  
 Oakley, CA 94561

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") offers to enter into this Bond Purchase Agreement (this "Purchase Agreement") with the Successor Agency to the Oakley Redevelopment Agency (the "Agency") which will be binding upon the Agency and the Underwriter upon the acceptance hereof by the Agency. This offer is made subject to its acceptance by the Agency by execution of this Purchase Agreement and its delivery to the Underwriter on or before 5:00 p.m., California time, on the date hereof. All terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Indenture (as hereinafter defined).

The Agency acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's length commercial transaction between the Agency and the Underwriter; (ii) in connection with such transaction, the Underwriter is acting solely as principal and not as agent or a fiduciaries of the Agency; (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the Agency with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or are currently providing other services to the Agency on other matters); and (iv) the Agency has consulted with its own legal and financial advisors to the extent it has deemed appropriate.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the Agency for offering to the public, and the Agency hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the (i) \$\_\_\_\_\_ aggregate principal amount of the Agency's Tax Allocation Refunding Bonds, Series 2015A (the "Series A Bonds"), at a purchase price equal to \$\_\_\_\_\_ (being the aggregate principal amount thereof, less an Underwriter's discount of \$\_\_\_\_\_ and [plus/less] a [net] original issue [premium/discount] of \$\_\_\_\_\_), and (ii) \$\_\_\_\_\_ aggregate principal amount of the Agency's Taxable Tax Allocation Refunding Bonds, Series 2015B (the "Series B Bonds," and together with Series A Bonds, the "Bonds" or individually, a "Series of Bonds"), at a purchase price equal to \$\_\_\_\_\_ (being the aggregate principal amount thereof less an Underwriter's discount of \$\_\_\_\_\_. In addition, on behalf of the Agency, the Underwriter shall wire the amount of \$\_\_\_\_\_ to the Insurer

(defined below) to pay the costs of the premiums for the Policy (defined below) and the Surety Policy (defined below). The Bonds are to be purchased by the Underwriter from the Agency. Such payment and delivery and the other actions contemplated hereby to take place at the time of such payment and delivery are herein sometimes called the "Closing."

2. The Bonds and Related Documents. Each Series of Bonds shall be substantially in the form described in, and shall be issued and secured under the provisions of an Indenture of Trust, dated as of May 1, 2008, (the "Original Indenture"), by and between the Agency and Wells Fargo, National Association, as trustee (the "Trustee") as supplemented by a First Supplemental Trust Indenture, dated as of March 1, 2015 (the "First Supplement," and with the Original Indenture the "Indenture") by and between the Agency and the Trustee, pursuant Part 1, Division 24 of the California Health and Safety Code (the "Law") and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act") and a resolution of the Agency adopted October 28, 2014 (the "Agency Resolution"). The issuance of each Series of Bonds was approved by the Oversight Board for the Successor Agency by a resolution on November 25, 2014 (the "Oversight Board Resolution"). The Bonds shall be as described in the Indenture and the Official Statement dated the date hereof relating to the Bonds (which, together with all exhibits and appendices included therein or attached thereto and such amendments or supplements thereto which shall be approved by the Underwriter, is hereinafter called the "Official Statement").

Certain maturities of the Bonds shall be insured under a municipal bond insurance policy (the "Policy") from \_\_\_\_\_ (the "Insurer")[, as shown on Exhibit A (the "Insured Bonds")]. A debt service reserve insurance policy (the "Surety Policy") shall also be purchased from Insurer for the Bonds.

The net proceeds of the Bonds will be used to refund the Oakley Redevelopment Agency's outstanding Taxable Tax Allocation Bonds, Series 2003, originally issued in the aggregate principal amount of \$\_\_\_\_\_ (the "Prior Bonds");

The Agency will undertake pursuant to the provisions of a Continuing Disclosure Certificate, to be dated the date of the Closing (the "Disclosure Certificate") and executed by the Agency, to provide certain annual information and notices of the occurrence of certain enumerated events. A description of the undertaking is set forth in the Preliminary Official Statement (as defined below) and will also be set forth in the Official Statement.

The Indenture (or the First Supplement, as applicable), the Continuing Disclosure Certificate, the Escrow Agreement relating to the Prior Bonds (the "Escrow Agreement"), and this Purchase Agreement are sometimes collectively referred to herein as the "Agency Legal Documents".

3. Offering. It shall be a condition to the Agency's obligations to sell and to deliver the Bonds to the Underwriter and to the Underwriter's obligations to purchase, to accept delivery of and to pay for the Bonds that the entire \$\_\_\_\_\_ aggregate principal amount of the Series A Bonds and \$\_\_\_\_\_ aggregate principal amount of the Series B Bonds shall be issued, sold and delivered by the Agency and purchased, accepted and paid for by the Underwriter at the Closing. The Underwriter agrees to make a bona fide public offering of all of the Bonds at the initial public offering prices or yields set forth in Exhibit A hereto and on the inside front cover page of the Official Statement. The Underwriter reserves the right to change, subsequent to the initial public offering, such initial offering prices as it shall deem necessary in connection with the marketing of the Bonds.

4. Use and Preparation of Documents. The Agency has caused to be prepared and delivered to the Underwriter prior to the execution of this Purchase Agreement copies of the Preliminary Official Statement dated \_\_\_\_\_, 2015, relating to the Bonds (the "Preliminary Official Statement"), which was approved by a resolution of the Agency adopted on February 10, 2015 (the "Agency OS Resolution"). The Agency ratifies, confirms and approves the use by the Underwriter prior to the date hereof of the Preliminary Official Statement. The Agency has previously deemed the Preliminary Official Statement to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12. The Agency hereby agrees to deliver or cause to be delivered to the Underwriter, within seven (7) business days of the date hereof, but not less than one (1) business day prior to Closing a sufficient number of copies of the final Official Statement relating to the Bonds, dated the date hereof, which includes all information permitted to be omitted by Rule 15c2-12 and any amendments or supplements to such Official Statement as have been approved by the Agency and the Underwriter (the "Official Statement") to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending 25 days after the End of the Underwriting Period (defined below). The Agency hereby approves of the use and distribution (including the electronic distribution) by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the offer and sale of the Bonds. The Agency shall have executed and delivered to the Underwriter a certification to such effect in the form attached hereto as Exhibit B. The Underwriter agrees that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the Official Statement.

5. Representations, Warranties and Agreements of the Agency. The Agency hereby represents, warrants and agrees as follows:

(a) The Agency is a public entity existing under the laws of the State of California, including the Law.

(b) The Agency has full legal right, power and authority to enter into the Agency Legal Documents and carry out and consummate the transactions contemplated by the Agency Legal Documents.

(c) By all necessary official action of the Agency prior to or concurrently with the acceptance hereof, the Agency has duly authorized and approved the preparation and use of the Preliminary Official Statement and the Official Statement, the execution and delivery of the Official Statement and the Agency Legal Documents, and the performance by the Agency of all transactions contemplated by the Agency Legal Documents; and the Agency Legal Documents will constitute legal, valid and binding obligations of the Agency, enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

(d) The Agency is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Indenture) or other instrument to which the Agency is a party or to which the Agency or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a

default or event of default under any such instrument; and the execution and delivery of the Agency Legal Documents, and compliance with the provisions on the Agency's part contained therein, will not conflict with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Agency is a party or to which the Agency or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Agency or under the terms of any such constitutional provision, law, regulation or instrument, except as provided by the Indenture.

(e) Except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Agency of its obligations under the Agency Legal Documents have been duly obtained.

(f) Between the date of this Purchase Agreement and the date of the Closing, the Agency will not, without the prior written consent of the Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, payable from Tax Revenues (as defined in the Indenture), nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Agency.

(g) To the best knowledge of the officer of the Agency executing this Purchase Agreement, after due inquiry, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending or threatened against the Agency, affecting the existence of the Agency or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the execution and delivery of the First Supplement or the collection of the Tax Revenues or contesting or affecting, as to the Agency, the validity or enforceability of the Agency Legal Documents or contesting the exclusion from gross income of interest on the Series A Bonds for federal income tax purposes, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Agency, or in any way contesting or challenging the consummation of the transactions contemplated hereby, or which might result in a material adverse change in the financial condition of the Agency or which might materially adversely affect the Tax Revenues of the Agency; nor, to the best knowledge of the Agency, is there any known basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the authorization, execution, delivery or performance by the Agency of the Agency Legal Documents.

(h) As of the time of acceptance hereof and as of the date of the Closing, the Agency does not and will not have outstanding any indebtedness which indebtedness is secured by a lien on the Tax Revenues of the Agency superior to or on a parity with the lien provided for in the Indenture on the Tax Revenues, other than as disclosed in the Official Statement.

(i) As of the time of acceptance hereof and as of the date of the Closing, the Agency has complied with the filing requirements of the Law, including, without limitation, the filing of all Recognized Obligation Payment Schedules, as required by the Law.

(j) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein in light of the circumstances under which they were made, not misleading (except that this representation does not include information relating to The Depository Trust Company or the book-entry-only system, the Insurer, the Policy or the Surety Policy).

(k) As of the date thereof and at all times subsequent thereto to and including the date which is 25 days following the End of the Underwriting Period (as such term is hereinafter defined) for the Bonds, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made not misleading (except that this representation does not include information relating to The Depository Trust Company or the book-entry-only system).

(l) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information herein, in the light of the circumstances under which it was presented, not misleading, the Agency will notify the Underwriter, and, if in the opinion of the Underwriter or the Agency, or respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Agency will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Underwriter, and shall pay all expenses thereby incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days of the End of the Underwriting Period for the Bonds, the Agency will furnish such information with respect to itself as the Underwriter may from time to time reasonably request. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Agency delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as members of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Notwithstanding the foregoing, unless the Underwriter gives notice to the contrary, the "End of the Underwriting Period" shall be the date of Closing.

(m) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (l) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make such information therein in the light of the circumstances under which it was presented, not misleading (except that this representation does not include information relating to The Depository Trust Company or the book-entry-only system).

(n) After the Closing, the Agency will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy,

the Underwriter shall reasonably object in writing or which shall be disapproved by counsel for the Underwriter.

(o) Any certificate signed by any officer of the Agency and delivered to the Underwriter shall be deemed a representation by the Agency to the Underwriter as to the statements made therein.

(p) The Agency will apply the proceeds from the sale of the Bonds for the purposes specified in the Official Statement.

(q) The Agency has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Agency is not a bond issuer whose arbitrage certifications may not be relied upon.

(r) The Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter, at the expense of the Underwriter, as it may reasonably request in order to qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate; provided, however, that the Agency will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

(s) The Agency will refrain from taking any action with regard to which the Agency may exercise control that results in the inclusion in gross income for federal income tax purposes of the interest on the Series A Bonds or State of California income tax purposes of the interest on the Bonds.

(t) Except as disclosed in the Official Statement, the Agency has not defaulted in any material respect under any prior continuing disclosure undertaking within the previous five years.

(u) The Oversight Board has duly adopted the Oversight Board Resolution approving the issuance of the Bonds and no further Oversight Board approval or consent is required for the issuing of the Bonds or the consummation of the transactions described in the Preliminary Official Statement.

(v) The Department of Finance of the State (the "Department of Finance") has issued a letter, dated \_\_\_\_\_, 2015, approving the issuance of the bonds. No further Department of Finance approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Preliminary Official Statement. Except as disclosed in the Preliminary Official Statement, the Agency is not aware of the Department of Finance directing or having any basis to direct the County Auditor-Controller to deduct unpaid unencumbered funds from future allocations of property tax to the Agency pursuant to Section 34183 of the Dissolution Act.

6. Closing. At 8:00 A.M., California time, on \_\_\_\_\_, 2015, or on such other date as may be mutually agreed upon by the Agency and the Underwriter, the Agency will, subject to the terms and conditions hereof, sell and deliver the Bonds to the Underwriter, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the Bonds

as set forth in Section 1 hereof in federal funds. Sale, delivery and payment as aforesaid shall be made at the offices of Nossaman LLP Irvine, California ("Bond Counsel"), or such other place as shall have been mutually agreed upon by the Agency and the Underwriter, except that the Bonds (with one certificate for each maturity and otherwise in a form suitable for the book-entry system) shall be delivered to the Underwriter in New York, New York, through the book-entry system of The Depository Trust Company ("DTC"). Unless the DTC Fast Automated Securities Transfer ("FAST") is utilized, the Bonds will be made available for inspection by DTC at least one business day prior to the Closing.

7. Closing Conditions. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Agency contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Agency of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Agency of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The Underwriter shall receive, within seven (7) business days of the date hereof, but in no event less than 1 day prior to Closing, copies of the Official Statement (including all information previously permitted to have been omitted from the Preliminary Official Statement by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriter), in such reasonable quantity as the Underwriter shall have requested;

(b) The representations and warranties of the Agency contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing and the statements of the officers and other officials of the Agency and the Trustee made in any certificate or other document furnished pursuant to the provisions hereof are accurate;

(c) At the time of the Closing, the Agency Legal Documents shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by the Agency, all in substantially the forms heretofore submitted to the Underwriter, with only such changes as shall have been agreed to in writing by the Underwriter, and shall be in full force and effect; and there shall be in full force and effect such resolution or resolutions of the governing body of the Agency as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions contemplated hereby;

(d) At the time of the Closing, all necessary official action of the Agency relating to the Official Statement and the Agency Legal Documents shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(e) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) Bond Counsel Opinions. The approving opinions of Bond Counsel to the Agency, dated the date of the Closing and substantially in the form included as Appendix E to the Official Statement;

(2) Supplemental Opinion of Bond Counsel. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the date of the Closing, stating that the Underwriter may rely on the opinions of Bond Counsel described in paragraph (1) above as if such opinions were addressed to the Underwriter and to the following effect:

(i) the Purchase Agreement has been duly executed and delivered by the Agency and (assuming due authorization, execution and delivery by and validity against the Underwriter) constitutes the valid and binding agreement of the Agency, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and by the application of equitable principles;

(ii) the statements contained in the Official Statement under the captions "THE BONDS," "SECURITY FOR THE BONDS," "LEGAL MATTERS-Tax Matters," and in Appendices A and E insofar as such statements expressly summarize certain provisions of the Indenture or the opinion of Bond Counsel, are accurate in all material respects;

(iii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the First Supplement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(iv) the Agency has taken all actions required to defease the Prior Bonds and such Prior Bonds are no longer outstanding under the terms of the Indenture of Trust pursuant to which the Prior Bonds were issued.

(3) Fiscal Consultant's Certificate. A certificate of Fraser & Associates (the "Fiscal Consultant"), dated the date of the Closing, addressed to the Agency and the Underwriter, in form and substance acceptable to the Underwriter, (i) certifying as to the accuracy of (A) the information contained in APPENDIX H—"FISCAL CONSULTANT REPORT", and the information in the Official Statement under the captions "THE PROJECT AREA" and "FINANCIAL INFORMATION," (ii) consenting to the inclusion of such firm's Fiscal Consultant's Report in the Preliminary Official Statement and the Official Statement, and (iii) stating that, to the best of such firm's knowledge, but without having conducted any investigation with respect thereto, nothing has come to such firm's attention between the date of such report and the date hereof which would materially alter any of the conclusions set forth in such report.

(4) Agency Counsel Opinion. An opinion of Counsel to the Agency, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter to the following effect:

(i) the Agency is a public body, corporate and politic, duly organized and existing under the Constitution and laws of the State, with full right, power and authority to execute, deliver and perform its obligations under the Agency Legal Documents;

(ii) the Agency Resolution and the Agency OS Resolution were duly adopted at meetings of the Agency, called and held pursuant to law, with all public notice required by law and at which quorums were present and acting throughout; and the Agency Resolution and the Agency OS Resolution are in full force and effect and have not been modified amended or rescinded since their respective adoption date; and

(iii) The Agency Legal Documents and the Official Statement have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto, the Agency Legal Documents constitute the valid, legal and binding obligations of the Agency enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors rights and by the application of equitable principles if equitable remedies are sought;

(iv) The execution and delivery of the Agency Legal Documents and the Official Statement and compliance with the provisions of the Agency Legal Documents, under the circumstances contemplated thereby, (1) do not and will not in any material respect conflict with or constitute on the part of the Agency a breach of or default under any agreement or other instrument to which the Agency is a party or by which it is bound, and (2) do not and will not in any material respect constitute on the part of the Agency a violation, breach of or default under any existing law, regulation, court order or consent decree to which the Agency is subject;

(v) to the best of such counsel's knowledge, except as otherwise disclosed in the Official Statement, there is no litigation or proceeding, pending and served, or threatened, challenging the creation, organization or existence of the Agency, or the validity of the Bonds or the Agency Legal Documents or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby, or under which a determination adverse to the Agency would have a material adverse effect upon the financial condition or the revenues of the Agency, or which, in any manner, questions the right of the Agency to issue, sell and deliver the Bonds, to enter into the First Supplement or to use the Tax Revenues for repayment of the Bonds or affects in any manner the right or ability of the Agency to collect or pledge the Tax Revenues.

(vi) Based upon his or her participation as Agency Counsel in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, Agency Counsel has no reason to believe that, as of the its date and as of date of Closing, the information in the Official Statement relating to the Agency, the Tax Revenues and the Redevelopment Project (as that term is defined in the Indenture) (excluding any financial or statistical data with respect thereto, as to which no opinion is expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(5) Trustee Counsel Opinion. The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Underwriter, to the effect that:

(i) The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and administer the trusts created under the Indenture and the Escrow Agreement.

(ii) The First Supplement and the Escrow Agreement have been duly authorized, executed and delivered by the Trustee and the First Supplement and the Escrow Agreement constitute the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought.

(iii) Except as may be required under Blue Sky or other securities laws of any state, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the First Supplement or the Escrow Agreement, or the consummation of the transactions contemplated by the First Supplement and the Escrow Agreement.

(6) Agency Certificate. A certificate of the Agency, dated the date of the Closing, signed on behalf of the Agency by a duly authorized officer of the Agency, to the effect that:

(i) the representations and warranties of the Agency contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing;

(ii) no event affecting the Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(iii) the Agency is not, in any material respect, in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Agency is a party or is otherwise subject, which would have a material adverse impact on the Agency's ability to perform its obligations under the Agency Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument.

(7) Trustee's Certificate. A Certificate, dated the date of Closing, to the effect that:

(i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America;

(ii) the Trustee has full power, authority and legal right to comply with the terms of the Indenture and the Escrow Agreement and to perform its obligations stated therein; and

(iii) the First Supplement and the Escrow Agreement have been duly authorized, executed and delivered by the Trustee and (assuming due authorization, execution and delivery by the Agency) constitute legal, valid and binding obligations of the Trustee in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

(8) Legal Documents. Executed copies of this Purchase Agreement and the other Agency Legal Documents.

(9) Rating Letter. A letter from Standard & Poor's Credit Ratings Services ("S&P") to the effect that the Bonds have been assigned an insured rating of "\_\_\_" and an underlying rating of "\_\_\_", which ratings shall be in effect as of the Delivery Date.

(10) Disclosure Letter. A letter of Nossaman LLP ("Disclosure Counsel"), dated the date of the Closing, addressed to the Underwriter, to the effect that, based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, such counsel has no reason to believe that, as of the date of the Closing, the Official Statement (excluding therefrom the reports, financial and statistical data and forecasts therein and the information included in the Appendices thereto and information relating to DTC, as to which no advice need be expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(11) Oversight Board Resolution. A copy of the Oversight Board Resolution.

(12) Oversight Board Certificate. A certificate of the Clerk of the Oversight Board to the effect that the Oversight Board Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(13) Parity Certificate. A copy of the executed certificate of the Agency required to be delivered to the Trustee as a condition of the issuance of the Bonds on a parity with the outstanding Parity Bonds (as defined in the Indenture).

(14) Verification Report. A report, dated the date of the Closing, of \_\_\_\_\_, independent certified public accountants (the "Verification Agent"), to the effect that it has verified the accuracy of the mathematical computations of the adequacy of the deposits in the redemption fund for the Prior Bonds for the full and timely payment of all principal (including premium, if any) and interest due with respect to the portion of the Agency obligations to be defeased with the funds held pursuant to the Escrow Agreement, as are then outstanding on the dates specified in the Official Statement at the then applicable redemption price.

(15) Bond Insurance Policy. The executed Policy of the Insurer insuring the scheduled payment of principal of and interest on the [Insured] Bonds, substantially in the form attached as Appendix G to the Official Statement.

(16) Surety Policy. The executed Surety Policy issued by the Insurer.

(17) Insurer Counsel Opinion. An opinion of counsel to the Insurer, dated as of the date of Closing, addressed to the Underwriter and the Agency in form and substance acceptable to the Underwriter, substantially to the effect that: (i) the Insurer has been duly incorporated and is validly existing and in good standing under the laws of the State of its incorporation; (ii) the Policy and Surety Policy constitute legal, valid and binding obligations of the Insurer enforceable in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, rehabilitation and other similar laws of general applicability relating to or affecting creditors' and/or claimants' rights against insurance companies and to general equity

principles; and (iii) the information contained in the Official Statement under the caption "MUNICIPAL BOND INSURANCE" does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(18) Additional Documents. Such additional certificates, instruments and other documents as Bond Counsel, the Agency or the Underwriter may reasonably deem necessary.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Agency or the Trustee shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Agreement, if the Agency shall determine in good faith (and provide written notice to the Underwriter) that legislation has been introduced or proposals made by the Governor of the State which if enacted and effective would impose additional limitations or burdens on the Agency or the County by reason of the issuance of the Bonds or which purport to prohibit the issuance of the Bonds, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and the Underwriter shall be under no further obligation hereunder.

8. Termination. The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefor, by notification to the Agency if at any time between the date hereof and prior to the Closing:

(a) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(b) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any Federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the Agency, or the interest on bonds or notes or obligations of the general character of the Bonds; or

(c) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(d) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the First Supplement needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to trade the Bonds; or

(f) a general banking moratorium shall have been established by federal or State authorities; or

(g) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other outbreak of hostilities or a national or international calamity or crisis, or there has occurred any escalation of existing hostilities, calamity or crisis, financial or otherwise, the effect of which on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds; or

(h) any rating of the Bonds shall have been downgraded, suspended or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(i) the commencement of any action, suit or proceeding described in Section 5(g) hereof which, in the judgment of the Underwriter, materially adversely affects the market price of the Bonds; or

(j) there shall be in force a general suspension of trading on the New York Stock Exchange.

9. Expenses. The Agency will pay or cause to be paid the approved expenses incident to the performance of its obligations hereunder and certain expenses relating to the sale of the Bonds, including, but not limited to, (a) the cost of the preparation and printing or other reproduction of the Agency Legal Documents (other than this Purchase Agreement); (b) the fees and disbursements of Bond Counsel, Disclosure Counsel, the Financial Advisor, Fiscal Consultant and any other experts or

other consultants retained by the Agency; (c) the costs and fees of the credit rating agencies; (d) the cost of preparing and delivering the definitive Bonds; (e) the cost of providing immediately available funds on the Closing Date; (f) the cost of the printing or other reproduction of the Preliminary Official Statement and Official Statement and any amendment or supplement thereto, including a reasonable number of certified or conformed copies thereof; (g) the Underwriter's out-of-pocket expenses incurred with the financing; (h) the fees of Digital Assurance Certification for a continuing disclosure undertaking compliance review; and (i) expenses (included in the expense component of the spread) incurred on behalf of the County's or the Agency's employees which are incidental to implementing this Purchase Agreement. The Underwriter will pay the expenses of the preparation of this Purchase Agreement and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, and the fee and disbursements of Underwriter's Counsel. The Underwriter is required to pay the fees of the California Debt and Investment Advisory Commission in connection with the offering of the Bonds. The Agency acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider such fees. Notwithstanding that such fees are solely the legal obligation of the Underwriter, the Agency agrees to reimburse the Underwriter for such fees.

The Underwriter shall pay, and the Agency shall be under no obligation to pay, all expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds.

10. Notices. Any notice or other communication to be given to the Agency under this Purchase Agreement may be given by delivering the same in writing at the Agency's address set forth above; Attention: Executive Director, and to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stifel Nicolaus & Company, Incorporated, One Montgomery Street, 35<sup>th</sup> Floor, San Francisco, California 94104, Attention: Ralph Holmes.

11. Parties in Interest. This Purchase Agreement is made solely for the benefit of the Agency and the Underwriter and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Agency contained in this Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Purchase Agreement; and (iii) any termination of this Purchase Agreement.

12. Effectiveness and Counterpart Signatures. This Purchase Agreement shall become effective upon the execution of the acceptance by an authorized officer of the Agency and shall be valid and enforceable at the time of such acceptance and approval. This Purchase Agreement may be executed by the parties hereto by facsimile transmission and in separate counterparts, each of which when so executed and delivered (including delivery by facsimile transmission) shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. Headings. The headings of the sections of this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

14. Governing Law. This Purchase Agreement shall be construed in accordance with the laws of the State of California.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,  
INCORPORATED

By: \_\_\_\_\_  
Its: Authorized Officer

Accepted:

SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY

By: \_\_\_\_\_  
Executive Director

**EXHIBIT A**

**SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY  
(OAKLEY REDEVELOPMENT PROJECT AREA)  
TAX ALLOCATION REFUNDING BONDS,  
SERIES 2015A**

<i>Maturity Date (September 1)</i>	<i>Amount</i>	<i>Coupon</i>	<i>Yield</i>	<i>Price</i>
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**SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY  
(OAKLEY REDEVELOPMENT PROJECT AREA)  
TAXABLE TAX ALLOCATION REFUNDING BONDS, SERIES 2015B**

<i>Maturity Date (September 1)</i>	<i>Amount</i>	<i>Coupon</i>	<i>Yield</i>	<i>Price</i>
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**EXHIBIT B**

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Stifel, Nicolaus & Company, Incorporated (the "Underwriter") that [he/she] is a duly appointed and acting officer of the Successor Agency to the Oakley Redevelopment Agency authorized to execute this Certificate, and as such is to execute and deliver this Certificate and further hereby certify and reconfirm on behalf of the Agency to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the Successor Agency to the Oakley Redevelopment Agency's (i) Tax Allocation Refunding Bonds, Series 2015A and (ii) Taxable Tax Allocation Refunding Bonds, Series 2015B (collectively, the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated as of \_\_\_\_\_, 2015, setting forth information concerning the Bonds and the Agency, as issuer of the Bonds (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the underwriter(s), all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule and has been, and the information therein is accurate and complete in all material respects except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final contract of purchase, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Agency shall promptly notify the Underwriter thereof.

IN WITNESS WHEREOF, I have hereunto set my hand as of the \_\_ day of \_\_\_\_\_, 2015.

SUCCESSOR AGENCY TO THE OAKLEY  
REDEVELOPMENT AGENCY

By \_\_\_\_\_  
Authorized Officer