NOTICE OF REGULAR MEETING

Pursuant to Section 54954.2 of the Government Code of the State of California, a Regular meeting of the **Oversight Board to the Successor Agency of the City of Tracy Community Development Agency** is hereby called for:

Date/Time: Tuesday, December 1 2015, 3:30 p.m.

(or as soon thereafter as possible)

Location: City Council Chambers, City Hall

333 Civic Center Plaza, Tracy, CA. 95376

Government Code Section 54954.3 states that every public meeting shall provide an opportunity for the public to address the Oversight Board to the Successor Agency of the City of Tracy Community Development Agency on any item, before or during consideration of the item, however no action shall be taken on any item not on the agenda.

- 1. CALL TO ORDER
- 2. ROLL CALL
- 3. ITEMS FROM THE AUDIENCE In accordance with <u>Procedures for Preparation</u>, <u>Posting and Distribution of Agendas and the Conduct of Public Meetings</u>, adopted by Resolution 2015-052 any item not on the agenda brought up by the public at a meeting, shall be automatically referred to staff. If staff is not able to resolve the matter satisfactorily, the member of the public may request a Board Member to sponsor the item for discussion at a future meeting.
- 4. APPROVAL OF MINUTES
- 5. ADOPT A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY APPROVING A LONG-RANGE PROPERTY MANAGEMENT PLAN PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5
- 6. ADOPT A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING BONDS AND MAKING RELATED FINDINGS AND DECLARATIONS AND TAKING RELATED ACTIONS IN CONNECTION THEREWITH
- 7. ITEMS FROM THE AUDIENCE
- 8. BOARD MEMBER ITEMS
- 9. ADJOURNMENT

Date Posted: November 20, 2015

The City of Tracy complies with the Americans with Disabilities Act and makes all reasonable accommodations for the disabled to participate in public meetings. Persons requiring assistance or auxiliary aids in order to participate should call City Hall (209-831-6000), at least 24 hours prior to the meeting.

Any materials distributed to the majority of the Oversight Board to the Successor Agency of the City of Tracy Community Development Agency regarding any item on this agenda will be made available for public inspection in the City Clerk's office located at 333 Civic Center Plaza, Tracy, during normal business hours.

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF TRACY COMMUNITY DEVELOPMENT AGENCY

REGULAR MEETING MINUTES

October 6, 2015, 3:30 p.m.

City Council Chambers, 333 Civic Center Plaza Web Site: <u>www.ci.tracy.ca.us</u>

- 1. CALL TO ORDER Chair Sensibaugh called the meeting to order at 3:30 p.m.
- 2. ROLL CALL Roll call found Board Members Borwick, Khan, Maciel, Puentes-Griffith, Thomas and Chair Sensibaugh present; Board Member Miller absent. Also present were Robert Harmon, Senior Accountant, and Adrianne Richardson, Recording Secretary.
- 3. ITEMS FROM THE AUDIENCE None
- 4. APPROVAL OF MINUTES It was moved by Board Member Maciel and seconded by Board Member Khan to approve the regular meeting minutes of March 3, 2015. Voice vote found Board Members Borwick, Khan, Maciel, Puentes-Griffith, Thomas and Chair Sensibaugh in favor. Board Member Miller absent.
- 5. OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) Robert Harmon, Senior Accountant provided the staff report. Effective February 1, 2012, the State of California dissolved redevelopment agencies through the passage of ABX1 26 and replaced them with successor agencies. The Tracy City Council elected to serve as the successor agency for the former City of Tracy Community Development Agency (CDA).

The Successor Agency previously approved an Enforceable Obligation Payment Schedule (EOPS) which listed various financial obligations of the City's former CDA. The law now requires that successor agencies adopt a Recognized Obligation Payment Schedule (ROPS) twice a year listing all enforceable obligations proposed for payment and the Oversight Board approve the ROPS. The ROPS 15-16B schedule attached to the staff report is for the period January 1, 2016 through June 30, 2016, and lists the Enforceable Obligations in a format prescribed by the state Department of Finance (DOF).

The ROPS 15-16B was approved by resolution of the Successor Agency on September 15, 2015.

The \$2,703,231 in enforceable obligations for this six-month period, \$2,578,231 is for outstanding debt obligations and fees of the former CDA including \$1,557,822 for 2003 Tax Allocation Bond A payments, \$1,008,409 for 2003 Tax Allocation Bond B payments, and \$12,000 for debt service fees. These bond payments will continue through 2034 for the Tax Allocation Bonds. The maximum allowable reimbursement for administrative costs and associated expenses is \$250,000, even though actual costs may exceed that amount. Half of this amount is identified on each ROPS and will be funded with cash through the Redevelopment Property Tax Trust Funds (RPTTF). Unspent current period

administrative costs are recovered by the RPTTF in future ROPS periods. In the last three ROPS approvals, the Department of Finance has denied RPTTF funding for administrative costs and instead directed that administrative costs be funded through cash available in the Successor Agency fund rather than allotting cash from the RPTTF.

Staff recommended that the Oversight Board of the Successor Agency to the City of Tracy Community Development Agency adopt a resolution approving the Recognized Obligation Payment Schedule of the former Tracy Community Development Agency for the period January 1, 2016, through June 30, 2016.

Board Member Maciel asked if there was any benefit to continually requesting the \$125,000 Successor Agency Administration Costs. Mr. Harmon explained the benefit of requesting the maximum amount of the Successor Agency Administration Cost.

Board Member Sensibaugh asked why there is no item 6 on the ROPs spreadsheet. Mr. Harmon responded he was not sure why there was no item 6, as the Department of Finance prepares the report and it is a locked report where information can only be entered in certain columns.

It was moved by Board Member Maciel and seconded by Board Member Puentes-Griffith to adopt Resolution OB2015-002 approving the Recognized Obligation Payment Schedule (ROPS) of the Tracy Community Development Agency. Voice vote found all in favor; passed and so order. Board Member Miller absent.

6. STAFF UPDATES – Robert Harmon, Senior Accountant, stated the Governor signed Senate Bill 107 (SB 107). A few changes were made to the redevelopment law. Beginning July 1, 2016, SB 107 will require the Successor Agency to prepare a Recognized Obligation Payment Schedule (ROPs) for a one year fiscal period, and would authorize the ROPs to be amended by the Oversight Board once per Recognized Obligation Payment Schedule period.

Mr. Harmon added the legislation allows for the Successor Agency to maintain parking lots as long as they do not generate excess revenue. The Successor Agency had three parking lots that generate zero revenue. SB 107 will allow transfer of parking lots to Successor Agency if that is the desire of the Oversight Board.

In order to get a Finding of Completion the Successor Agency has to pay the amount demanded by the Department of Finance (DOF) or enter into installments with the DOF by December 31, 2015. Mr. Harmon is working with the DOF in order to have a Finding of Completion by the end of year.

Staff is actively looking at refinancing the agencies debt by the end of the year. There is significant savings by refinancing. The City of Tracy receives approximately 18% of Redevelopment Property Tax Trust Fund (RPTTF) and the share for the City would be about \$270,000 annually. Total savings will be approximately \$1.5 million to all the taxing agencies. Staff hopes to have bonds closed by the end of the year while rates are low, which will require a couple more meetings in 2015. A special meeting may have to be held to meet calendar requirements.

Board Member Sensibaugh asked if there was any information on the law suit. Mr. Harmon responded there has been no movement.

7	ITEMS FROM THE	ALIDICATE Name
,		

8.	ADJOURNMENT - It was moved by Board Member Maciel to adjourn at 3:52 p.m. Voice
	vote found Board Members Borwick, Khan, Maciel, Puentes-Griffith, Thomas and Chair
	Sensibaugh in favor. Board Member Miller absent.

Chair	

AGENDA ITEM 5

REQUEST

ADOPT A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY APPROVING A LONG-RANGE PROPERTY MANAGEMENT PLAN PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5

EXECUTIVE SUMMARY

State legislation implementing the dissolution of Redevelopment in California requires the disposal of all real property owned by the former Redevelopment Agency. The disposal process is to be carried out pursuant to a Long Range Property Management Plan (LRPMP) prepared by the Successor Agency and approved by the Successor Agency Oversight Board and the Department of Finance. Staff has prepared a Long Range Property Management Plan for the properties owned by the former Agency that are subject to this requirement. Staff recommends approval of the Plan.

DISCUSSION

Background

Effective February 1, 2012, the State of California dissolved redevelopment agencies through the passage of Assembly Bill X1 26 (2011) and replaced them with successor agencies responsible for the wind-down of the former redevelopment agencies. The City of Tracy City Council elected to serve as the successor agency for the former City of Tracy Community Development Agency (CDA). The actions of the Successor Agency are subject to approval of an Oversight Board. The Oversight Board is comprised of representatives of the other governmental entities that receive a share of the property tax revenues generated in the former Redevelopment Project Areas. The actions of the Oversight Board are subject to approval of the California Department of Finance (DOF).

AB 1484 (2012) made substantive changes to the dissolution process, including the disposal of former Agency assets. That legislation required the Successor Agency to prepare a Long Range Property Management Plan (LRPMP) to address the disposal of any real property. The LRPMP must be approved by the Oversight Board and DOF, followed by disposal of the real property in accordance with the law.

SB 107 (2015) made further changes and clarifications to the redevelopment dissolution statutes, the most significant of which allows the transfer of parking lots that do not generate revenue in excess of maintenance and upkeep to the City.

In On March 8, 2011, the CDA transferred all properties it held to the City. In December 2014, the State Controller's Office (SCO) conducted a review of all transactions between January 1, 2011 and January 31, 2012 and deemed the transfer of these assets to be in violation of Health and Safety (H&S) Code section 34167.5. The SCO ordered the assets should be turned over to the Successor Agency for disposition in accordance with H&S Code section 34177 (d) and (e). These assets were subsequently returned.

The LRPMP shall include:

- An inventory of all properties in the Property Trust Fund. The inventory consist of all of the following information:
 - The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.
 - The purpose for which the property was acquired.
 - o Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.
 - An estimate of the current value of the parcel including, if available, any appraisal information.
 - An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.
 - The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.
 - A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.
 - A brief history of previous development proposals and activity, including the rental or lease of property.
- Addresses the use or disposition of all of the properties in the Property Trust Fund.
 Permissible uses include the retention of the property for governmental use, the
 retention of the property for future development, the sale of the property, or the use
 of the property to fulfill an enforceable obligation. The LRPMP shall separately
 identify and list properties in the Property Trust Fund dedicated to governmental use
 purposes and properties retained for purposes of fulfilling an enforceable obligation.
- With respect to the use or disposition of all other properties, all of the following shall apply:
 - o If the LRPMP directs the use of the property for a project identified in an approved redevelopment plan, the property shall transfer to the City.
 - o If the LRPMP directs the liquidation of the property or the use of revenues generated from the property for any purpose other than to fulfill an enforceable obligation or other than that specified immediately above, the proceeds from the sale shall be distributed as property tax to the taxing entities.

Analysis

The Successor Agency owns or has an interest in various properties within the City of Tracy. Each site and the required information under AB 1484 are detailed in the LRPMP. Properties are required to be separated into one of four classifications: (1) retained for government use, (2) liquidated for enforceable obligation use, (3) retained for an approved redevelopment plan use, or (4) liquidated. The SA has no properties in categories 2 and 3. For three properties, the Successor Agency shares and undivided interest in the property with the City of Tracy. In those cases, the Successor Agency's interest is deemed to be 50%. The table below is an overview of the classification of the Successor Agencies properties:

			AE	3 1484 CI	assificatio	n
	Propert	Governmental Purpose Use	Enforceable Obligation Use	Approved Redevelopme nt Plan Use	Liquidation //Maximize Value of Proceeds Use	
Ref#	Address	Description				
1	15 W 9th St	Improved Public Parking Lot	Χ			
2	31 W 9th St	Improved Public Parking Lot	Χ			
3	41 W 9th St	Improved Public Parking Lot	Χ			
4	50 W Gillette Ally	Improved Public Parking Lot	Χ			
5	71 W 9th St	Improved Public Parking Lot	Χ			
6	918 "B" St	Improved Public Parking Lot	Χ			
7	Naglee Rd ROW	Vacant Land/Sewer	Χ			
8	Abandoned Old	Remnant Parcel 1	Χ			
9	3055 N Corral Hollow					X
10	(Parcels "A" & "B")	Park-N-Ride Lot *				Χ
	y of Tracy and Success operty interest					

Retained for Government Use: The category contains properties that the Successor Agency proposes to transfer to the City of Tracy for continued government use. This list includes six parcels that comprise most of a city block that is used for free public parking for retail, commercial and institutional customers. The remaining two parcels are comprised of a sewer easement and an abandoned right of way. The easement is necessary for the City to continue to provide services to the community and the LRPMP proposes to transfer the easement to the City. The abandoned right of way is a parcel needed by CalTrans for the future expansion of the I-205/Grant Line Rd freeway interchange. This parcel was previously transferred to the State of California. The LRPMP proposes that this transfer be ratified.

Liquidate: This category contains properties the Successor Agency proposes to liquidate through various means. Once sold, the net sales proceeds will be distributed to the other taxing entities by the County Auditor-Controller.

The most significant parcel is the one containing the current Park & Ride lot. The City and the Successor Agency share an undivided interest in this parcel and the City has been working with developers to sell the parcel. The City has entered into an Exclusive Negotiating Rights Agreement (ENRA) with a developer and have agreed to sell the approximately one-half of the parcel for its appraised value of \$550,000. Pending the approval of the LRPMP by the DOF, escrow should close on that property within 30 days. The Successor Agency and the City are currently looking for a developer for the remaining one-half of this parcel.

The remaining remnant parcel is land-locked and of little value. The Successor Agency will try to dispose of this parcel in the most efficient manner possible.

Agenda Item 5 December 1, 2015 Page 4

FISCAL IMPACT

There is no fiscal impact as a result of approval of the Long Range Property Management Plan.

RECOMMENDATION

It is recommended that the Oversight Board adopt the attached resolution approving the Long Range Property Management Plan and authorize staff to transmit the plan to the Department of Finance for Approval.

Prepared by: Robert Harmon, Senior Accountant

Reviewed by: V. Rachelle McQuiston, Administrative Services Director

Daniel Sodergren, Successor Agency Council

Approved by: Troy Brown, Executive Director

ATTACHMENTS

Attachment A – Long Range Property Management Plan



Think Inside the Triangle™

SUCCESSOR AGENCY TO THE CITY OF TRACY COMMUNITY DEVELOPMENT AGENCY

LONG-RANGE PROPERTY MANAGEMENT PLAN

November 20, 2015

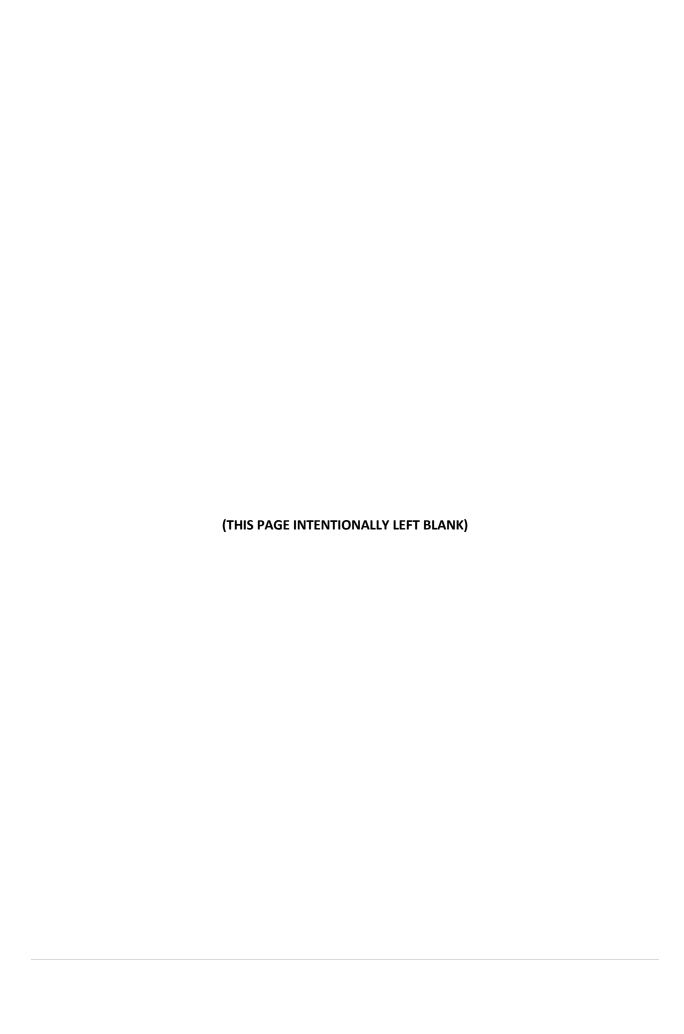


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Long Range Property Management Plan Successor Agency to the City of Tracy Community Development Agency

Introduction

As part of the dissolution process of former redevelopment agencies, State Assembly Bill 26 (ABX1 26) required successor agencies to dispose of real property assets owned by former redevelopment agencies "expeditiously and in a manner aimed at maximizing value." State Assembly Bill 1484 (AB 1484) clarified how successor agencies should dispose of these assets with direction to prepare a Long Range Property Management Plan (LRPMP) governing the disposition and use of the former Agency owned properties to be submitted to their Oversight Board and the State Department of Finance (DOF) within six months of receiving a Finding of Completion. The Successor Agency to the City of Tracy Community Development Agency (Successor Agency) has not yet received its Finding of Completion; however, the dissolution statues require that all LRPMP's be approved by the DOF no later than December 31, 2015.

Section 34191.5 of the Health and Safety Code, which was added by AB 1484, requires that the LRPMP include an inventory and site history of each of the former Agency owned properties as well as a plan for the future use or disposition of each site. AB 1484 allows for four permissible uses of the properties, including: the retention of the property for governmental use, the retention of the property for future development, the use of the property to fulfill an enforceable obligation (either through sale of the property or revenue received), or the sale of the property. SB 107 further modifies this by allowing the retention of government use parking lots.

This document is the Long Range Property Management Plan for the Successor Agency to the City of Tracy Community Development Agency and incorporates the following:

- An inventory of all properties in the Property Trust Fund. The inventory consist of all of the following information:
 - The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.
 - o The purpose for which the property was acquired.
 - o Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.
 - An estimate of the current value of the parcel including, if available, any appraisal information.

- An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.
- The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.
- A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.
- A brief history of previous development proposals and activity, including the rental or lease of property.
- Addresses the use or disposition of all of the properties in the Property Trust Fund. Permissible uses include the retention of the property for governmental use, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The LRPMP shall separately identify and list properties in the Property Trust Fund dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:
 - o If the LRPMP directs the use of the property for a project identified in an approved redevelopment plan, the property shall transfer to the City.
 - o If the LRPMP directs the liquidation of the property or the use of revenues generated from the property for any purpose other than to fulfill an enforceable obligation or other than that specified immediately above, the proceeds from the sale shall be distributed as property tax to the taxing entities.

According to Health and Safety Code 34180(f), if a city wishes to retain any properties or other assets for future redevelopment activities, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to Section 34188, for the value of the property retained.

This plan contains no properties which the City desires to retain for future development or that require negotiating a Compensation Agreement.

Summary of Property Owned by the Successor Agency

The Successor Agency owns and controls various properties within the City of Tracy. Each site and the required information under AB 1484 will be discussed in greater detail in the "Summary" matrix. For three properties, the Successor Agency shares and undivided interest in the property with the City of Tracy. In those cases, the Successor Agency's interest is deemed to be 50%. Table 1 below is an overview of the classification of the Successor Agencies properties:

Table 1

				Al	3 1484 CI	assificati	on
		Governmental Purpose Use	Enforceable Obligation Use	Approved Redevelopment Plan Use	Liquidation /Maximize Value of Proceeds Use		
Ref#	APN	Description	Address				
1	235-056-15	Improved Public Parking Lot	15 W 9th St	Х			
2	235-056-16	Improved Public Parking Lot	31 W 9th St	Х			
3	235-056-17	Improved Public Parking Lot	41 W 9th St	Χ			
4	235-056-19	Improved Public Parking Lot	50 W Gillette Ally	Х			
5	235-056-21	Improved Public Parking Lot	71 W 9th St	Χ			
6	235-056-22	Improved Public Parking Lot	918 "B" St	Х			
7	212-040-28	Vacant Land/Sewer Easement *	Naglee Rd ROW	Х			
8	212-290-44	Remnant Parcel 1	Abandoned Old Naglee Rd	Χ			
9	212-260-09	Remnant Parcel 2	3055 N Corral Hollow Rd				Х
10	212-290-39	Park-N-Ride Lot *	(Parcels "A" & "B")				Х
	of Tracy and S perty interest	Successor Agency shared					

Property Inventory

Health and Safety Code Section 34191.5 requires that the Long Range Property Management Plan include an inventory of all properties owned by the Former Community Development Agency of the City of Tracy, which are held in a Property Trust Fund. The Successor Agency to the City of Tracy Community Development Agency has possession of ten (10) parcels that were referenced in the previous section and have been included in this plan. The properties have been placed into different categories based upon the specifics of the property and approach to its disposition. Several of these parcels have been combined into a single property (e.g. parking lot) and the combined parcels are treated as a group. Exhibit B contains the specific inventory with additional relevant information.

A. <u>Properties that will be retained by the City for government purpose</u>. These properties have no commercial value and include remnant pieces, landscape areas, ROW, slope area, and properties that are governmental use, and also include parking lots. The staff recommends that these properties be conveyed to the City at no cost. There are eight (8) properties listed under this category. These have been further categorized into two groups: parking lots and remnant parcels.

City parking lots are considered governmental use and will continue to be used as such. These parking lots generate no revenue, as the City provides free downtown parking and these are dedicated solely to public parking. The City has been responsible for all maintenance, upkeep and insurance since the dissolution of the Community Development Agency.

The balance of the government use parcels are remnant parcels. Due to the roadway uses, undevelopable nature, irregular shape, and inadequate sizes of the remnant parcels, it is not possible to determine a marketable value for the parcels. The Successor Agency proposes to transfer title of these properties to the City to be used for storage or other uses.

Parking Lots

The City parking lot consists of six (6) parcels combined to form two conjoining parking lots on a single city block. The parcels were purchased both separately and in a group over a period of 18 years for the purpose of providing free parking for retail, commercial and institutional businesses. The block is bounded by 9th St, B St and Gillette Alley with commercial buildings on the remaining side (N. Central). Two residences remain, abutting into the parcel on the 9th St side. The Successor Agency proposes transferring all six (6) parcels to the City of Tracy for government use. The City intends to continue to use these properties solely as public parking lots.

- 1. 15 W 9th St (APN 235-056-15) Downtown public park parking lot which provides free public parking to commercial, retail and institutional businesses in the downtown Tracy area.
- 2. 31 W 9th St (APN 235-056-16) Downtown public park parking lot which provides free public parking to commercial, retail and institutional businesses in the downtown Tracy area.
- 3. 41W 9thSt (APN 235-056-17) Downtown public park parking lot which provides free public parking to commercial, retail and institutional businesses in the downtown Tracy area.

- 4. 50 W Gillette Aly (APN 235-056-19) Downtown public park parking lot which provides free public parking to commercial, retail and institutional businesses in the downtown Tracy area.
- 5. 71 W 9th St (APN 235-056-21) Downtown public park parking lot which provides free public parking to commercial, retail and institutional businesses in the downtown Tracy area.
- 6. 918 B St (APN 235-056-22) Downtown public park parking lot which provides free public parking to commercial, retail and institutional businesses in the downtown Tracy area.

Remnant Parcels & Easements for Public Use

The remnant parcels consist of two (2) remnants from previous redevelopment activity and are not considered feasible for further development do to their roadway uses, irregular shape, inadequate size, location and accessibility. It is not possible to determine a marketable value for the parcels.

- 7. No address listed (APN 212-040-28) This is vacant land with a sewer easement. The Successor Agency and the City of Tracy share an undivided interest in this property acquired through a condemnation and bankruptcy. The disposition of the Successor Agency's interest in this property is discussed in detail in the Discussion of Properties section on page 8.
- 8. No address listed (APN 212-290-44) Remnant parcel. This parcel was created with the abandonment of Old Naglee Rd. The parcel is both landlocked and also set-aside for the future expansion of the I-205 Naglee Rd Interchange. As such, this property has no market value is not considered developable. The Successor Agency proposes ratifying the transfer of this property to the City of Tracy and subsequently to the State of California for government use for the Interchange expansion.
- **B.** <u>Properties for Liquidation</u>. The Successor Agency proposes to liquidate several properties. Those properties are to be sold under Exclusive Negotiating Rights Agreements (ENRA), marketed through direct contact with interested parties or through the use of brokers. Proposals would be evaluated based upon acceptable development plans. There are two (2) parcels listed under this category that represent three (3) properties. The City has a negotiated sale pending on one of these properties. A second property will be sold after an appraisal is obtained. Two of these properties have an undivided interest with the City of Tracy.

9. 3055 N Corral Hollow Rd (APN 212-260-09) – Remnant parcel. This parcel is land-locked and due to the roadway uses, undevelopable nature, irregular shape, and inadequate size of this parcel, it is not possible to determine a marketable value for the parcel. The Successor Agency proposes to attempt to sell the property to an adjacent landowner.

10. Park-N-Ride Lot (APN 212-290-39):

<u>Parcel "A"</u> – This is a remnant parcel leftover from prior redevelopment activity and a Condemnation order (see APN 212-290-28). The Successor Agency and the City of Tracy share an undivided interest in the property. The parcel currently contains one-half of a Park-N-Ride commuter parking lot. The Successor Agency proposes to liquidate in coordination with the City, the Successor Agency's interest in this parcel. This property has been appraised and the City currently has an offer for the appraised value. The City has entered into an ENRA with a developer to purchase this parcel for use as a restaurant. The Successor Agency proposes to subdivide this parcel and sell Parcel "A" for the \$550,000 appraised value upon approval of this plan. If that sale cannot be fulfilled, the City and the Successor Agency propose to seek a buyer that would both maximize the value of the property and provide the most benefit to the surrounding area. Upon the sale of the parcel, the net proceeds of sales would be split equally between the Successor Agency and the City of Tracy. The Successor Agency share would be distributed to the taxing entities.

<u>Parcel "B"</u> – This is a remnant parcel leftover from prior redevelopment activity and a Condemnation order (see APN 212-290-28). The Successor Agency and the City of Tracy share an undivided interest in the property. The parcel currently contains a Park-N-Ride commuter parking lot. The Successor Agency proposes to subdivide this parcel and liquidate in coordination with the City, the Successor Agency's interest in Parcel "B" which contains one-half of the Park-N-Ride lot. Because of the commercial nature of this parcel and the surrounding area, the City and the Successor Agency propose to seek a buyer that would both maximize the value of the property and provide the most benefit to the surrounding area. Upon the sale of the parcel, the net proceeds of sale would be split equally between the Successor Agency and the City of Tracy. The Successor Agency share would be distributed to the taxing entities.

Discussion and Disposition of Properties

In researching each specific parcel, and in discussion with City staff, several abnormalities, ambiguities and peculiarities have surfaced regarding specific properties. This section discusses

each property, which may be a group of multiple parcels, the property history, where significant, specific issues with that property, and staff recommendations on the resolution and disposition of the property.

Parking Lots (Properties 1 – 6)

APN 235-056-15, APN 235-056-16, APN 235-056-17, APN 235-056-19, APN 235-056-21, APN 235-056-22

The CDA acquired six (6) mostly contiguous parcels (Table 1) between 1990 and 2004 which comprise the majority of a city block. These properties, taken as a whole, comprise the largest city-owned parking lot in the Downtown Business Improvement District. The purpose was to acquire properties to provide free parking for retail, commercial and institutional customers in an area immediately adjacent to shopping, restaurants and financial institutions in an effort to revitalize the downtown area. Parking is unmetered so these do not generate any revenue.

Disposition – These properties will be transferred to the City of Tracy for continued Government Use.

Remnant - Old Naglee Rd (APN 212-290-44)

This parcel represents "Old Naglee Rd" which was abandoned by the City for the development of the Grant Line Rd/Naglee Rd I-205 Freeway Interchange. This parcel is needed by CalTrans for the future expansion of this interchange. The parcel is essentially land-locked and had been excluded from any development plans due to its planned use as a future freeway interchange right-of-way.

On September 28, 2012, following the transfer of the Property to the City and prior to the State Controller's Office (SCO) audit of the Other Funds and Accounts Due Diligence Review (OFADDR). This property was transferred to the State of California for the purpose outlined above. In the SCO audit, the City was ordered to return all properties transferred to the City.

Disposition – Ratify the transfer of the property to the City and the City's subsequent transfer to the State of California for Government Use and authorize staff to prepare any necessary documents ratifying said transfers.

Remnant - 3055 Corral Hollow Rd (APN 212-260-09)

This is a remnant parcel leftover from a ROW access purchase for the I-205 freeway. The parcel is land-locked and, due to the roadway uses, undevelopable nature, irregular shape, and inadequate size of this parcel, it is not possible to determine a market value for the parcel. This property could have value in the future if a) one of the adjoining property owners is willing to purchase it, or b) future development occurs in this area.

Disposition – Liquidate the parcel to an adjacent landowner or offer to highest bidder with the net proceeds of sale to be disbursed to the local taxing agencies.

APN 212-040-28

In September 1996, The City of Tracy and the CDA were awarded joint title through a Final Order of Condemnation (FOC) from the U.S. Bankruptcy Court, Eastern District of California Case No. 92-94652-A-11. The Successor Agency believes that this FOC awarded both title to real property through the reference to APN 212-040-28 and to a sewer easement across said real property.

The legal description in the attached order had been interpreted by City staff and is attached as Exhibit D. Staff believes that this covers an area between the newly aligned Naglee Rd and several parcels that the CDA previously owned or currently owns, more specifically, the Park & Ride lots. However, prior to the Final Order of Condemnation, this property was subdivided into multiple parcels and this specific APN no longer existed.

With the exception of the Park & Ride lot, City staff does not believe that there is any remaining property contained in this order that has not been addressed elsewhere in the report or has not been disposed of the former CDA.

Park & Ride Parcel

The CDA and the City acquired APN 212-290-39 in 1994 as part of the overall I-205/Naglee Rd redevelopment. This parcel was subsequently improved as a Park & Ride lot due to its proximity to the I-205/grant Line Rd freeway Interchange. The CDA planned future development as the area built-out. As of this date, the parcel remains a Park & Ride commuter lot.

As the area built out and the value of the property increased, the City began exploring commercial uses for this parcel and subsequently entered into an Exclusive Negotiating Rights Agreement (ENRA) for approximately one-half of the

parcel, deemed Parcel "A".

In January 2015, the City had the parcel appraised and has since been working with a development interest on the acquisition of the parcel. The City has proposed dividing the parcel into Parcel "A" and Parcel "B" as it determined that this would provide maximum value in an expeditious manner while supporting the City's planning objectives for the area. As title is vested in both the City of Tracy and the former CDA, the City has taken the lead in developing and liquidating the property.

Parcel "A" has been appraised for \$550,000 and the city has a sale pending for this property, subject to final approval and authorization to execute the transfer pursuant to this plan.

The City and the Successor Agency believe that Parcel "B" can be sold in an expeditious manner through an ENRA and has some interested parties. By using an ENRA, the value of the parcel can be maximized while supporting the planning and redevelopment objectives of the City. The property could also be auctioned; however, while an auction would be faster, it is unlikely to maximize the value of the property.

Disposition – In order to maximize value and provide for the most expeditious liquidation of the property, the disposition of APN 212-290-39 is being addressed in multiple parts:

- Parcel Split City staff, at the direction of the Successor Agency, will separately transfer Parcel "A" comprising approximately 42% and Parcel "B" comprising approximately 58% of APN 212-290-39.
- Parcel "A" Parcel "A" has a negotiated sale pending for the appraised value
 of \$550,000 and will be sold by the City and Successor Agency. As the City
 and the Successor Agency have an undivided interest in the property, the net
 sales proceeds will be split equally between both entities with the Successor
 Agency share distributed to the local taxing agencies.
- Parcel "B" The City, acting in coordination with the Successor Agency, shall seek to enter into an ENRA agreement with a qualified developer to maximize the value of parcel and the subsequent sale of the parcel at or near its appraised value. As the City and the Successor Agency have an undivided interest in the property, the sales net proceeds will be split equally between both entities with the Successor Agency share distributed to the local taxing

agencies.

• <u>Sewer Easement</u>

As discussed in APN 212-040-28 above, the CDA and the City received title to a sewer easement. This easement is critical for the City to provide utility services to the area and is vital to the health and safety of the community.

Disposition – Transfer title of the Successor's interest in the sewer easement to the City of Tracy for continued Government Use.

Environmental Remediation

Health and Safety Code Section 34191.5 requires that the Long Range Property Management Plan include any environment contamination studies and/or remediation and designation of a brownfield site. None of the properties in this plan have any history of environment contamination or remediation or have been designated as a brownfield site.

EXHIBIT A

LEGAL DESCRIPTIONS OF THE PROPERTIES

Summary of Parcels

<u>Parcel</u>	APN	SITUS ADDRESS	<u>ACRES</u>	DESCRIPTION
1	235-056-15	15 W 9th St	0.373	Improved as Downtown Parking
2	235-056-16	31 W 9th St	0.162	Improved as Downtown Parking
3	235-056-17	41W 9thSt	0.155	Improved as Downtown Parking
4	235-056-19	50 W Gillette Aly	0.057	Improved as Downtown Parking
5	235-056-21	71 W 9th St	0.186	Improved as Downtown Parking
6	235-056-22	918 B St	0.373	Improved as Downtown Parking
7	212-040-28	None Listed	9.880	Land/Sewer Easement
8	212-290-44	None Listed	0.759	Remnant Parcel/Old Naglee Rd
9	212-260-09	3055 N Corral Hollow Rd	0.461	Remnant Parcel
10a	212-290-39	None Listed	1.154	50% Interest in Park & Ride Lot (Parcel "A")
10b	212-290-39	None Listed	1.626	50% Interest in Park & Ride Lot (Parcel "B")

PARCEL 1 (235-056-15) (Figure 1):

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF TRACY, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOTS 14, 15 16 AND 17, BLOCK 58, AS SHOWN AND SO DESIGNATED ON THE OFFICIAL MAP OR. PLAT THEREOF FILED FOR RECORD ON JUNE 29, 1892 IN VOLUME 2 OF MAPS AND PLATS, AT PAGE 63 OF THE SAN JOAQUIN COUNTY RECORDS.

PARCEL 2 (235-056-16) (Figure 1):

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF TRACY, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

LOT 13, E. 16 2/3 OF LOT 12, IN BLOCK 58, AS SHOWN UPON THAT CERTAIN MAP ENTITLED "MAP OF THE TOWN OF TRACY" FILED FOR RECORD ON JUNE 29, 1892, IN VOLUME 2 OF MAPS AND PLATS, AT PAGE 63 OF THE SAN JOAQUIN COUNTY RECORDS.

PARCEL 3 (235-056-17) (Figure 1):

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF TRACY, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THE EAST 8 1/3 FEET OF LOT 10, AND THE WEST 8 1/3 FEET OF LOT 12, IN BLOCK 58, AS SHOWN UPON THAT CERTAIN MAP ENTITLED "MAP OF THE TOWN OF TRACY" FILED FOR RECORD ON JUNE 29, 1892, IN VOLUME 2 OF MAPS AND PLATS, AT PAGE 63 OF THE SAN JOAQUIN COUNTY RECORDS.

PARCEL 4 (235-056-19) (Figure 2):

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF TRACY, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THE NORTHERLY 50 FEET OF EACH LOTS 7 AND 8 IN BLOCK 58 SHOWN ON THE OFFICIAL MAP OR PLAT THEREOF FILED FOR RECORD ON JUNE 29, 18921N VOLUME 2 OF MAPS AND PLATS, AT PAGE 63 OF THE SAN JOAQUIN COUNTY RECORDS.

PARCEL 5 (235-056-21) (Figure 2):

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF TRACY, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THE EAST 8 1/3 FEET OF LOT 10, AND THE WEST 8 1/3 FEET OF LOT 12, IN BLOCK 58, AS SHOWN UPON THAT CERTAIN MAP ENTITLED "MAP OF THE TOWN OF TRACY FILED FOR RECORD ON JUNE 29, 1892, IN VOLUME 2 OF MAPS AND PLATS, AT PAGE 63 OF THE SAN JOAQUIN COUNTY RECORDS.

PARCEL 6 (235-056-22) (Figure 3):

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF TRACY, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

LOTS 1, 2, 3 AND 41N BLOCK 58 AS SHOWN AND SO DESIGNATED ON THAT CERTAIN MAP ENTITLED "MAP OF THE TOWN OF TRACY" FILED FOR RECORD ON JUNE 29, 18921N VOLUME 2 OF MAPS AND PLATS, AT PAGE 63 OF THE SAN JOAQUIN COUNTY RECORDS.





Figure 1 - 15, 31 & 41 W 9th St.



Figure 2 - 71 W 9th St & 818 B St



Figure 3 - 50 W Gillette Ally

PARCEL 7 (212-040-28):

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF TRACY, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THAT PORTION OF LOT 39 OF THE NAGLEE BURK TRACT IN THE CITY OF TRACY, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, AS PER MAP RECORDED IN VOLUME 5, PAGE 18, OF BOOK OF MAPS AND PLATS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING at the intersection of the westerly line of said Lot 39 and the northerly line of Naglee Road as described as Parcel 5 in the Final Order of Condemnation recorded September 26, 1969 in Book 3338, Page 327, of Official Records in said office of the County Recorder, thence along said westerly line N. 0°02'45' W, 396.84 feet to the beginning of a curve concave to the southeast having a radius of 661.00 feet; thence leaving said line from a tangent line bearing N.58°01'49" E., northeasterly 184.30 feet along said curve through a central angle of 15°58'30"; thence N. 74°00'19" E, 405.89 feet to the beginning of a curve concave to the northwest having a radius of 539.00 feet; thence northeasterly 17.25 feet along said curve through a central angle of 1°50′00" to the beginning of a curve concave to the northwest having a radius of 35.00 feet; thence northerly 62.02 feet along said curve through a central angle of 101°31'52"; thence N. 29°21'33" W., 50.62 feet; thence N. 60°38'27" E, 134.50 feet; thence S. 29°21'33" E., 50.00 feet to the beginning of a curve concave to the north having a radius of 35.00 feet; thence easterly 62.23 feet along said curve through a central angle of 101°52'46" to the beginning of a curve concave to the northwest having a radius of 539.00 feet; thence easterly 180.50 feet along said curve through a central angle of 19°11'12" to the southerly line of Parcel B as per map recorded in Book 19, Page 122 of Surveys in the office of said County Recorder; thence along said line N. 89°57'15" E., 141.84 feet to the beginning of a Curve concave to the northwest having a radius of 666.00 feet; thence leaving said line from a tangent line bearing S. 23°31'57" W. southwesterly 306.71 feet along said curve through a central angle of 26°23'12" to Point A; thence on a non-tangent line S. 11°'06'19" W., 43.87 feet; thence S. 27°41'51" E. 176.30 feet to the beginning of a curve concave to the northeast having a radius of 314.96 feet; thence southeasterly 20.20 feet along said curve through a central angle of 3°40'30" to said northerly line of Naglee Road the beginning of a curve concave to the northwest having a radius of 570.00 feet; thence along said line from a tangent line bearing S. 35°32'38" W., southwesterly 345.3 feet along said curve through a central angle of 34°42'42"; thence S. 70°15'20" W., 405.62 feet to the beginning of a curve concave to the north having a radius of 570.00 feet; thence westerly 200.21 feet along said curve through a central angle of 20°07'30'"; thence N. 89°37'10" W., 72.10 feet to the point of beginning.

Containing an area of 430,263 square feet (9.58 acres) more or less

PARCEL 8 (212-290-44) (Figure 6):

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF TRACY, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

A PORTION OF LOT 39 OF THE NAGLEE BURK TRACT IN THE RANCHO EL PESCADERO ACCORDING TO THE OFFICIAL MAP, FILED IN VOLUME 5 OF MAPS AND PLATS, AT PAGE 18 OF THE SAN JOAQUIN COUNTY RECORDS AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL THAT PARCEL THAT IS SHOWN AND DESCRIBED AS ASSESSOR'S PARCEL NUMBER 212-290-44.

PARCEL 9 (APN 212-260-09):

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF TRACY, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THAT PORTION OF LOTS 39 AND 40 OF NAGLEE BURK TRACT PER MAP FILED IN BOOK 5 OF MAPS AND PLATS, AT PAGE 18, OF THE SAN JOAQUIN COUNTY RECORDS, DESCRIBED AS FOLLOWS:

CONTAINING MORE OR LESS 2.78 ACRES (121,096 SQUARE FEET)

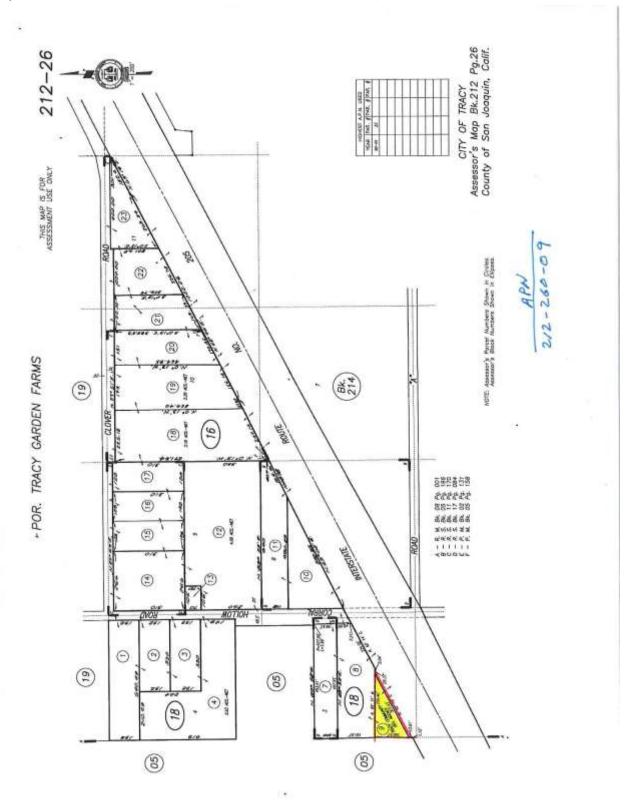
PARCEL 10 (APN 212-290-39) (Figures 4, 5):

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF TRACY, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

A PORTION OF LOT 39 OF THE NAGLEE BURK TRACT IN THE RANCHO EL PESCADERO ACCORDING TO THE OFFICIAL MAP, FILED IN VOLUME 5 OF MAPS AND PLATS, AT PAGE 18 OF THE SAN JOAQUIN COUNTY RECORDS AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL THAT PARCEL THAT IS SHOWN AND DESCRIBED AS ASSESSOR'S PARCEL NUMBER 212-290-39.

THAT CERTAIN REAL PROPERTY AS IDENTIFIED AS PARCEL 09 OF ASSESSOR'S MAP BOOK 212, PAGE 26, COUNTY OF SAN JOAQUIN.



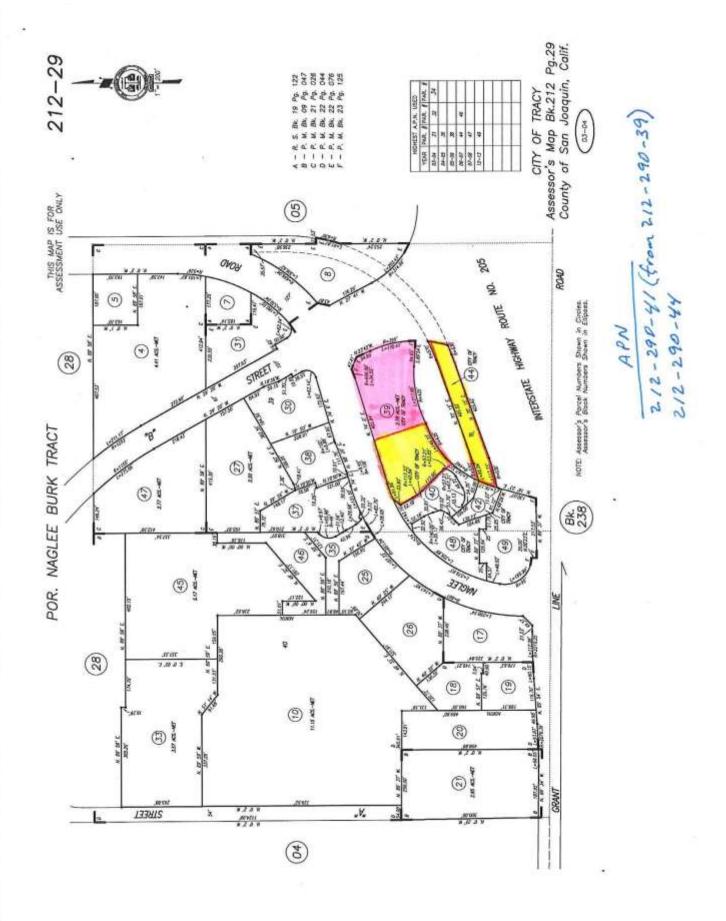




Figure 4 - Park-N-Ride (Entrance view)



Figure 5 - Park-N-Ride (Street view)



Figure 6 - Remnant Parcel



Exhibit B – Department of Finance LRPMP Inventory

	Property No.	1	2	3	4	5	6	7	8	9	1	0	
1100 24404 5	Address or Description	15 W 9th St	31 W 9th St	41 W 9th St	50 W Gillette Ally	71 W 9th St	918 N B St	Sewer Easement	Old Naglee Rd	3055 N Corral Hollow Rd	Park & Ride Parcel "A"	Park & Ride Parcel "B"	
HSC 34191.5 (c)(1)(C)	APN	235-056-15	235-056-16	235-056-17	235-056-19	235-056-21	235-056-22	212-040-28	212-290-44	212-260-09	212-290-41 from 212-290-39	212-290-39 (Remainder)	
	Property Type			Improved Pu	ıblic Parking			Public Utility Easement	Remnan	t Parcel	Vacant L	.ot/Land	
	Permissible Use				Governme	ntal Use				:	Sale of Property		
HSC 34191.5 (c)(2)	N//									Distribute to undivided interest between Taxing Successor Agency & City of Tracy; Distribute 50% shall to Taxing Entities			
	Permissible Use Detail		Transfer propert	y to City of Tracy f	or Government Us	e (Parking Lots)			erty to City of vernment Use	Liquidate property for taxing entities			
	Acquisition Date	09/30/2004	09/30/2004	09/30/2004	03/29/2007	07/10/1990	7/25/1990	9/3/1996	10/25/1994	05/24/1995	10/25/1994	10/25/1994	
HSC 34191.5 (c)(1)(A)	Value at Time of Acquisition		976,000		70,000	540,000	750,000	0	0	0	0	0	
(-)(-)(:-)	Estimated Current Value	3,422,470							0	0	550,000	600,000	
	Date of Estimated Current Value			06/30	0/15			06/30/2015	06/30/15	06/30/2015	01/23/2015	10/01/2015	
	Estimated Current Value Basis			Во	ok			Book	Book	Book	Appraised	Staff Estimate	
SALE OF PROPERTY	Proposed Sale Value			C)			0	0	0	550,000	600,000	
(If applicable)	Proposed Sale Date				N/A	N/A	06/30/2016	01/01/2016	01/01/2017				
HSC 34191.5 (c)(1)(B)	Purpose for which property was acquired		Public Parking Sewer line easement parcel from Condemnation									Remnant parcel from Condemnation	
USC 24101 F	Lot Size	0.373	0.162	0.155	0.057	0.186	0.373	9.88	0.709	0.461	1.154	1.154	
HSC 34191.5 (c)(1)(C)	LUC SIZE	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	
(5)(1)(6)	Current Zoning			Go	v't			Unknown	Unknown	Unknown	PUD/Freeway	/ Commercial	

	Property No.	1	1 2 3 4 5 6					7	8	9	1	0
HSC 34191.5 (c)(1)(D)	Estimate of Current Parcel Value				0	0	0	0	550,000	550,000		
HSC 34191.5	Annual Estimate of Income/Revenue		\$0 - the C	ity of Tracy provic	les free, unmetered	0	0	0	0	0		
(c)(1)(E)	Are there any contractual requirements for use of income/revenue?			Ν	No	No	No	No	No	No		
HSC 34191.5 (c)(1)(F)	Has there been historic environmental contamination, studies, and/or remediation, and designation as a brownfield site for the property?	No	No	No	No	No	No	No	No	No	No	No
HSC 34191.5	Does the property have the potential as a transit oriented development?			N	No			No	No	No	No	No
(c)(1)(G)	Were there advancements to the successor agency's planning objectives?	Yes							No	No	Yes	Yes
HSC 34191.5 (c)(1)H)	Does the property have a history of previous development proposals and activity?		No						No	No	Yes	Yes

Property No.	1	2	3	4	5	6	7	8	9	10
Other Property Info							Sewer easement and narrow band of property acquired through condemnation & bankruptcy. The City and the Successor Agency have an undivided interest in the property.	This parcel created from the split of 212-290-44 which was originally acquired through condemnation proceedings during the construction of the I-205/Grant line Rd Interchange project. Abandoned 'Old Naglee Rd'. CalTrans requires this property for the future expansion of the I-205/Grant Line Rd expansion project.	Parcel is a land-locked remnant left over from the I-205/Grant Line Rd Interchange project.	These parcels created from split of 212-290-44 which were all originally acquired through condemnation proceedings during the construction of the I-205/Grant Line Rd Interchange project. The City and the Successor Agency have an undivided interest in the property.

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11. Sec. 1

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GARY R. RINEHART, SBN 34787 TODD A. AMSPOKER, SBN 111245 RINEHART & AMSPOKER 2201 Broadway, Suite 805 Oakland, California 94612 Telephone: (510) 763-5100

FILED

SEP J 1996

Attorneys for plaintiffs City of Tracy and Tracy Community Development Agency

Deptor.

CITY OF TRACY and TRACY COMMUNITY

Plaintiffs

Defendants.

"Fit. U.S. Bonksupter Coo-

UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT OF CALIFORNIA (MODESTO DIVISION)

In re

12 M.Y. ASSOCIATES, INC. dba Y.M. ASSOCIATES, 13

DEVELOPMENT AGENCY,

14

THE RESERVE AND ADDRESS.

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M. Y. ASSOCIATES, et al., 19

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92-94652-A-11

Adversary Proceeding No. 96~9044-A

FINAL CROSE OF

CONDENNATION

Pursuant to the Stipulation for Judgment and Judgment entered in this proceeding;

IT IS HEREBY ORDERED AND ADJUDGED that the real property situated in the County of San Joaquin, State of Californic, and more particularly described in Exhibit "A", attached horeto and made a part hereof, be condemned to Plaintiff in fee simple absolute.

96100070

RECORDER COUNTY CLEAK JAHES H. INWIGTOUR

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exemp

City of Tracy Return to:

Recording Requested By:

TODD A. AMSPOKER
RINEHART & AMSPOKER
2201 Brosdway, Suite 805
Oakland, CA 94612

Attorneys for City of Tracy

Document Titla(a)

FINAL ORDER OF CONDEMNATION

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IT IS FURTHER ORDERED AND ADJUDGED that a certified copy of this Order be recorded in the office of the Recorder of San Joaquin County, State of California, and thereupon title to said property described in Exhibit "A" shall vest in Plaintiff in fee simple absolute and all interest of Defendants M.Y. ASSOCIATES, INC., dba Y.M. ASSOCIATES, GEORGE PADIS, JOSEPHINE PADIS, GEORGE KASTELANIDES and his spouse, DONALD H. VALLEY, MARY J. POMBO. JOYCE DONALDSON, individually and as trustee, ALICE E. BURROWS, BETTY ROSE MATTOS, ALFRED P. POMBO. MABEL POMBO, VIRGINIA P. ADEL, trustee, DAMON R. POMBO, PAULINE POMBO, ISABEL L. MATTOS, KING, SHAPIRO, MITTELMAN & DUCHMAN, MILLER, STARR & REGALIA, ANGELO TSAKOPOULOS, FRUSA CHRISTOPHER, PEELLE PINANCIAL CORPORATION, ALL-AMERICAN FORECLOSURE SERVICE, MICHAELIDES aka YIANHI Y. MICHAEL, JEAN MICHAELIDES, CALIFORNIA TRUST DEEDS, INC., THE JONATHAN GROUP, FIRST AMERICAN TITLE COMPANY, TRACY 19.6, a California general partnership, ANDREW GIANULIAS, JULIE GIANULIAS, GUS GIANULIAS shall and terminated.

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IT IS FURTHER ORDERED AND ADJUDGED that the underground sewer easement more particularly described in Exhibit "B" attached hereto and made a part hereof be condemned to Plaintiff and as against Defendants M.Y. ASSOCIATES, INC., dba Y.M. ASSOCIATES, GEORGE PADIS, JOSEPHINE PADIS, GEORGE KASTELANIDES and his spouse, DOMALD H. VALLEY, MARY J. POMBO, JOYCE DONALDSON, individually and as trustee, ALICE E. BURROWS, BETTY ROSE MATTOS, ALFRED P. POMBO, MABEL POMBO, VIRGINIA P. ABEL, trustee, DAMON R. POMBO, PAULINE POMBO, ISABEL L. MATTOS, KING, SHAPIRO, MITTELMAN & BUCHMAN, MILLER, STARR & REGALIA, ANGELO TSAKOPOULOS, PROSA



96100070 (

CHRISTOPHER, PEELLE FINANCIAL CORPORATION, ALL-AMERICAN FORECLOSURE SERVICE, YIANNI Y. HICHAELIDES aka YIANNI Y. MICHAEL, JEAN MICHAELIDES, CALIFORNIA TRUST DEEDS, INC., THE JONATHAN GROUP, FIRST AMERICAN TIPLE COMPANY, TRACY 19.6, a California general partnership, ANDREW GIANULIAS, JULIE GIANULIAS, and GUS GIANULIAS.

Dated: 3 Sept. 1996

JUDGE OF THE UNITED STATES BANKRUPTCY COURT

This is to cardly copy of the origin at the undersigned Bunkrupe, Such A. Dankrupe, Such A. Dankrupe,

Dated: 9-2396Michael S. McManus Bankruptcy Judge

Doputy Clerk

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96100070 ()

LEGAL DESCRIPTION SANITARY SEWER EASEMENT

A 20 FOOT WIDE SANITARY SEWER EASEMENT SITUATE IN THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEING A PORTION OF LOT 39 OF THE NAGLEE BURK TRACT IN THE RANCHO EL PESCADERO AS SHOWN ON THE HAP FILED MARCH 7 1911 IN VOLUME 5 AT PAGE 18 OF OFFICIAL MAPS AND FLATS OF SAN JOAQUIN COUNTY AND BEING ALSO A PORTION OF THE LANDS OF M.Y ASSOCIATES, INC. AS DESCRIBED IN THE GRANT DEED SERIES 88-088612 OF OFFICIAL RECORDS OF SALD COUNTY AND MORE PARTICULARLY DESCRIBED AS FOLLOWS;

COMMENCING AT A POINT ON THE EASTERLY LINE OF LOT 19 OF SAID NAGLEE BURK TRACT BEING MARKED UPON THE GROUND BY AN 3/4" IRON PIPE AS SHOWN ON THE RECORD OF SURVEY MAP FILED AUGUST 28 1969 IN BOOK 19 OF SURVEYS AT PAGE 122 OF OFFICIAL RECORDS OF SAN JOAQUIN COUNTY FROM WHICH THE NORTHEAST CORNER OF LOT JEA OF SAID NAGLEE BURK TRACT BEING MARKED UPON THE GROUND BY A SPIKE WITH CHISELED CROSS AS SHOWN ON SAID RECORD OF SURVEY BEARS NORTH 00°Z8'17" WEST 4588.84 FEET; THENCE FROM SAID POINT OF COMMENCEMENT COINCIDENT WITH THE CENTERLINE OF NAGLEE ROAD AND BEING ALSO THE EASTERLY LINE LOT 19 OF SAID NAGLEE BURK TRACT NORTH 00°28'17" WEST 875.77 FEET; THENCE SOUTH 89*31'43" WEST 36.00 FEET TO THE NORTHEASTERLY CORNER OF PARCEL"B" AS SHOWN ON SAID RECORD OF SURVEY; THENCE COINCIDENT WITH THE MORTHEALY LINE OF SAID PARCEL "B" SOUTH 89-31.43" WEST 264.00 FEET TO THE NORTHWESTERLY CORNER OF SAID PARCEL "B"; THENCE COINCIDENT WITH THE NORTHERLY LINE OF PARCEL "A" AS SHOWN ON SAXD RECORD OF SURVEY SOUTH 89°31'43" WEST 685.09 FEET TO THE POINT OF BEGINNING: THENCE FROM SAID POINT OF BEGINNING COINCIDENT WITH SAID NORTHERLY LINE NORTH 89°31'43" EAST 30.85 FEET; THENCE SOUTH 49.07'16" WEST 141.52 FEET TO THE WESTERLY LINE OF LOT 39 OF SAID NAGLEE BURK TRACT SAID COURSE BEING PARALLEL AND DISTANT 85.00 FEET FROM THE CENTERLINE OF THE SOUTHERLY TRANSMISSION LINE TOWERS AS THEY NOW EXIST; THENCE COINCIDENT WITH SAID WESTERLY LINE NORTH 00"28'17" WEST 26.27 FEET; THENCE NORTH 49"07'16" EAST 101.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 2,425 SQUARE FEET OR 0.056 ACRES MORE OR LESS.

END OF DESCRIPTION

file is: c:\tracy\plats\legaldsc parcel: m.y. associates - see apn 212-040-28

EXHIBIT H

1.00

96100070

City of Tracy County of San Joaquin A.P. No. 212-040-28 M.Y. Associates, et al

Legal Description

That portion of Lot 39 of the Naglee Burk Tract in the City of Tracy, County of San Joaquin, State of California, as per map recorded in Volume 5, Page 18, of Book of Maps and Plats in the office of the County Recorder of said County, described as follows:

BEGINNING at the intersection of the westerly line of said Lot 39 and the northerly line of Naglee Road as described as Parcel 5 in the Final Order of Condemnation recorded September 26, 1969 in Book 3338, Page 327, of Official Records in said office of the County Recorder; thence along said westerly line N. 0°02'45" W., 396.84 feet to the beginning of a curve concave to the southeast having a radius of 661.00 feet; thence leaving said line from a tangent line bearing N. 58°01'49" E., northeasterly 184.30 feet along said curve through a central angle of 15°58"30"; thence N. 74°CO"19" E., 405.89 feet to the beginning of a curve concave to the northwest having a radius of 539.00 feet; thence northeasterly 17.25 feet along said curve through a central angle of 1°50'00" to the beginning of a curve concave to the northwest having a radius of 35.00 feet; thence northerly 62.02 feet along said curve through a central angle of 101°31'52"; thence N. 29°21'33" W., 50.62 feet; thence N. 60°38'27" E., 134.50 feet; therece S. 29°21'33" E., 50.00 feet to the beginning of a curve concave to the north having a radius of 35.00 feet; thence easterly 62.23 feet along said curve through a central angle of 101°52'46" to the beginning of a curve concave to the northwest having a radius of 539.00 feet, thence easterly 180.50 feet along said curve through a central angle of 49°11°12" to the southerly line of Parcel B as per map recorded in Book 19, Page 122 of Surveys in the office of said County Recorder, thence along said line N. 89°57'15" E., 141.84 feet to the beginning of a curve concave to the northwest having a radius of 666.00 feet thence leaving said line from a tangent line bearing S. 23°31'57" W. southwesterly 306.71 feet along said curve through a central angle of 26°23'12" to Point A; thence on a non-tangent line S. 11-06'39" W., 43.87 feet; thence S. 27°41'51" E., 176.30 feet to the beginning of a curve concave to the northeast having a radius of 314.96 feet; thence southeasterly 20.20 feet along said curve through a central angle of 3°40'30" to said northearly line of Nagice Road the beginning of a curve concave to the northwest having a radius of 570,00 feet; thence along said line from a rangent line bearing S. 35°32'38" W., southwesterly 345.32 feet along said curve through a central angle of 34°42'42"; thence S. 70°15'20" W., 405.62 feet to the beginning of a curve concave to the north having a radius of 570,00 feet; thence westerly 200.21 feet along axid curve through a central angle of 20°07'30"; thence N. 89°37'10" W., 72.10 feet to the point of beginning.

Containing an area of 430,263 square feet (9.38 acres) more or less.



 σ

96100070



This convoyance is made for the purpose of a freeway and the grantor hereby releases and relinquishes to the grantee any and all abutter's rights of access, appurtenant to grantor's remaining property, in and to said freeway over and across the following courses:

Beginning at the above-described Point A; thence S. 11°06'39"W., 43.87 feet; thence S. 27°41'51" E., 176.30 feet to the beginning of a curve concave to the northeast having a radius of 314.96 feet; thence southeasterly 20.20 feet along said curve through a central angle of 3°40'30" to said northerly line of Naglee Road, the point of termination.

The bearings and distances used are on the California Coordinate System of 1983, Zone 3. Multiply distances used by 1.0000675 to obtain ground level distances.

This real property description has been prepared by sne, or under my direction, in conformance with the Professions' Land Surveyors Act.

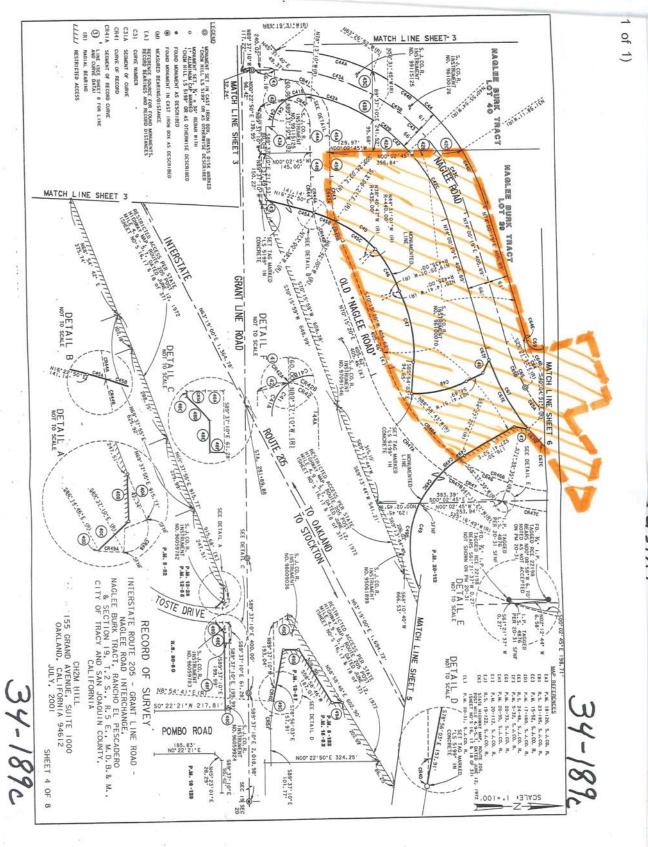
Robert Ray Vaugim LS 5199

72-4-75

Date

MAY AND SUPPLIES OF CALLED

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The plot of APN 212-040-28's legal description as shown in the Final Order of Condemnation was interpreted by City staff. This has not been surveyed and is believed to be an accurate visualization of the Legal description of APN 212-040-28 but no warranty is express or implied.

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RECORDING REQUESTED BY:

CITY OF TRACY

When Recorded Mail To: City of Tracy Office of the City Clerk 333 Civic Center Plaza Tracy, CA 95376 ATTN: Carole Fleischmann Doc #: 2012-126277
09/28/2012 08:49:08 AM
Page: 1 of 5 Fee: \$0
Kenneth W Blakemore
San Joaquin County Recorders
Paid By: SHOWN ON DOCUMENT

Space above this line for Recorder's Use

QUITCLAIM DEED

APN 212-290-44

District	County	Route	Post Mile	Number
10	SJ	205	5.3	16585-1

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, CITY OF TRACY, a municipal corporation,

does hereby remise, release, and quitclaim to the STATE OF CALIFORNIA, all of its rights, title, and interest in the following described real property in the City of Tracy, County of San Joaquin, State of California, as described in Exhibit "A" and "B", attached hereto and made a part hereof.

SEE

ATTACHED

LEGAL DESCRIPTION

for

"OLD NAGLEE ROAD" APN 212-290-44 IN WITNESS WHEREOF, said corporation has caused its corporate name to be hereunto subscribed and its corporate seal to be affixed hereto, this 20 ± 6 day of 560 ± 60

Number	
16585-1	

20 <u>/2</u> .	
CITY OF TRACY BULL BULL BULL BULL BULL BULL BULL BUL	Date: 9(20(12
By: Brent ives Title: City Mayor	
Attest: By: Sandra Edwards Title: City Clerk	Date: 9-20-12-
	[CORPORATE SEAL]
State of California County of San Jaquin Ss	ACKNOWLEDGMENT
-	name and title of the officer)
On 9/20/12 before me, Sharon K. Davi	5 Notary Public personally
appeared Brent H. Ives	
	, who proved to me on the basis
of satisfactory evidence to be the person(s) whose name((s) is/are subscribed to the within instrument and acknowledged
to me that he/she//they executed the same in his/her/their	authorized capacity (ies), and that by his/bet/thetir signature(s) on
the instrument the person(s), or the entity upon behalf of v	which the person(x) acted, executed the instrument.
I certify under PENALTY OF PERJURY under the laws of	the State of California that the foregoing paragraph is true and
correct.	***************************************
WITNESS my hand and official seal.	SHARON K. DAVIS Commission # 1943769 Notary Public - California San Joaquin County
Signature Shorm X. Dayis	My Comm. Expires Jul 11, 2015 (Seal)
(pursuant to Government Code Section 27281), hereb the within deed and consents to the recordation there IN WITNESS WHEREOF, I have hereunto set my hand This <u>27⁺ⁿ</u> day of <u>Suptember</u> , 20 <u>12</u> .	MALCOM DOUGHERTY Acting Director of Transportation By Alan A Pangon Attorney in Fact
SHARON A. PAR	SONS

RIGHT OF WAY ACQUISITIONS CHIEF E-2

Form RW 6-1(D) (Revised 01/08)

EXHIBITNi²¹²**A**⁹⁰⁻⁴⁴ Page ___ of 2

"LEGAL DESCRIPTION
"OLD NAGLEE ROAD"
212-290-44

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF TRACY, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

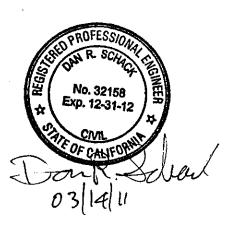
A PORTION OF LOTS 39 AND 40 OF NAGLEE BURK TRACT ACCORDING TO THE OFFICIAL MAP THEREOF, FILED IN VOLUME 5 OF MAPS AND PLATS, PAGE 18, SAN JOAQUIN COUNTY RECORDS AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

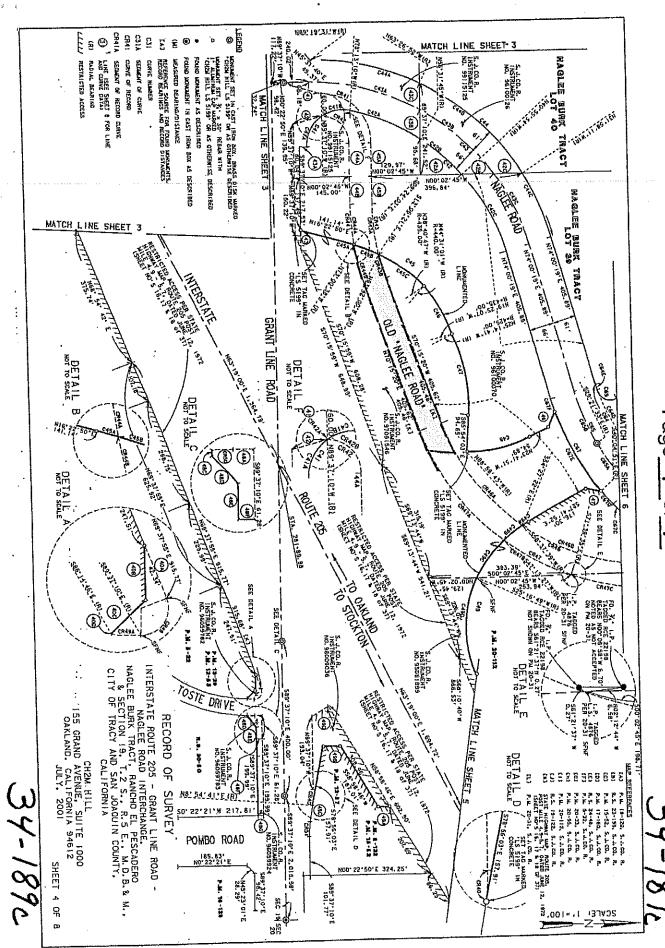
COMMENCING AT THE SOUTHEAST CORNER OF PARCEL A, AS SHOWN ON THAT CERTAIN PARCEL MAP, FILED FOR RECORD JULY 13, 2005 IN BOOK 23 OF PARCEL MAPS, AT PAGE 125, SAN JOAQUIN COUNTY RECORDS; THENCE NORTH 16 DEGREES 22 MINUTES 50 SECONDS EAST, ALONG THE EASTERLY LINE OF SAID PARCEL A AND PARCEL C OF SAID MAP, 141.14 FEET TO A POINT; THENCE CONTINIUING ALONG SAID EASTERLY LINE OF PARCEL C, ALONG A CURVE TO THE NORTHWEST, HAVING A RADIUS OF 440.00 FEET, AN ARC LENGTH OF 4.67 FEET, A CENTRAL ANGLE OF 00 DEGREES 36 MINUTES 32 SECONDS AND A CHORD BEARING NORTH 16 DEGREES 41 MINUTES 07 SECONDS EAST, 4.67 FEET TO A POINT ON THE SOUTH LINE OF "OLD NAGLEE ROAD" AS SHOWN UPON THAT CERTAIN RECORD OF SURVEY MAP, FILED FOR RECORD ON AUGUST 30, 2001 IN BOOK 34 OF SURVEYS, AT PAGE 189, SAN JOAQUIN COUNTY RECORDS, SAID POINT ALSO BEING THE TRUE POINT OF BEGINNING OF THE

HEREIN DESCRIBED STRIP OF LAND; THENCE CONTINUING ALONG THE EASTERLY LINE OF PARCEL C AS SHOWN ON SAID PARCEL MAP (BOOK 23, PAGE 125) ALONG A CURVE TO THE NORTHWEST, HAVING A RADIUS OF 440.00 FEET, AN ARC LENGTH OF 71.50 FEET, A CENTRAL ANGLE OF 09 DEGREES 18 MINUTES 38 SECONDS AND A CHORD BEARING 21 DEGREES 38 MINUTES 40 SECONDS EAST, 71.42 FEET TO A POINT ON THE NORTH LINE OF "OLD NAGLEE ROAD" AS SHOWN ON SAID RECORD OF SURVEY (BOOK 34, PAGE 189); THENCE ALONG SAID NORTH LINE OF "OLD NAGLEE ROAD" ALONG A CURVE TO THE NORTHEAST, HAVING A RADIUS OF 570.00 FEET, AN ARC LENGTH OF 66.04 FEET, A CENTRAL ANGLE OF 06 DEGREES 38 MINUTES 19 SECONDS AND A CHORD BEARING NORTH 73 DEGREES 34 MINUTES 31 SECONDS EAST, 66.00 FEET TO A POINT; THENCE CONTINUING ALONG SAID NORTH LINE OF "OLD NAGLEE ROAD" NORTH 70 DEGREES 15 MINUTES 20 SECONDS EAST, ALONG SAID NORTH LINE OF "OLD NAGLEE ROAD," 405.62 FEET TO A POINT; THENCE CONTINUING ALONG SAID NORTH LINE OF "OLD NAGLEE ROAD," 405.62 FEET TO A POINT; THENCE CONTINUING ALONG SAID NORTH LINE OF "OLD NAGLEE ROAD," ALONG A CURVE TO THE NORTHEAST, HAVING A RADIUS OF 570.00 FEET, AN

Page 2 of 2

ARC LENGTH OF 78.68 FEET, A CENTRAL ANGLE OF 07 DEGREES 54 MINUTES 31 SECONDS, AND A CHORD BEARING NORTH 66 DEGREES 18 MINUTES 04 SECONDS EAST, 78.62 FEET TO A POINT; THENCE SOUTHERLY ALONG A CURVE TO THE SOUTHWEST, HAVING A RADIUS OF 395.00 FEET, AN ARC LENGTH OF 75.23 FEET, A CENTRAL ANGLE OF 10 DEGREES 54 MINUTES 46 SECONDS AND A CHORD BEARING SOUTH 11 DEGREES. 33 MINUTES 08 SECONDS WEST, 75.12 FEET TO A POINT ON THE SOUTH LINE OF SAID "OLD NAGLEE ROAD"; THENCE ALONG SAID SOUTH LINE OF "OLD NAGLEE ROAD," ALONG A CURVE TO THE SOUTHWEST, HAVING A RADIUS OF 630.00 FEET, AN ARC LENGTH OF 39.43 FEET, A CENTRAL ANGLE OF 03 DEGREES 35 MINUTES 10 SECONDS AND A CHORD BEARING SOUTH 68 DEGREES 27 MINUTES 45 SECONDS WEST, 39.43 FEET TO A POINT; THENCE CONTINUING ALONG SAID SOUTH LINE OF "OLD NAGLEE ROAD" SOUTH 70 DEGREES 15 MINUTES 20 SECONDS WEST, 405.62 FEET TO A POINT; THENCE CONTINUING ALONG SAID SOUTH LINE OF "OLD NAGLEE ROAD", ALONG A CURVE TO THE SOUTHWEST, HAVING A RADIUS OF 630.00 FEET, AN ARC LENGTH OF 113.73 FEET, A CENTRAL ANGLE OF 10 DEGREES 20 MINUTES 37 SECONDS AND A CHORD BEARING SOUTH 75 DEGREES 25 MINUTES 39 SECONDS WEST, 113.58 FEET TO THE POINT OF BEGINNING.





Page of S

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RESOLUTION	

RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY APPROVING A LONG-RANGE PROPERTY MANAGEMENT PLAN PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5

WHEREAS, the California state legislature enacted Assembly Bill X1 26 (the Dissolution Act") to dissolve Redevelopment Agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et.seq.); and

WHEREAS, pursuant to Health and Safety Code Section 34175(b) and the California Supreme Court's decision in California Redevelopment Association, et al. v. Ana Matosantos, eta/. (53 Cal.4th 231(2011)), on February 1, 2012, all assets, properties, contracts, leases, books and records, buildings, and equipment of the former Community Development Agency of the City of Tracy (the "Agency") transferred to the control of the Successor Agency to the Community Development Agency of the City of Tracy (the "Successor Agency") by operation of law; and

WHEREAS, pursuant to AB 1484 ("AB 1484"), enacted June 27, 2012 to amend various provisions of the Dissolution Act, the Successor Agency is now declared to be a separate legal entity from the City; and

WHEREAS, in accordance with Health and Safety Code Section 34191.5, the Successor Agency has prepared a Long-Range Property Management Plan that provides for the disposition and use of real property assets of the former Agency; and

WHEREAS, pursuant to Health and Safety Code Section 34191.5(b), the Successor Agency must submit the Long-Range Property Management Plan to the Oversight Board and the California Department of Finance (the "DOF"); and

WHEREAS, pursuant to Health and Safety Code Section 34191.3, once approved by the Oversight Board and the DOF, the Long-Range Property Management Plan will govern, and supersede all other provisions relating to, the disposition and use of the real property assets of the Successor Agency; and

WHEREAS, as of the date of the adoption of this Resolution, the Successor Agency has not yet received a finding of completion from the DOF pursuant to Health and Safety Code Section 34179.7; and

WHEREAS, the accompanying staff report provides supporting information upon which the action set forth in this Resolution is based.

NOW, THEREFORE, BE IT RESOLVED, That the Oversight Board of the Successor Agency to the Tracy Community Development Agency hereby finds, determines, resolves, and orders as follows:

<u>Section 1.</u> The above recitals are true and correct and are a substantive part of this Resolution.

<u>Section 2.</u> The Oversight Board hereby finds and determines that the Long-Range Property Management Plan is created in accordance with Health and Safety Code Section

Resolution December 1, 2015 Page 6

34191.5(b), and is subject only to the DOF's issuance of a finding of completion to the Successor Agency, pursuant to Health and Safety Code Section 34179.7.

<u>Section 3.</u> The Successor Agency is hereby authorized and directed to complete and submit the Long-Range Property Management Plan, with such changes therein as the officer executing the document may require or approve.

<u>Section 4.</u> The Successor Agency, as necessary, implement the disposition and use of the real property assets of the Former Community Development Agency of the City of Tracy in accordance with the terms approved in the Long-Range Property Management Plan and this Resolution.

<u>Section 5.</u> The staff of the Successor Agency is hereby directed to provide DOF written notice and information regarding the action taken by the Oversight Board pursuant to this Resolution. Such notice and information shall be provided by electronic means and in a manner of DOF's choosing.

<u>Section 6.</u> The staff and the Board of the Successor Agency are hereby authorized and directed, jointly and severally, to execute such documents and instruments and to do any and all other things which they may deem necessary or advisable to effectuate this Resolution.

<u>Section 7.</u> This Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

* * * * * * * * * * * * * * * * * * * *
ADOPTED, December 1, 2015 by the Oversight Board of the Successor Agency of the Tracy Community Development Agency.
AYES:
NOES:
ABSTAIN:
ABSENT:
Chair
ATTEST:
Successor Agency Secretary

AGENDA ITEM 6

REQUEST

ADOPT A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING BONDS AND MAKING RELATED FINDINGS AND DECLARATIONS AND TAKING RELATED ACTIONS IN CONNECTION THEREWITH

EXECUTIVE SUMMARY

The City of Tracy has elected to act as the Successor Agency for the former City of Tracy Community Development Agency (CDA) following the dissolution of redevelopment agencies by the California State Legislature in February 2012. The CDA previously issued bonds to finance redevelopment projects within the CDA project area. Because of the interest rate environment, it is possible to refinance the outstanding bonds at a rate favorable to the Successor Agency and to reduce the interest paid out of the Redevelopment Property Tax Trust Fund (RPTTF). This will in turn increase property tax distributions to all the affecting taxing agencies in the project area, including the City of Tracy. The Oversight Board is required to approve certain Successor Agency actions. A similar item will be taken up by the Successor Agency later today and any approval by the Oversight Board is contingent upon the Successor taking similar action.

DISCUSSION

Background

Previously, in December 2003 the Tracy Community Development Agency issued two series of tax allocation bonds – \$35,095,000 of Series 2003A Bonds and \$20,625,000 of Series 2003B Bonds – to finance redevelopment projects within the Tracy Community Development Project Area. Currently, \$43,615,000 of aggregate 2003A and 2003B Bonds remain outstanding.

An opportunity now exists for the Successor Agency to the Tracy Community Development Agency (the "Successor Agency") to refinance the 2003A and 2003B Bonds at lower interest rates, and in so doing realize significant debt service savings. Such a refinancing, which is similar to refinancing a home mortgage, is accomplished via the issuance of Refunding Bonds by the Successor Agency. At today's relatively low interest rates, the Successor Agency can issue Refunding Bonds at a 'true interest cost' of approximately 3.15% as compared to an average interest rate of 5.37% on the outstanding Series 2003A and 2003B Bonds being refinanced.

Agenda Item 6 December 1, 2015 Page 2

With this refinancing, Tracy will join a large and growing number of successor agencies in California to issue refunding bonds. Since 2012, in excess of \$4.50 billion of such refunding bonds have been issued by more than 100 successor agencies, resulting in aggregate debt service savings of more than \$500 million.

Refinancing tax allocation bonds does not result in lower property taxes for homeowners or local taxpayers. Rather, under State law the savings from this type of refinancing are shared among all of the local taxing agencies, including the City of Tracy, whose territory lies within the Project Area, roughly in proportion to each agency's share of the 1% general property tax levy collected from within the Project Area.

With the dissolution of redevelopment agencies as part of the State's 2011 Budget Act, Property Tax increment that went to local redevelopment agencies is being redirected into a Redevelopment Property Tax Trust Fund (RPTTF) held by the County. Debt service is paid out of the RPTTF through the Recognized Obligation Payments Schedule (ROPS) process every six months. Funds remaining in the RPTTF after the ROPS process are then distributed to the local taxing entities, including the City of Tracy. By refinancing the prior bonds and reducing the total debt service, more funds will remain in the RPTTF for distribution to the local taxing entities.

<u>Timetable</u>

Pursuant to State Law, the issuance of these Refunding Bonds must be approved by the Successor Agency Board, the Oversight Board and the State Department of Finance (DOF).

Toward that end, the Successor Agency is scheduled to take action on approving the issuance of the Refunding Bonds at a regular meeting to be held at 7:00 pm, Tuesday, December 1, 2015. Any action the Oversight Board takes approving the issuance of refunding Bonds is contingent upon the Successor Agency approving the issuance at their meeting.

If both the Oversight Board and the Successor Agency Board approve the issuance of the Refunding Bonds, then shortly thereafter a request for DOF approval will be submitted. By law, DOF has 60-days to act and typically takes close to that amount of time to act; however, staff is hopeful DOF will grant approval within approximately three weeks.

If everything proceeds according to the schedule, then the proposed Refunding Bonds will be offered for sale to investors on or about Wednesday, January 13, 2016, and closing will occur two weeks later on or about Wednesday, January 27, 2016.

Proposed Refinancing

In this proposed transaction, the Successor Agency will issue one series of Refunding Bonds to refinance the outstanding Series 2003A and Series 2003B Tax Allocation Bonds The Refunding Bonds will be payable only from the RPTTF tax increment collected by the County.

The bonds will be sold through a negotiated sale to Stifel, Nicolaus & Company Incorporated, as Underwriter. The firm of Jones Hall will serve as Bond Counsel and Disclosure Counsel. Steven Gortler will serve as Municipal Advisor. Stifel and Jones Hall have assisted the City of Tracy in many financings and refinancings in the past. It is anticipated the bonds will be priced during the week beginning on January 11, 2015 with the bond closing two weeks later.

Actions Needed

The Oversight Board must adopt a resolution approving the issuance of refunding bonds, approving the execution and delivery of an indenture of trust, approving refunding instructions, approving a bond purchase contract, approving a preliminary official statement and a final official statement and authorizing the distribution thereof, and providing for other matters properly relating thereto.

The preliminary official statement has been reviewed and approved for transmittal to the Successor Agency and Oversight Board by Agency staff and its financing team. The Preliminary Official Statement must include all facts that would be material to an investor in the bonds. Material information is information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the bonds. Members of the Oversight Board may review the preliminary official statement and/or question staff and consultants to make sure they feel comfortable that it includes all material facts.

FISCAL IMPACT

At the relatively low interest rates as of November 20, 2015, refinancing the Series 2003A and 2003B Bonds will generate total debt service savings of approximately \$11.8 million, or \$700,000 per year from 2017 through 2033. From these savings, the City of Tracy will receive approximately 18.9% or \$130,000 per year in additional general fund property taxes, with the balance of the savings shared among the other taxing entities in the Project Area.

Bear in mind however, the actual amount of savings will not be determined until the Refunding Bonds are sold. Moreover, if interest rates increase appreciably prior to the bond sale, then the actual amount of savings may be considerably less. In the unlikely event that interest rates increase dramatically prior to the bond sale, it is even possible that the savings

Agenda Item 6 December 1, 2015 Page 4

may not be sufficient to warrant proceeding with the refinancing, in which case the refinancing may be cancelled or delayed until a later date.

These savings are net of all bond issuance costs and assume the final maturity of the Refunding Bonds will be August 1, 2033, which closely corresponds to the March 1, 2034 final maturity of the Series 2003A and 2003B Bonds being refinanced.

Another common measure of the savings from a bond refinancing is 'net present value'. Net present value measures the "real" savings or the "economic benefit" of a refinancing by taking into account the time value of money and the costs of bond issuance. Based on bond market conditions as of November 20, 2015, this refinancing will result in net present value savings of approximately \$9.4 million or 21.6% of the amount of bonds being refinanced.

We will ask the underwriter to provide for the December 1, 2015 Oversight Board meeting an estimate of available savings based on bond market conditions on December 1.

RECOMMENDATION

It is recommended that the Oversight Board adopt a resolution authorizing the issuance of Refunding Bonds by the Successor Agency to the Tracy Community Development Agency for the purpose of refinancing certain outstanding tax allocation bonds issued by the Tracy Community Development Agency, approving related documents, and authorizing certain other matters relating thereto.

Prepared by: Robert Harmon, Senior Accountant

Reviewed by: Daniel Sodergren, Successor Agency Counsel

Approved by: Troy Brown, Executive Director

<u>ATTACHMENTS:</u>

Attachment 1: Resolution of the Oversight Board Approving the Issuance of Refunding

Bonds and Other Matters Properly Relating Thereto

Attachment 2: Preliminary Savings Analysis

Attachment 3: Resolution of the Successor Agency Approving the Issuance of Refunding

Bonds and Other Matters Properly Relating Thereto

Attachment 4: Indenture of Trust

Agenda Item 6 December 1, 2015 Page 5

Attachment 5: Bond Purchase Contract

Attachment 6: Irrevocable Refunding Instructions

Attachment 7: Preliminary Official Statement

Attachment 8: Continuing Disclosure Agreement

RESOLUTION	
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RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING BONDS AND MAKING RELATED FINDINGS AND DECLARATIONS AND TAKING RELATED ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Community Development Agency of the City of Tracy (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the "Law"); and

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references in this Resolution are to the California Health and Safety Code), the Former Agency has been dissolved and no longer exists, and pursuant to Section 34173, the Successor Agency to the Community Development Agency of the City of Tracy (the "Successor Agency") has become the successor entity to the Former Agency; and

WHEREAS, pursuant to Section 34179, this Oversight Board has been established for the Successor Agency; and

WHEREAS, the Oversight Board is informed by the Successor Agency that, prior to dissolution of the Former Agency, for the purpose of financing redevelopment activities of the Former Agency, the Former Agency issued its (i) \$35,095,000 Community Development Agency of the City of Tracy 2003 Tax Allocation Bonds, Series A ("2003 Senior Bonds") and (ii) \$20,625,000 Community Development Agency of the City of Tracy 2003 Subordinate Tax Allocation Bonds, Series B ("2003 Subordinate Bonds"; together with the 2003 Senior Bonds, the "2003 Bonds"); and

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters"); and

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its Successor Agency to the Community Development Agency of the City of Tracy 2016 Tax Allocation Refunding Bonds (the "Refunding Bonds"), the Successor Agency has caused its independent financial advisor, Steven Gortler (the "Financial Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to refund the 2003 Bonds (the "Debt Service Savings Analysis"), and the Debt Service Savings Analysis is on file with this Oversight Board; and

WHEREAS, later today, the Successor Agency is scheduled to consider a resolution (the "Successor Agency Resolution") approving the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1), a form of which Successor Agency Resolution is attached hereto as Appendix A; and

WHEREAS, if it were to adopt the Successor Agency Resolution, the Successor Agency, among other things, would approve the Debt Service Savings Analysis, approve the issuance of the Refunding Bonds, approve the sale of the Refunding Bonds to Stifel, Nicolaus & Company, Incorporated (the "Underwriter") pursuant to a Bond Purchase Agreement (the "Purchase Agreement"), authorize the execution and delivery of the Indenture of Trust, by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee, providing for the issuance of the Refunding Bonds (the "Indenture"), approve the defeasance and redemption of the bonds in accordance with Irrevocable Refunding Instructions to be given by the Successor Agency to The Bank of New York Mellon Trust Company, N.A. (the "Irrevocable Refunding Instructions"), and approve and authorize the distribution of a preliminary and final Official Statement related to the Refunding Bonds, and the Purchase Agreement, the Indenture, the Irrevocable Refunding Instructions and the preliminary Official Statement are on file with this Oversight Board; and

WHEREAS, this Oversight Board has completed its review of the refunding proceedings and the Debt Service Savings Analysis and wishes at this time to give its approval to the foregoing; and

NOW THEREFORE, BE IT RESOLVED that the Oversight Board for the Successor Agency of the Tracy Community Development Agency, hereby finds, resolves, and determines as follows:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. <u>Determination of Savings</u>. This Oversight Board has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to refund and defease the 2003 Bonds, all as evidenced by the Debt Service Savings Analysis, which Debt Service Savings Analysis is hereby approved.

Section 3. <u>Direction and Approval of Issuance of the Bonds</u>. As authorized by Section 34177.5(f), the Oversight Board hereby directs the Successor Agency to undertake the refunding proceedings, and as authorized by Section 34177.5(f) and Section 34180, this Oversight Board hereby directs and approves the issuance by the Successor Agency of the Refunding Bonds pursuant to Section 34177.5(a)(1) and under other applicable provisions of the Law and the Refunding Law and as provided in the Successor Agency Resolution and the Indenture in the aggregate principal amount of not to exceed \$45,000,000, provided that the principal and interest payable with respect to the Refunding Bonds complies in all respects with the requirements of the Savings Parameters with respect thereto, as shall be certified to by the Financial Advisor upon delivery of the Refunding Bonds or any part thereof; and, provided further, that the Successor Agency shall adopt the Refunding Resolution in substantially the form and substance of Appendix A.

In connection with the sale and issuance of the Refunding Bonds, the Successor Agency is authorized to purchase a municipal bond insurance policy and a reserve account surety bond for the Refunding Bonds if the Successor Agency determines that the purchase of either or both reduces the true interest cost of the Refunding Bonds, thereby increasing the savings obtained through the issuance of the Refunding Bonds and the refunding of the 2003 Bonds.

- Section 4. Sale and Delivery of Refunding Bonds in Whole or in Part. The Oversight Board hereby approves the sale and delivery of the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters. However, if such Savings Parameters cannot be met with respect to the whole of the Refunding Bonds, then the Oversight Board approves the sale and delivery of the Refunding Bonds from time to time in part. In the event the Refunding Bonds are initially sold in part, the Successor Agency is hereby authorized to sell and deliver additional parts of the Refunding Bonds without the prior approval of this Oversight Board provided that in each such instance the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters.
- **Section 5.** <u>Determinations by the Oversight Board</u>. Based upon the full record before it, which includes but is not limited to staff reports, testimony, and other materials and evidence provided, the Oversight Board makes the following determinations upon which the Successor Agency shall rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:
 - (a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing its administrative staff for time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds:
 - (b) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of the 2003 Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Refunding Bonds, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, the San Joaquin County Auditor-Controller or any other person or entity other than the Successor Agency; and
 - (c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34181(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of any of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings with respect to the Refunding Bonds from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance.
- **Section 6.** Further Determinations. Pursuant to Health and Safety Code Section 34177 (h), the Oversight Board further finds and determines, based on information provided, that: (a) the Successor Agency has made, and will continue to make, diligent efforts to assure that the lowest long-term cost financing is obtained with the Refunding Bonds; (b) the Refunding Bonds will not provide for any bullets or spikes and shall not use variable rates of interest; and (c) the Successor Agency has made, and will continue to make, use of an independent financial advisor in issuing the Refunding Bonds.

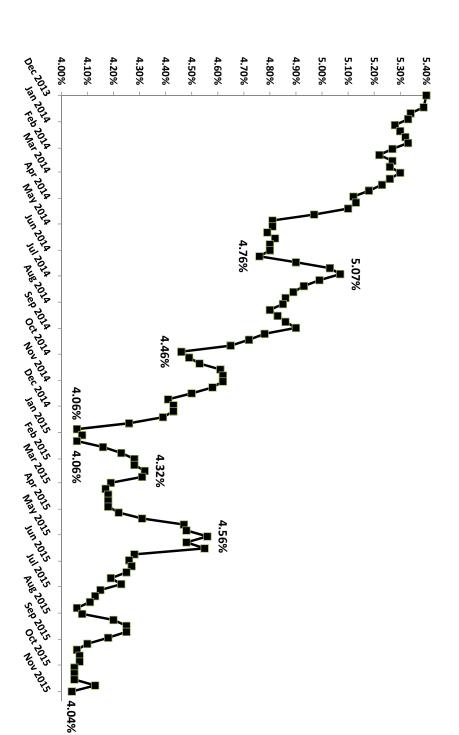
Section 7. Effective Date. Pursuant to Health and Safety Code Section 34177(f) and Section 34179(h), this Resolution shall be effective five (5) business days after proper notification hereof is given to the California Department of Finance unless the California Department of Finance requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval by the California Department of Finance.

ADOPTED, December 1, 2015, by the Oversight Board of the Successor Agency to the Tracy Community Development Agency.

Secre	tary		
		Chair	
	ABSENT:		
	ADOENT		
	ABSTAIN:		
	NOES:		
	AYES:		

Refinancing Candidates

•	Series 2003A	Series 2003B
Dated Date	Dec 1, 2003	Dec 1, 2003
Original Par Amount	35,095,000	20,625,000
Outstanding Par Amount	26,845,000	16,770,000
Final Maturity	Mar 1, 2034	Mar 1, 2034
Optional Redemption	any date ≥3/1/13 @ par	any date≥3/1/12 @ par



Recent Trends in Municipal Bond Interest Rates (Bond Buyer Revenue Bond Index)

0.00% منور منور 6.00% 5.60% 5.70% 5.75% 6.00% 6 1.00% 2.00% 3.00% 4.00% 5.00% Series 2003A and 2003B Bonds vs. Proposed Refunding Bonds A.000/0 2, 200% A.25% 1017 7078 1.06% A.75% A.50% . 7079 1.28% 7020 6.00% 1.47% 3% a.50% a.63% a.75% a. 1027 6.00% 1027 6.00% 1023 2.14% , 6.00% 6.70% 6.70% 6.70% 6.70% 6.75% 6.75% 6.75% 707A A.75% 2.34% 1025 2.51% A.75% ;910 a.75910 a.75910 5.00010 5.00010 e.s. 2026 7027 7028 3.24% 1029 3.42% 1030 5.00% 3.67% 3.76% 7037 5.00% 1032 5.00% 6.15% 1033 5.00% 103A 6.15% 5.00%

Series 2003A

---Series 2003B

Proposed Refunding Bonds

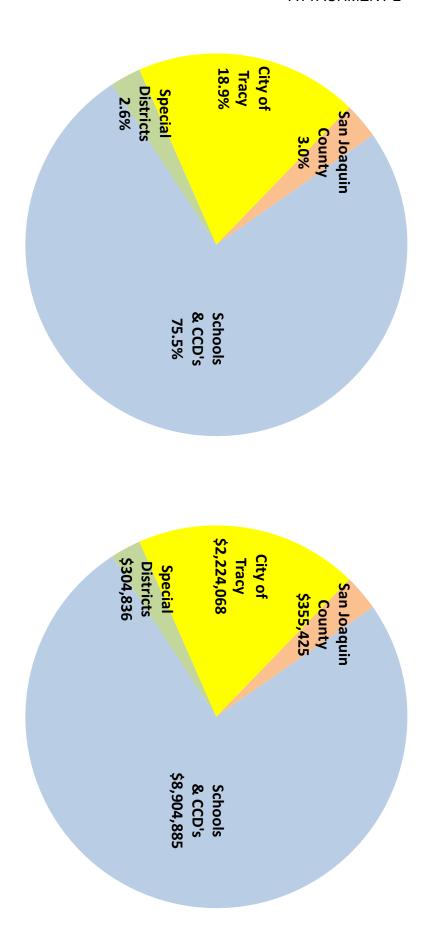
Interest Rate Comparison:

Estimated Annual Debt Service Savings

11,789,214	51,330,523	17,285,523	34,045,000	63,119,738	(3,727,000)	24,651,738	42,195,000	
(105,653)	0	0	0	(105,653)	(3,727,000)	96,348	3,525,000	2034
699,679	2,924,250	139,250	2,785,000	3,623,929		283,929	3,340,000	2033
699,561	2,927,000	272,000	2,655,000	3,626,561		461,561	3,165,000	2032
701,206	2,933,750	398,750	2,535,000	3,634,956		629,956	3,005,000	2031
700,046	2,934,500	519,500	2,415,000	3,634,546		789,546	2,845,000	2030
700,985	2,939,750	634,750	2,305,000	3,640,735		940,735	2,700,000	2029
699,080	2,944,750	744,750	2,200,000	3,643,830		1,083,830	2,560,000	2028
697,638	2,949,750	849,750	2,100,000	3,647,388		1,217,388	2,430,000	2027
697,281	2,955,000	950,000	2,005,000	3,652,281		1,342,281	2,310,000	2026
700,385	2,955,500	1,045,500	1,910,000	3,655,885		1,460,885	2,195,000	2025
702,004	2,956,500	1,136,500	1,820,000	3,658,504		1,573,504	2,085,000	2024
698,255	2,966,900	1,206,900	1,760,000	3,665,155		1,680,155	1,985,000	2023
700,858	2,964,500	1,274,500	1,690,000	3,665,358		1,780,358	1,885,000	2022
699,486	2,964,500	1,339,500	1,625,000	3,663,986		1,873,986	1,790,000	2021
700,074	2,972,300	1,402,300	1,570,000	3,672,374		1,962,374	1,710,000	2020
697,436	2,977,900	1,462,900	1,515,000	3,675,336		2,045,336	1,630,000	2019
701,336	2,970,900	1,520,900	1,450,000	3,672,236		2,122,236	1,550,000	2018
696,399	2,982,100	1,577,100	1,405,000	3,678,499		2,193,499	1,485,000	2017
3,157	1,110,673	810,673	300,000	1,113,831		1,113,831	0	2016
Savings	Total	Interest	Principal	Total	DSRF	Interest	Principal	Sep 1,
Annual	Bonds	Proposed Refunding B	Propo		Prior Bonds	Prior		12-Mo.
								•

Net Present Value (NPV) Savings

21.6%	NPV Savings / Refunded Par Amount
43,615,000	Par Amount of Refunded Bonds
9,407,995	Net Present Value (NPV) Savings



Distribution of Savings

Distribution of Savings

11,789,214	8,904,885	304,836	355,425	2,224,068	
(105,653)	(79,804)	(2,732)	(3,185)	(19,932)	2034
699,679	528,497	18,092	21,094	131,996	2033
699,561	528,408	18,089	21,091	131,974	2032
701,206	529,650	18,131	21,140	132,285	2031
700,046	528,774	18,101	21,105	132,066	2030
700,985	529,483	18,126	21,134	132,243	2029
699,080	528,044	18,076	21,076	131,883	2028
697,638	526,955	18,039	21,033	131,611	2027
697,281	526,686	18,030	21,022	131,544	2026
700,385	529,030	18,110	21,115	132,130	2025
702,004	530,253	18,152	21,164	132,435	2024
698,255	527,421	18,055	21,051	131,728	2023
700,858	529,387	18,122	21,130	132,219	2022
699,486	528,351	18,087	21,088	131,960	2021
700,074	528,795	18,102	21,106	132,071	2020
697,436	526,803	18,034	21,027	131,573	2019
701,336	529,749	18,135	21,144	132,309	2018
696,399	526,019	18,007	20,995	131,378	2017
3,157	2,385	82	95	596	2016
Total	Schools & CCD's	Special Districts	San Joaquin County	City of Tracy	12-Mo. Ending Sep 1,

Estimated Sources & Uses of Funds

Sources of Funds:

Total Sources	Transfer from Prior Reserve Funds	Transfer from Prior Debt Service Funds	Reoffering Premium	Par Amount of Bonds
45,439,414	3,727,000	2,566,231	5,101,184	34,045,000

Uses of Funds:

Total Uses	Estimated Costs of Issuance	Deposit to Redemption Fund
45,439,414	780,071	44,659,343

Estimated Costs of Issuance

Service	Estimated Fee
Bond Insurance Premium (60 bps)	307,983
Underwriter's Discount (0.385%)	131,073
Bond & Disclosure Counsel	106,500
Reserve Fund Surety (3.00%)	89,463
Financial Advisor	40,000
Rating Agency	28,000
Underwriter's Counsel	20,000
Redevelopment Consultant	17,500
Special Counsel	10,000
Trustee	3,500
Escrow Verification	2,250
Trustee Counsel	2,000
Financial Printer	2,000
Escrow Agent	1,000
Contingency	18,802

Indicative Interest Rate Scale @ November 20, 2015

Maturity Due 8/1 2016	MMD 11-20-2015 0.30	Coupon Rate	Credit Spread	Yield to Call Date 0.37	
2016	0.30	3.00	0.07	0.37	
2017	0.72	4.00	0.04	0.76	
2018	0.92	4.00	0.14	1.06	
2019	1.09	4.00	0.19	1.28	
2020	1.29	4.00	0.18	1.47	
2021	1.46	4.00	0.25	1.71	
2022	1.62	4.00	0.33	1.95	
2023	1.80	4.00	0.34	2.14	
2024	1.94	5.00	0.40	2.34	
2025	2.06	5.00	0.45	2.51	
2026	2.18	5.00	0.52	2.70	
2027	2.27	5.00	0.58	2.85	
2028	2.35	5.00	0.64	2.99	
2029	2.43	5.00	0.67	3.10	
2030	2.51	5.00	0.67	3.18	
2031	2.57	5.00	0.67	3.24	
2032	2.62	5.00	0.67	3.29	
2033	2.67	5.00	0.67	3.34	
2034	2.72	5.00	0.68	3.40	

RESOLUTION	

RESOLUTION OF THE SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE FORMER COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY, APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, A BOND PURCHASE CONTRACT AND REFUNDING INSTRUCTIONS, APPROVING A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT AND AUTHORIZING THE DISTRIBUTION THEREOF, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

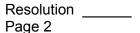
WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the Community Development Agency of the City of Tracy (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, the Successor Agency to the Tracy Community Development Agency (the "Successor Agency") has become the successor entity to the Former Agency; and,

WHEREAS, prior to dissolution of the Former Agency, for the purpose of financing redevelopment activities of the Former Agency, the Former Agency issued its (i) \$35,095,000 Community Development Agency of the City of Tracy 2003 Tax Allocation Bonds, Series A ("2003 Senior Bonds") and (ii) \$20,625,000 Community Development Agency of the City of Tracy 2003 Subordinate Tax Allocation Bonds, Series B ("2003 Subordinate Bonds"; together with the 2003 Senior Bonds, the "2003 Bonds"); and,

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters"); and,

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its Successor Agency to the Tracy Community Development Agency 2016 Tax Allocation Refunding Bonds (the "Refunding Bonds"), the Successor Agency has caused its municipal advisor, Steven Gortler (the "Municipal Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to refund the 2003 Bonds (the "Debt Service Savings Analysis"); and,

WHEREAS, the Successor Agency desires at this time to approve the issuance of the Refunding Bonds and to approve the form of and authorize the execution and delivery of the Indenture of Trust, by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee, providing for the issuance of the Refunding Bonds (the "Indenture"), and the Irrevocable Refunding Instructions to be delivered to The Bank of New York Mellon Trust Company, N.A., as trustee of the 2003 Bonds, to be dated as of the date of the issuance and delivery of the Refunding Bonds (the "2003 Refunding Instructions"); and,



WHEREAS, pursuant to Section 34179, an oversight board (the "Oversight Board") has been established for the Successor Agency; and,

WHEREAS, the Oversight Board approved and directed the issuance of the Refunding Bonds and the other actions of the Successor Agency that are set forth in and contemplated by this Resolution, subject to adoption of this Resolution by the Successor agency; and,

WHEREAS, the Successor Agency has determined to sell the Refunding Bonds to Stifel, Nicolaus & Company, Incorporated (collectively, the "Underwriter"), pursuant to the terms of the Bond Purchase Contract (the "Purchase Contract") on file with the City Clerk, as the secretary (the "Secretary") of the Successor Agency, to be entered into by the Successor Agency and the Underwriter; and.

WHEREAS, the Successor Agency, with the assistance of its disclosure counsel, Jones Hall, A Professional Law Corporation, as disclosure counsel, its Municipal Advisor and its fiscal consultant, has prepared a draft of the Official Statement for the Refunding Bonds (the "Official Statement"), which contains, among other things, information regarding the Refunding Bonds, the Former Agency and the Successor Agency, the preliminary form of which is on file with the Secretary; and,

WHEREAS, the Successor Agency, with the aid of its staff, has reviewed the Official Statement and wishes at this time to approve its use and distribution as in the public interests of the Successor Agency and applicable taxing entities;

NOW, THEREFORE, BE IT RESOLVED by the Successor Agency to the Tracy Community Development Agency, as follows:

1. <u>Determination of Savings</u>. The Successor Agency hereby determines that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to provide funds to refund and defease the 2003 Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Successor Agency, which Debt Service Savings Analysis is hereby approved.

The Debt Service Savings Analysis was previously provided to and approved by the Oversight Board.

2. <u>Approval of Issuance of the Refunding Bonds</u>. The Successor Agency hereby authorizes and approves the issuance of the Refunding Bonds under the Law and the Refunding Law in the aggregate principal amount of not to exceed \$45,000,000, provided that the Refunding Bonds are in compliance with the Savings Parameters at the time of sale and delivery.

- 3. Approval of Indenture. The Successor Agency hereby approves the Indenture prescribing the terms and provisions of the Refunding Bonds and the application of the proceeds of the Refunding Bonds. Each of the Mayor of the City of Tracy, as Chair of the Successor Agency, the City Manager of the City of Tracy, as the chief administrative officer of the Successor Agency, the Administrative Services Director, as the chief financial officer of the Successor Agency, the City Attorney of the City, as the general counsel of the Successor Agency, or the written designee of any such officer (each, an "Authorized Officer"), is hereby authorized and directed to execute and deliver, and the Secretary of the Successor Agency is hereby authorized and directed to attest to, the Indenture for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Successor Agency, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Indenture. The Successor Agency hereby authorizes the delivery and performance of the Indenture.
- 4. <u>Approval of Refunding Instructions</u>. The form of the 2003 Refunding Instructions on file with the Successor Agency are hereby approved and the Authorized Officers are, each acting alone, hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the 2003 Refunding Instructions. The Successor Agency hereby authorizes the delivery and performance of its obligations under the 2003 Refunding Instructions.
- 5. <u>Filing of Debt Service Savings Analysis and Resolution</u>. The Successor Agency is hereby further authorized and directed to file the Debt Service Savings Analysis, together with a certified copy of this Resolution, as provided in Section 34180(j), with the San Joaquin County Administrative Officer, the San Joaquin County Auditor-Controller and the California Department of Finance.
- 6. <u>Sale of Refunding Bonds</u>. The Successor Agency hereby approves the Purchase Contract to be entered into with the Underwriter. The Authorized Officers, each acting alone, are hereby authorized and directed to execute and deliver the Purchase Contract for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Secretary, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Purchase Contract. The Underwriter's discount (not including original issue discount) may not exceed 0.06% of the principal amount of the Refunding Bonds.
- 7. <u>Issuance of Refunding Bonds in Whole or in Part</u>. It is the intent of the Successor Agency to sell and deliver the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters. However, the Successor Agency will initially authorize the sale and delivery of the Refunding Bonds in whole or, if such Savings Parameters cannot be met with respect to the whole, then in part; provided that the Refunding Bonds so sold and delivered in part are in compliance with the Savings

Parameters. The sale and delivery of the Refunding Bonds in part will in each instance provide sufficient funds only for the refunding of that portion of the 2003 Bonds that meet the Savings Parameters. In the event the Refunding Bonds are initially sold in part, the Successor Agency intends to sell and deliver additional parts of the Refunding Bonds without the further approval of the Successor Agency or the Oversight Board, provided that in each such instance the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters.

- 8. <u>Municipal Bond Insurance and Surety Bonds</u>. The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy for the Refunding Bonds and a debt service reserve fund insurance policy for the Refunding Bonds from a municipal bond insurance company if it is determined, upon consultation with the Municipal Advisor and the Underwriter, that such municipal bond insurance policy and/or debt service reserve fund insurance policy will reduce the true interest costs with respect to the Refunding Bonds.
- 9. Approval of Official Statement. The Successor Agency hereby approves the preliminary Official Statement in substantially the form on file with the Secretary. Distribution of the preliminary Official Statement by the Successor Agency and the Underwriter is hereby approved, and, prior to the distribution of the preliminary Official Statement, an Authorized Officer 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, as amended (the "Rule"). The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by the Authorized Officer executing the same, 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, and each Authorized Officer, acting alone, is authorized and directed to execute and deliver the final Official Statement for and on behalf of the Successor Agency, to deliver to the Underwriter a certificate with respect to the information set forth therein and to deliver to the Underwriter a continuing disclosure undertaking substantially in the form appended to the final Official Statement.
- 10. <u>Professional Services</u>. The Authorized Officers are hereby authorized to retain, in connection with the issuance of the Refunding Bonds, Steven Gortler, as municipal advisor, the firm of Jones Hall, A Professional Law Corporation, as bond and disclosure counsel, and the firm of Fraser & Associates, as fiscal consultant, and to execute professional services agreement with each such firm. Additionally, the selection of The Bank of New York Mellon Trust Company, N.A., as trustee, is hereby confirmed.
- 11. Official Actions. The Authorized Officers and any and all other officers of the Successor Agency and the Commission 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, which they, or any of them, may deem necessary or advisable in obtaining the requested approval by the California Department of Finance, and in the

Resolution Page 5
issuance, sale and delivery of the Refunding Bonds. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document of take any action, such execution, countersigning or action may be taken on behalf or such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.
12. <u>Effective Date</u> . This Resolution shall take effect from and after the date of approval and adoption thereof.

ADOPTED December 1, 2015 by the City Council of the City of Tracy, acting in its capacity as the Successor Agency of the Community Development Agency of the City of Tracy by the following vote, to wit:
AYES:
NOES:
ABSTAIN:
ABSENT:
Chair
ATTEST:
Successor Agency Secretary
APPROVED AS TO FORM:
Successor Agency Counsel

INDENTURE OF TRUST

Dated as of 1, 2016
by and between the
SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY
and
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee
Relating to
\$ Successor Agency to the Tracy Community Development Agency 2016 Tax Allocation Refunding Bonds

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture") is made and entered into and dated as of _______1, 2016, by and between the SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY, a public entity duly existing under the laws of the State of California (the "Successor Agency"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee");

WITNESSETH:

WHEREAS, the former Community Development Agency of the City of Tracy (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the "Law");

WHEREAS, a Redevelopment Plan (as defined herein) for the City of Tracy Community Development Project Area) in the City of Tracy, California, was adopted in compliance with all requirements of the Law;

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, Section references hereinafter being to such Code), the Former Agency has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, the Successor Agency has become the successor entity to the Former Agency;

WHEREAS, prior to the dissolution of the Former Agency, for the purpose of financing and refinancing redevelopment activities of the Former Agency, the Former Agency issued its (i) \$35,095,000 Community Development Agency of the City of Tracy 2003 Tax Allocation Bonds, Series A ("2003 Senior Bonds") and (ii) \$20,625,000 Community Development Agency of the City of Tracy 2003 Subordinate Tax Allocation Bonds, Series B ("2003 Subordinate Bonds"; together with the 2003 Senior Bonds, the "2003 Bonds");

WHEREAS, Section 34177.5 of the Law authorizes the Successor Agency to undertake proceedings for the refunding of outstanding bonds and other obligations of the Former Agency, subject to the conditions contained in said Section 34177.5;

WHEREAS, Assembly Bill X1 26, effective June 29, 2011, together with AB 1484, effective June 27, 2012 ("AB 1484"), resulted in the dissolution of the Former Agency as of February 1, 2012, and the vesting in the Successor Agency of certain of the authority, rights, powers, duties and obligations of the Former Agency;

WHEREAS, AB 1484, among other things, authorizes the Successor Agency to issue bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in said Section 34177.5(a);

WHEREAS, the Successor Agency has determined that it will achieve debt service savings within such parameters by the issuance pursuant to the Law and the Refunding Law of its \$_____ aggregate principal amount of Successor Agency to the Tracy Community Development Agency 2016 Tax Allocation Refunding Bonds (the "2016 Bonds") to provide funds to refund all of the outstanding 2003 Bonds;

WHEREAS, in order to provide for the authentication and delivery of the 2016 Bonds, to establish and declare the terms and conditions upon which the 2016 Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and redemption premium (if any) thereon, the Successor Agency and the Trustee have duly authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the 2016 Bonds when executed by the Successor Agency, and authenticated and delivered by the Trustee, the valid, binding and legal special obligations of the Successor Agency, and to constitute this Indenture a legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the 2016 Bonds issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the 2016 Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the 2016 Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Successor Agency and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the 2016 Bonds, as follows:

ARTICLE I

DETERMINATIONS; **DEFINITIONS**

Section 1.01. <u>Findings and Determinations</u>. The Successor Agency has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the 2016 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, pursuant to each and every requirement of law, to issue the 2016 Bonds in the manner and form provided in this Indenture.

Section 1.02. <u>Definitions</u>. Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds and Parity Debt in such Bond Year, assuming that the Outstanding Serial Bonds are retired as scheduled and that the Outstanding Term Bonds are redeemed from mandatory sinking account payments as scheduled, (b) the principal amount of the Outstanding Serial Bonds and Parity Debt payable by their terms in such Bond Year, and (c) the principal amount of the Outstanding Term Bonds scheduled to be paid or redeemed from mandatory sinking account payments in such Fiscal Year.

"Bond" or "Bonds" means the 2016 Bonds and, if the context requires, any additional Parity Debt issued pursuant to a Supplemental Indenture pursuant to Section 3.05 hereof.

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Successor Agency, of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"Bond Proceeds Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.03.

"Bond Year" means, any twelve-month period beginning on August 2 in any year and ending on the next succeeding August 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date, and end on August 1, 2016.

"Business Day" means a day of the year on which banks in San Francisco, California, or the city where the Principal Corporate Trust Office is located are not required or permitted to be closed and on which the New York Stock Exchange is not closed.

"<u>City</u>" means the City of Tracy, a municipal corporation and general law city duly organized and existing under the laws of the State of California.

"Closing Date" means, with respect to the 2016 Bonds, the date on which the 2016 Bonds are delivered by the Trustee to the original purchaser thereof.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to

obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate executed by the Successor Agency dated as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to County and Successor Agency administrative staff costs, printing expenses, bond insurance and surety bond premiums, transferred proceeds penalties due the United States of America, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

"Costs of Issuance Account" means the account by that name within the Bond Proceeds Fund established and held by the Trustee pursuant to Section 3.03.

"County" means the County of San Joaquin, a county duly organized and existing under the Constitution and laws of the State.

"<u>Debt Service Fund</u>" means the fund by that name established and held by the Trustee pursuant to Section 4.03.

"Defeasance Obligations" means (i) cash and (ii) Federal Securities.

"<u>Depository</u>" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.11.

"<u>Depository System Participant</u>" means any participant in the Depository's book-entry system.

"<u>Dissolution Act</u>" means Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code.

"<u>DTC</u>" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Event of Default" means any of the events described in Section 8.01.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated

interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, (iv) any commingled investment fund in which the Agency and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment, or (v) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States, as certified in writing by the Agency to the Trustee.

"<u>Federal Securities</u>" means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

"<u>Fiscal Year</u>" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve month period selected and designated by the Successor Agency to the Trustee in writing as its official fiscal year period.

"Former Agency" means the former Community Development Agency of the City of Tracy, a public body corporate and politic duly organized and existing under the Law and dissolved in accordance with the Dissolution Act.

"Indenture" means this Indenture of Trust by and between the Successor Agency and the Trustee, as originally entered into or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions hereof.

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice as such under the laws of the State, appointed by the Successor Agency, and who, or each of whom:

- (a) is in fact independent and not under domination of the Successor Agency;
- (b) does not have any substantial interest, direct or indirect, with the Successor Agency; and
- (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Independent Redevelopment Consultant" means any consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom:

(a) is judged by the Successor Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects;

- (b) is in fact independent and not under domination of the Successor Agency;
- (c) does not have any substantial interest, direct or indirect, with the Successor Agency; and
- (d) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Information Services" means "EMMA" or the "Electronic Municipal Market Access" system of the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Successor Agency may designate in a Written Certificate of the Successor Agency delivered to the Trustee.

"Interest Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(a).

"Interest Payment Date" means February 1 and August 1 of each year, commencing [August 1, 2016], so long as any of the Bonds remain Outstanding hereunder.

"Law" means the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code, together with the Dissolution Act, and the acts amendatory thereof and supplemental thereto.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year, including payments on any Parity Debt, as certified in writing by the Successor Agency to the Trustee.

"Nominee" means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.11(a).

"<u>Outstanding</u>" when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.05) all Bonds except:

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and
- (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant hereto.

"Oversight Board" means the Oversight Board for the Successor Agency, duly constituted from time to time pursuant to Section 34179 of the California Health and Safety Code.

"Owner" or "Bondowner" means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"Parity Debt" means any loan, bonds, notes, advances or indebtedness payable from Tax Revenues on a parity with the 2016 Bonds as authorized by the provisions of Section 5.02.

"Parity Debt Instrument" means any resolution, indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt, including, without limitation, a Supplemental Indenture authorized by Section 7.01(e).

"<u>Participating Underwriter</u>" has the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (provided that the Trustee shall be entitled to rely upon any investment direction from the Agency as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State), but only to the extent that the same are acquired at Fair Market Value and otherwise comply with the County's investment policies at the time such Permitted Investment is acquired, provided that the Trustee shall be entitled to rely upon any investment directions from the Agency as conclusive certification to the Trustee that investments described therein are in compliance with the County's investment policy then in effect:

- (a) Cash (fully insured by the Federal Deposit Insurance Corporation);
- (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America;
- (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America;
- (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated;
 - (e) Federal Housing Administration debentures:
- (f) the following listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:
 - (i) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations and Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
 - (ii) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated systemwide bonds and notes:

- (iii) Federal Home Loan Banks (FHL Banks) consolidated debt obligations; and
- (iv) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
- (g) unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 365 days) of any bank (which may include the Trustee and its affiliates) the short-term obligations of which are rated "A-1+" or better by S&P and "Prime-1" by Moody's;
- (h) deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation, in banks which have capital and surplus of at least \$15 million;
- (i) commercial paper (having original maturities of not more than 270 days) rated at the time of purchase "A-1+" by S&P and "Prime-1" by Moody's;
- (j) money market funds (including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory of management services) rated "Aam" or "AAm-G" by S&P, or better and if rated by Moody's rated "Aa2" or better;

(k) "State Obligations", which means:

- (i) direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated at least "A3" by Moody's and at least "A-" by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated;
- (ii) direct general short-term obligations of any state agency or subdivision or agency thereof described in (a) above and rated "A-1+" by S&P and "MIG-1" by Moody's; and
- (iii) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state or state agency described in (b) above and rated "AA-" or better by S&P and "Aa3" or better by Moody's;
- (I) pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:
 - (i) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

- (ii) the municipal obligations are secured by cash or U.S. Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;
- (iii) the principal of and interest on the U.S. Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification Report");
- (iv) the cash or U.S. Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;
- (v) no substitution of a U.S. Treasury Obligation shall be permitted except with another U.S. Treasury Obligation and upon delivery of a new Verification Report; and
- (vi) the cash or U.S. Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent;
- (m) repurchase agreements with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A-" by S&P and "A3" Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A-" by S&P and "A3" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at least "A-" by S&P and "A3" Moody's and acceptable to the 2016 Insurer, the form and substance of which repurchase agreement shall be in form and substance acceptable to the 2016 Insurer;
- (n) investment agreements with a domestic or foreign bank or corporation the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA-" by S&P and "Aa3" by Moody's, and acceptable to the 2016 Insurer, the form and substance of which investment agreement shall be in form and substance acceptable to the 2016 Insurer;
- (o) the Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided that for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee; and
- (p) any other investment approved in writing by the 2016 Insurer in its sole discretion.

"Principal Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(b).

"<u>Principal Corporate Trust Office</u>" means the principal corporate trust office of the Trustee located in Los Angeles, California, or such other office that the Trustee may designate

in writing to the Successor Agency from time to time as the corporate trust office for purposes of this Indenture; *provided, however*, that for purposes of the transfer, registration, exchange, payment and surrender of Bonds, the term "Principal Corporate Trust Office" means the corporate trust office of the Trustee at which it conducts its corporate agency business.

"Project Area" means the project area described in the Redevelopment Plan.

"Qualified Reserve Account Credit Instrument" means [(i) the 2016 Reserve Policy and (ii)] an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) S&P or Moody's have assigned a long-term credit rating to such bank or insurance company of "A" or higher; (b) such letter of credit, insurance policy or surety bond has a term of at least 12 months; (c) such letter of credit, insurance policy or surety bond has a stated amount at least equal to the Reserve Requirement or, if such letter of credit, insurance policy or surety bond is being provided with respect to only a portion of the Reserve Requirement, such letter of credit, insurance policy or surety bond has a stated amount at least equal to that portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a), 4.03(b) or 4.03(c) of this Indenture.

"Recognized Obligation Payment Schedule" means the schedule by that name prepared in accordance with the requirements of Section 34177(I) of the California Health and Safety Code.

"Record Date" means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

"Redemption Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(e).

"Redevelopment Obligation Retirement Fund" means the fund established and held by the Successor Agency pursuant to Section 34170.5(a) of the California Health and Safety Code.

"Redevelopment Plan" means the Redevelopment Plan for the Community Development Project Area, approved by Ordinance No. 482 enacted by the City Council of the City on July 17, 1990, together with any amendments thereof heretofore or hereafter duly enacted pursuant to the Law.

"Redevelopment Property Tax Trust Fund" means the fund established pursuant to Section 34170.5(b) of the California Health and Safety Code and administered by the City of Tracy.

"Registration Books" means the records maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

"Refunding Law" means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, and the acts amendatory thereof and supplemented thereto.

"Report" means a document in writing signed by an Independent Redevelopment Consultant and including:

- (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Indenture to which such Report relates;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and
- (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

"Reserve Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(d).

"Reserve Requirement" means, with respect to the 2016 Bonds and any Parity Debt issued as Bonds pursuant to a Supplemental Indenture, the lesser of (i) 125% of the average Annual Debt Service with respect to the 2016 Bonds and such Parity Debt, as applicable or (ii) Maximum Annual Debt Service with respect to the 2016 Bonds and such Parity Debt, as applicable; provided, that in no event shall the Successor Agency, in connection with the issuance of the 2016 Bonds or any Parity Debt in the form of Bonds pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such Parity Debt issued in the form of Bonds, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of Section 4.03(d) hereof.

"S&P" means Standard & Poor's Ratings Services and its successors.

"<u>Securities Depositories</u>" means DTC and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Successor Agency may designate in a Written Request of the Successor Agency delivered to the Trustee.

"Semiannual Period" means (a) each six-month period beginning on January 1 of any calendar year and ending on June 30 of such calendar year, and (b) each six-month period beginning on July 1 of any calendar year and ending on December 31 of such calendar year.

"Serial Bonds" means all Bonds other than Term Bonds.

"Sinking Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(c).

"State" means the State of California.

"Subordinate Debt" means any Loan, advances or indebtedness issued or incurred by the Successor Agency, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues, including revenue bonds and other debts and obligations scheduled for payment pursuant to Section 34183(a)(2) of the Law; or (b) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues hereunder for the security of the Bonds.

"Successor Agency" means the Successor Agency for the Community Development Agency of the City of Tracy, a public entity duly organized and existing under the Law.

"Supplemental Indenture" means any resolution, agreement or other instrument that has been duly adopted or entered into by the Successor Agency, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Tax Revenues" means all taxes annually allocated and paid to the Successor Agency with respect to the Project Area 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 as provided in the Redevelopment Plan, and all payments, subventions and reimbursements, if any, to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, in each case that are deposited in the Redevelopment Property Tax Trust Fund for transfer to the Successor Agency for deposit into the Redevelopment Obligation Retirement Fund, but excluding amounts, if any, payable by the Successor Agency pursuant to Sections 33676, 33607.5 and 33607.7 of the Law and Section 34183(a)(1) of the Dissolution Act, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of debt service on the 2016 Bonds or any additional Bonds pursuant to Section 33607.5(e) of the Law and 34177.5(c) of the Dissolution Act.

"Term Bonds" means (i) the 2016 Bonds maturing on August 1, 20__, and (b) any Parity Debt issued pursuant to a Supplemental Indenture pursuant to Section 7.01(e) and payable from amounts in the Sinking Account established pursuant to Section 4.03(c).

"<u>Trustee</u>" means The Bank of New York Mellon Trust Company, N.A., as trustee hereunder, or any successor thereto appointed as trustee hereunder in accordance with the provisions of Article VI.

"2008 Reimbursement Agreement" means that certain Reimbursement Agreement, dated as of December 1, 2008, by and between the Former Agency and the City.

"2003 Bonds" means the 2003 Subordinate Bonds and the 2003 Senior Bonds.

"2003 Bonds Refunding Fund" means the fund by that name established in Section 3.04 hereof.

"2003 Bonds Refunding Instructions" means those Irrevocable Refunding Instructions dated the date of issuance and delivery of the 2016 Bonds relating to the defeasance and refunding of the 2003 Bonds, executed by the Successor Agency and delivered to The Bank of New York Mellon Trust Company N.A., as trustee of the 2003 Bonds.

"2003 Senior Bonds" means \$35,095,000 Community Development Agency of the City of Tracy 2003 Tax Allocation Bonds, Series A.

"2003 Subordinate Bonds" means \$20,625,000 Community Development Agency of the City of Tracy 2003 Subordinate Tax Allocation Bonds, Series B.

"2016 Bonds" means the Successor Agency to the Tracy Community Development Agency 2016 Tax Allocation Refunding Bonds.

["2016 Insurance Policy" means [to come]

"2016 Insurer" means _______, or any successor thereto or assignee thereof, as issuer of the 2016 Insurance Policy and the 2016 Reserve Policy.

"2016 Reserve Policy" means [to come].]

"Written Request of the Successor Agency" or "Written Certificate of the Successor Agency" means a request or certificate, in writing signed by the City Manager of the City of Tracy or his or her designee, or by any other officer of the Successor Agency duly authorized by the Governing Board of the Successor Agency for that purpose.

Section 1.03. <u>Rules of Construction</u>. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

AUTHORIZATION AND TERMS

Interest on the 2016 Bonds (including the final interest payment upon maturity or earlier redemption) shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee

mailed by first class mail, postage prepaid, on the Interest Payment Date, to such Owner at the address of such Owner as it appears on the Registration Books as of such Record Date; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of 2016 Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee prior to the applicable Record Date. Principal of and redemption premium (if any) on any 2016 Bond shall be paid upon presentation and surrender thereof, at maturity, at the Principal Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the 2016 Bonds shall be payable in lawful money of the United States of America.

Each 2016 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after 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 2016 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 2016 Bond, interest thereon is in default, such 2016 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Section 2.03. Redemption of 2016 Bonds.

(a) Optional Redemption. The 2016 Bonds maturing on or before August 1, 2025 are not subject to optional redemption prior to maturity. The 2016 Bonds maturing on and after August 1, 2026, are subject to redemption, at the option of the Successor Agency on any date on or after August 1, 2025, as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the 2016 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Successor Agency shall be required to give the Trustee written notice of its intention to redeem 2016 Bonds under this subsection (a) with a designation of the principal amount and maturities to be redeemed at least sixty (60) days prior to the date fixed for such redemption (or such later date as is acceptable to the Trustee).

- (b) Mandatory Sinking Fund Redemption. The 2016 Bonds that are Term Bonds maturing August 1, 20___ shall be subject to mandatory redemption in whole, or in part by lot, on August 1 in each year, commencing August 1, 20__, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account pursuant to Section 4.03(b), at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on August 1 in the respective years as set forth in the following table; provided however, that (i) in lieu of redemption thereof such Term Bonds may be purchased by the Successor Agency pursuant to Section 2.03(g) hereof, and (ii) if some but not all of such Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).
- (c) <u>Notice of Redemption</u>. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, to (i) to the Owners of any

2016 Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to the Information Services; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such 2016 Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state that optional redemption is conditioned upon the timely delivery of the redemption price by the Successor Agency to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the 2016 Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all 2016 Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such 2016 Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such 2016 Bonds will not accrue from and after the redemption date.

The Successor Agency has the right to rescind any notice of the optional redemption of 2016 Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2016 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The Successor Agency and the Trustee 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 under this Section.

Upon the payment of the redemption price of 2016 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the 2016 Bonds being redeemed with the proceeds of such check or other transfer.

- (d) <u>Partial Redemption of 2016 Bonds</u>. In the event only a portion of any 2016 Bond is called for redemption, then upon surrender of such 2016 Bond the Successor Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new 2016 Bond or 2016 Bonds of the same interest rate and maturity, of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the 2016 Bond to be redeemed.
- (e) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the 2016 Bonds so called for redemption shall have been duly deposited with the Trustee, such 2016 Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.
- (f) Manner of Redemption. Whenever any 2016 Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof to the extent 2016 Bonds are no longer held in book-entry form. In the event of redemption by lot of 2016 Bonds, the Trustee shall assign to each 2016 Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such 2016 Bond. The 2016 Bonds to be redeemed shall be the 2016 Bonds to which were assigned numbers so selected, but only so much of the

principal amount of each such 2016 Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. All 2016 Bonds redeemed or purchased pursuant to this Section 2.03 shall be cancelled and destroyed.

(g) Purchase in Lieu of Redemption. In lieu of redemption of the Term Bonds pursuant to the preceding sub-paragraph (b) or pursuant to a Supplemental Indenture, amounts on deposit in the Special Fund or in the Principal Account or Sinking Account may also be used and withdrawn by the Successor Agency and the Trustee, respectively, at any time, upon the Written Request of the Successor Agency, for the purchase of the Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Successor Agency may in its discretion determine. The par amount of any Term Bonds so purchased by the Successor Agency in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds required to be redeemed pursuant to subsection (d) on August 1 in each year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said July 1. In no event shall the Successor Agency purchase any Term Bonds in lieu of redemption without canceling such Term Bonds.

Section 2.04. Form of 2016 Bonds. The 2016 Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the form set forth in Exhibit A, which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.05. Execution of 2016 Bonds. The 2016 Bonds shall be executed on behalf of the Successor Agency by the signature of the Chair or the Executive Director of the San Joaquin County Community Development Commission who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. The 2016 Bonds shall be attested by the manual or facsimile of the Secretary of the Governing Board of the Successor Agency. If any officer whose signature appears on any 2016 Bond ceases to be such officer before delivery of the 2016 Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the 2016 Bonds to the purchaser. Any 2016 Bond may be signed and attested on behalf of the Successor Agency by such persons as at the actual date of the execution of such 2016 Bond any such person shall not have been such officer of the Successor Agency.

Only such of the 2016 Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore set forth, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such Certificate shall be conclusive evidence that such 2016 Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. In the event temporary 2016 Bonds are issued pursuant to Section 2.09 hereof, the temporary 2016 Bonds may bear thereon a Certificate of Authentication executed and dated by the Trustee, shall be initially registered by the Trustee, and, until so exchanged as provided under Section 2.09 hereof, the temporary 2016 Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive 2016 Bonds authenticated and delivered hereunder.

Section 2.06. <u>Transfer of Bonds.</u> Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds shall be surrendered for registration of transfer, the Successor Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of authorized denomination. The Trustee shall collect from the Owner any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.06. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Successor Agency.

The Trustee may refuse to transfer, under the provisions of this Section 2.06, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

Section 2.07. Exchange of Bonds. Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds pursuant to this Section 2.07. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Successor Agency.

The Trustee may refuse to transfer, under the provisions of this Section 2.07, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

Section 2.08. <u>Registration of Bonds</u>. The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours be open to inspection by the Successor Agency, upon reasonable prior notice to the Trustee; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books Bonds as hereinbefore provided.

Section 2.09. <u>Temporary Bonds</u>. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Successor Agency, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Successor Agency upon the same conditions and in substantially the same manner as the definitive Bonds. If the Successor Agency issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations, interest rates and like maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Successor Agency, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Successor Agency and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the Successor Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee and the Successor Agency). The Successor Agency may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.10 and of the expenses which may be incurred by the Successor Agency and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Successor Agency whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued pursuant to this Indenture.

Section 2.11. Book-Entry System.

(a) <u>Original Delivery</u>. The Bonds shall be initially delivered in the form of a separate single fully registered Bond without coupons (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, neither the Successor Agency nor the Trustee shall have any responsibility or obligation to any Depository System Participant or to any person on behalf of which the Depository System Participant holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, neither the Successor Agency nor the Trustee shall have any responsibility or obligation with respect to (i) the accuracy of the records of the Depositorv. the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the Successor Agency elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Successor Agency and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal, premium and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and interest and premium, if any, on the

Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the Successor Agency to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Successor Agency shall promptly deliver a copy of the same to the Trustee.

- (b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the Successor Agency and the Trustee shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Successor Agency or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. The Trustee agrees to comply with all provisions in such letter with respect to the giving of notices thereunder by the Trustee. In addition to the execution and delivery of such letter, upon written request of the Depository or the Trustee, the Successor Agency may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.
- (c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Successor Agency determines to terminate the Depository as such, then the Successor Agency shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Successor Agency and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Successor Agency fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Article II. Prior to its termination, the Depository shall furnish the Trustee with the names and addresses of the Depository System Participants and respective ownership interests thereof.
- (d) <u>Payments to the Nominee</u>. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium (if any) on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF 2016 BONDS

Section 3.01. Issuance of 2016 Bonds. Upon the execution and delivery of this

Indenture, the Successor Agency saggregate principal amount ofauthenticate and deliver the 2016 Bo	Dollars (\$) and the Trustee shall
Section 3.02. Application of Closing Date the proceeds of sale of of (i)_ the purchase price of the 201 amount of the 2016 Bonds, plus an an underwriter's discount in the an Insurance Policy in the amount of \$ in the amount of \$, which is for the 2016 Reserve Policy in the Trustee shall apply the proceeds	f the 2016 Bonds shall be part of Bonds of \$	_ (being the aggregate principal e amount of \$, less is (ii) the premium for the 2016 um for the 2016 Reserve Policy 2016 Insurer, less the premium aid directly to the 2016 Insurer.
(a) The Trustee s Issuance Account.	shall deposit the amount of \$	in the Costs of
(b) The Trustee Bonds Refunding Fund.	shall deposit the amount o	of \$, in the 2003
[In addition, the Trustee shall	credit the 2016 Reserve Po	licy to the Reserve Account.]

Section 3.03. <u>Bond Proceeds Fund</u>; <u>Costs of Issuance Account</u>. There is hereby established a separate fund to be known as the "Bond Proceeds Fund", which shall be held by the Trustee in trust, and within such Fund there shall be established a separate Costs of Issuance Account. The moneys in the Costs of Issuance Account shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is six (6) months following the Closing Date, or upon the earlier Written Request of the Successor Agency, all amounts (if any) remaining in the Costs of Issuance Account shall be withdrawn therefrom by the Trustee and transferred to the Interest Account of the Debt Service Fund, and the Trustee shall close the Costs of Issuance Account.

Section 3.04. <u>2003 Bonds Refunding Fund</u>. There is hereby created the 2003 Bonds Refunding Fund held by the Trustee in trust for the benefit of the Successor Agency. The moneys in the 2003 Bonds Refunding Fund shall be maintained separate and apart from other moneys of the Successor Agency.

The Trustee shall transfer all moneys on deposit in the 2003 Bonds Refunding Fund to The Bank of New York Mellon Trust Company, N.A., as trustee for the 2003 Bonds, for deposit and application under and pursuant to the 2003 Bonds Refunding Instructions. Upon making such transfer, the 2003 Bonds Refunding Fund shall be closed.

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS

Section 4.01. Security of Bonds; Equal Security. Except as provided in Section 6.06, the Bonds and any Parity Debt shall be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, including all of the Tax Revenues in the Redevelopment Obligation Retirement Fund and a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account and the Redemption Account, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Bonds and all Parity Debt 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 established by Section 4.03(d). The Bonds shall be also equally secured by the pledge and lien created with respect to the Bonds by Section 34177.5(g) of the Law on the Tax Revenues deposited from time to time in the Redevelopment Property Tax Trust Fund. 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.

Pursuant to Section 3 of the 2008 Reimbursement Agreement, the pledge of property tax revenues under the 2008 Reimbursement Agreement is subordinate to the pledge, security interest and lien that secures any loans, advances or indebtedness of the Former Agency or the Successor Agency, whether issued before or after the effective date of the 2008 Reimbursement Agreement. As such, the 2008 Reimbursement Agreement is payable on a subordinate basis to the Bonds.

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

Section 4.02. <u>Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues</u>. The Successor Agency has heretofore 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 in accordance with Section 5.08 hereof into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency. All Tax Revenues received by the Successor Agency in excess of the amount required to make the deposits required herein in order to pay debt service on the Bonds and any Parity Debt and to make any other payments due hereunder, and except as may be provided to the contrary in this Indenture or in any Supplemental Indenture or Parity Debt Instrument, shall be released from the pledge and lien hereunder 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 and redemption premium (if any) on the Bonds and the payment

in full of all other amounts payable hereunder 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 this Indenture and in any Supplemental Indenture.

Section 4.03. <u>Deposit of Amounts by Trustee</u>. There is hereby established a trust fund to be known as the Debt Service Fund, which shall be held by the Trustee hereunder in trust. Concurrently with transfers with respect to Parity Debt pursuant to Parity Debt Instruments, moneys in the Redevelopment Obligation Retirement Fund shall be transferred by the Successor Agency to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are hereby established in the Debt Service Fund, and in the following order of priority:

- (a) Interest Account. On or before the fifth (5th) Business Day preceding each Interest Payment Date, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee, for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and any Parity Debt on such Interest Payment Date. No such deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds and any Parity Debt. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and any Parity Debt as it shall become due and payable.
- (b) <u>Principal Account</u>. On or before the fifth (5th) Business Day preceding each August 1 on which the principal of the Bonds becomes due and payable, and at maturity, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Bonds. No such deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next August 1 on all of the Outstanding Bonds and any Parity Debt. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds and any Parity Debt as it shall become due and payable.
- (c) <u>Sinking Account</u>. No later than the fifth (5th) Business Day preceding each August 1 on which any Term Bond becomes subject to mandatory sinking account redemption, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required to be redeemed on such August 1. No such deposit need be made to the Sinking Account if the amount contained therein is at least equal to the Sinking Account payments to become due on the next August 1 on all of the Outstanding Bonds and any Parity Debt. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon redemption or purchase pursuant to Section 2.03(b).

(d) Reserve Account. There is hereby established in the Debt Service Fund a separate account known as the "Reserve Account" solely as security for payments payable by the Successor Agency pursuant to this Section 4.03 and pursuant to any other Parity Debt Instrument, which shall be held by the Trustee in trust for the benefit of the Owners of the Bonds and any Parity Debt. The Reserve Requirement for the 2016 Bonds will be satisfied by the delivery of the 2016 Reserve Policy by the 2016 Insurer on the Closing Date with respect to the 2016 Bonds. The Successor Agency will have no obligation to replace the 2016 Reserve Policy or to fund the Reserve Account with cash if, at any time that the 2016 Bonds are Outstanding, amounts are not available under the 2016 Reserve Policy other than in connection with a draw on the 2016 Reserve Policy.

Except as provided in the preceding paragraph and as may be provided in a Supplemental Indenture, in the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Upon receipt of any such notice and as promptly as is permitted by the Law, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account.

Except as provided above, the amount on deposit in the Reserve Account shall be maintained at the Reserve Requirement at all times prior to the payment of the Bonds and any Parity Debt in full. If there shall then not be sufficient Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Tax Revenues become available until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers pursuant to any Parity Debt Instrument and hereunder to the Interest Account, the Principal Account and the Sinking Account, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default hereunder or under any Parity Debt Instrument, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before two (2) Business Days preceding each February 1 and August 1 by the Trustee and deposited in the Interest Account or be applied pro rata in accordance with any applicable provision of a Parity Debt Instrument. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to this Section 4.03 or shall be applied pro rata as required by any Parity Debt Instrument, as applicable.

The Successor Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds or any Parity Debt the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal

income taxation. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be applied in accordance with the Law. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this paragraph Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first legally available Tax Revenues. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a), 4.03(b) or 4.03(c) of this Indenture shall be prorata with respect to each such instrument. If the Reserve Requirement with respect to a particular series of Bonds is secured by a Qualified Reserve Account Credit Instrument that relates only to such series of Bonds, the calculation of Reserve Requirement for such series of Bonds shall be calculated on a stand alone basis.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the Bonds and any Parity Debt in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee. Additionally, the Successor Agency may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Parity Debt not issued as Bonds in order to maintain a combined reserve account for the Bonds and any (but not necessarily all) Parity Debt.

(e) Redemption Account. On or before the Business Day preceding any date on which Bonds are to be redeemed pursuant to Section 2.03(a), other than mandatory Sinking Account redemption of Term Bonds, the Trustee shall withdraw from the Debt Service Fund any amount transferred by the Successor Agency pursuant to Section 2.03(a) for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such date pursuant to Section 2.03(a). All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed pursuant to Section 2.03(a) on the date set for such redemption, other than mandatory Sinking Account redemption of Term Bonds. Interest due on Bonds to be redeemed on the date set for redemption shall, if applicable, be paid from funds available therefor in the Interest Account.

ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

Section 5.01. <u>Punctual Payment</u>. The Successor Agency shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds together with the premium thereon, if any, in strict conformity with the terms of the Bonds and of this Indenture. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures and the Bonds. Nothing herein contained shall prevent the Successor Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.

Section 5.02. <u>Limitation on Additional Indebtedness; Against Encumbrances</u>. The Successor Agency hereby covenants that, so long as the Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement 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 this Section 5.02. 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 or on parity to the pledge and lien herein created for the benefit of the Bonds; provided, that the Successor Agency may issue and sell refunding bonds as Parity Debt payable from Tax Revenues on a parity with Outstanding Bonds to refund all or a portion of the Outstanding Bonds, and, provided further that, with respect to any such refunding (i) annual debt service on such Parity Debt, as applicable, is lower than annual debt service on the obligations being refunded during every year the obligations would otherwise be outstanding and (ii) the final maturity of any such Parity Debt does not exceed the final maturity of the obligations being refunded. Nothing herein shall prevent the Successor Agency from issuing and selling Subordinate Debt.

Section 5.03. Extension of Payment. The Successor Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any Bond or claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding the Bonds or claims for interest in any other manner. In case the maturity of any such Bond or claim for interest shall be extended or funded, whether or not with the consent of the Successor Agency, such Bond or claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 5.04. <u>Payment of Claims</u>. The Successor Agency shall promptly pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Tax Revenues or other amounts pledged to the payment of the Bonds, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims.

Section 5.05. <u>Books and Accounts; Financial Statements</u>. The Successor Agency shall at all times keep, or cause to be kept, proper and current books and accounts in which accurate entries are made of the financial transactions and records of the Successor Agency. Within one

hundred eighty (180) days after the close of each Fiscal Year an Independent Certified Public Accountant shall prepare an audit of the financial transactions and records of the Successor Agency for such Fiscal Year. To the extent permitted by law, such audit may be included within the annual audited financial statements of the County. The Successor Agency shall furnish a copy of such financial statements to any Owner upon reasonable request of such Owner and at the expense of such Owner. The Trustee shall have no duty to review such audits.

Section 5.06. <u>Protection of Security and Rights of Owners</u>. The Successor Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date with respect to the 2016 Bonds, the 2016 Bonds shall be incontestable by the Successor Agency.

Section 5.07. Payments of Taxes and Other Charges. Except as otherwise provided herein, the Successor Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Successor Agency or the properties then owned by the Successor Agency in the Project Area, or upon the revenues therefrom when the same shall become due. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Project Area or any part thereof.

Section 5.08. Compliance with the Law; Recognized Obligation Payment Schedules. The Successor Agency shall comply with all of the requirements of the Law. Pursuant to Section 34177 of the Law, not later than each date a Recognized Obligation Payment Schedule is due, the Successor Agency shall submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule. The Successor Agency shall take all actions required under the Law to include in the Recognized Obligation Payment Schedule for each Semiannual Period (i) debt service on the Bonds and any Parity Debt and (ii) all amounts due and owing to the 2016 Insurer hereunder, so as to enable the San Joaquin County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on each January 2 and June 1, as applicable, amounts required to enable the Successor Agency to pay timely principal of, and interest on, the Bonds on a timely basis, as such amounts of debt service are set forth in the Recognized Obligation Payment Schedule attached hereto as Exhibit B and hereby made a part hereof, or as such Schedule may be hereafter amended, as well as all amounts due and owing to the 2016 Insurer hereunder.

In order to ensure that amounts are available for the Trustee to pay debt service on all Outstanding Bonds and all amounts due and owing to the 2016 Insurer hereunder on a timely basis, not later than February 1 of each year (or such other time as may be required by the Dissolution Act), commencing February 1, 2016, the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the San Joaquin County Auditor-Controller that shall include:

(i) all of the debt service due on all Outstanding Bonds on February 1 and August 1 of the Bond Year ending on August 1 of the next calendar year, which amount shall be distributed in full to the Successor Agency on January 2 of such year, and

(ii) any amount required to cure any deficiency in the Reserve Account pursuant to this Indenture (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument as well as all amounts due and owing to the 2016 Insurer hereunder).

In addition to the amounts described in clauses (i) and (ii) of the previous paragraph, if the amount of Tax Revenues distributed to the Successor Agency on January 2 in any year is less than the sum of the amounts specified in clauses (i) and (ii) of the previous paragraph, then not later than February 1 of such year (or on such other date as may be required by the Dissolution Act), the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the San Joaquin County Auditor-Controller that shall include the balance due to the Successor Agency, which amount shall be distributed in full to the Successor Agency on June 1 of such year.

In the event the provisions set forth in the Dissolution Act as of the Closing Date of the 2016 Bonds that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Successor Agency agrees to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Bonds and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the receipt of (i) not less than one of half of debt service due during each Bond Year on all Outstanding Bonds prior to February 1 of such Bond Year, and (ii) the remainder of debt service due during such Bond Year on all Outstanding Bonds prior to the next succeeding August 1.

Section 5.09. <u>Dissolution Act Invalid</u>; <u>Maintenance of Tax Revenues</u>. In the event that the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid and, in place of the invalid provisions, provisions of the Law or the equivalent become applicable to the Bonds, the Successor Agency shall comply with all requirements of the Law or the equivalent to ensure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and, in the case of amounts payable by the State, appropriate officials of the State.

Section 5.10. <u>No Arbitrage</u>. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2016 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2016 Bonds would have caused the 2016 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

Section 5.11. <u>Private Activity Bond Limitation</u>. The Successor Agency shall assure that the proceeds of the 2016 Bonds are not so used as to cause the 2016 Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Section 5.12. <u>Federal Guarantee Prohibition</u>. The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2016 Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Section 5.13. <u>Rebate Requirement</u>. The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess

investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2016 Bonds.

Section 5.14. <u>Maintenance of Tax-Exemption</u>. The Successor Agency shall take all actions necessary to assure the exclusion of interest on the 2016 Bonds from the gross income of the Owners of the 2016 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2016 Bonds.

Section 5.15. <u>Continuing Disclosure</u>. The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not be an Event of Default hereunder. However, any Participating Underwriter or any holder or beneficial owner of the 2016 Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under this Section 5.15.

Section 5.16. <u>Further Assurances</u>. The Successor Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

Section 5.17. <u>Provisions Relating to the 2016 Insurance Policy and the 2016 Reserve Policy</u>.

[to come]

ARTICLE VI

THE TRUSTEE

Section 6.01. Duties, Immunities and Liabilities of Trustee.

- (a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants, duties or obligations shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.
- (b) The Successor Agency may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Successor Agency has knowledge that the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Successor Agency to the Trustee, whereupon the Successor Agency shall appoint a successor Trustee by an instrument in writing.
- (c) The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing.
- (d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction at the expense of the Successor Agency for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing, acknowledging and delivering to the Successor Agency and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Successor Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title

and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Successor Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Successor Agency shall mail a notice of the succession of such Trustee to the trusts hereunder to the Owners at their respective addresses shown on the Registration Books. If the Successor Agency fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Successor Agency.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a financial institution having a corporate trust office in the State, having (or in the case of a corporation or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such financial institution publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such financial institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

The Successor Agency will maintain a Trustee which is qualified under the provisions of the foregoing provisions of this subsection (e), so long as any Bonds are Outstanding.

Section 6.02. Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.03. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Successor Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of this Indenture or of the security for the Bonds or the tax status of interest thereon nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or intentional misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee and its officers and employees may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any

committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

- (b) The Trustee shall not be liable for any error of judgment made by a responsible employee or officer, unless the Trustee shall have been negligent in ascertaining the pertinent facts.
- (c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.
- (d) The Trustee shall not be liable for any action taken by it and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or intentional misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.
- (e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer shall have actual knowledge thereof, or shall have received written notice thereof from the Successor Agency at its Principal Corporate Trust Office. In the absence of such actual knowledge or notice, the Trustee may conclusively assume that no Event of Default has occurred and is continuing under this Indenture. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee may rely conclusively on the Successor Agency's certificates to establish the Successor Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Tax Revenues into the Redevelopment Obligation Retirement Fund and the investment and application of moneys on deposit in the Redevelopment Obligation Retirement Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

The Trustee shall have no liability or obligation to the Bondowners with respect to the payment of debt service on the Bonds by the Successor Agency or with respect to the observance or performance by the Successor Agency of the other conditions, covenants and terms contained in this Indenture, or with respect to the investment of any moneys in any fund or account established, held or maintained by the Successor Agency pursuant to this Indenture or otherwise.

No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it at the maximum rate permitted by law.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or receivers and the Trustee shall

not be responsible for any intentional misconduct or negligence on the part of any agent, attorney or receiver appointed with due care by it hereunder.

The Trustee shall have no responsibility, opinion, or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

Before taking any action under Article VIII or this Article at the request of the Owners the Trustee may require that a satisfactory indemnity bond be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

The Trustee will not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to any project refinanced with the proceeds of the Bonds, malicious mischief, condemnation, and unusually severe weather and/or occurrences beyond the control of the Trustee.

Section 6.04. Right to Rely on Documents and Opinions. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion or other paper or document believed by it to be genuine and to have been signed or prescribed by the proper party or parties, and shall not be required to make any investigation into the facts or matters contained thereon. The Trustee may consult with counsel, including, without limitation, counsel of or to the Successor Agency, with regard to legal questions, and, in the absence of negligence or intentional misconduct by the Trustee, the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Successor Agency, which shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or report of any Independent Accountant or Independent Redevelopment Consultant appointed by the Successor Agency.

Section 6.05. <u>Preservation and Inspection of Documents</u>. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of the Successor Agency and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

Section 6.06. Compensation and Indemnification. The Successor Agency shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture in accordance with the letter proposal from the Trustee approved by the Successor Agency and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including the allocated costs and disbursement of inhouse counsel to the extent such services are not redundant with those provided by outside counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee shall have a first lien on the Tax Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel).

The Successor Agency further covenants and agrees to indemnify, defend and save the Trustee and its officers, directors, agents and employees, harmless from and against any loss, expense and liabilities which it may incur arising out of or in connection with the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Successor Agency and the rights of the Trustee under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

Section 6.07. Deposit and Investment of Moneys in Funds. Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Costs of Issuance Account shall be invested by the Trustee in Permitted Investments as directed by the Successor Agency in the Written Request of the Successor Agency filed with the Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such Written Request of the Successor Agency, the Trustee shall invest any such moneys in Permitted Investments described in clause (d) of the definition thereof, which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. The Trustee shall be entitled to rely conclusively upon the written instructions of the Successor Agency directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. Moneys in the Redevelopment Obligation Retirement Fund may be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be deposited in the Interest Account. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the Successor Agency or otherwise made pursuant to this Section.

The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Successor Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by this Indenture. Except as specifically provided in this Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the Successor Agency for earnings derived from funds that have been invested.

The Successor Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. The Trustee has no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Successor Agency in any Written Certificate or Written Request of the Successor Agency.

For purposes of this Section 6.07, the term "Fair Market Value" shall mean the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, or (iii) the investment is a United States Treasury Security -- State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

Section 6.08. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which accurate entries shall be made of all transactions of the Trustee relating to the proceeds of the Bonds made by it and all funds and accounts held by the Trustee established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Successor Agency upon reasonable prior notice, at reasonable hours and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, at least monthly, an accounting of all transactions in the form of its customary statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

Section 6.09. <u>Appointment of Co-Trustee or Agent</u>. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or

in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-trustee. The following provisions of this Section 6.09 are adopted to these ends.

In the event that the Trustee shall appoint an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them; provided, however, in no event shall the Trustee be responsible or liable for the acts or omissions of any co-trustee.

Should any instrument in writing from the Successor Agency be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Successor Agency. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 6.10. <u>Other Transactions with Successor Agency.</u> The Trustee, either as principal or agent, may engaged in or be interested in any financial or other transaction with the Successor Agency.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.01. <u>Amendment With And Without Consent of Owners</u>. This Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption and without the consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes-

- (a) to add to the covenants and agreements of the Successor Agency in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers herein reserved to or conferred upon the Successor Agency; or
- (b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not, in the reasonable determination of the Successor Agency, materially adversely affect the interests of the Owners; or
- (c) to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Bonds, in the opinion of Bond Counsel; or
- (d) to amend the Recognized Obligation Debt Service Payment Schedule set forth in Exhibit B to take into account the redemption of any Bond prior to its maturity; or
- (e) to provide for the issuance of Parity Debt pursuant to a Supplemental Indenture, as such issuance is authorized by Section 5.02.

Except as set forth in the preceding paragraph, this Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding with the consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premium, (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In addition, the Trustee shall be entitled to an opinion of counsel concerning the Supplemental Indenture's lack of any material adverse effect on the Owners.

Section 7.02. <u>Effect of Supplemental Indenture</u>. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and

obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the Successor Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency the Owners of such Bonds shall present such Bonds for that purpose at the Principal Corporate Trust Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared at the expense of the Successor Agency and executed in exchange for any or all of the Bonds, and in that case, upon demand of the Successor Agency, the Owners of the Bonds shall present such Bonds for exchange at the Trust Office of the Trustee, without cost to such Owners.

Section 7.04. <u>Amendment by Mutual Consent</u>. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

Section 7.05. <u>Trustee's Reliance</u>. The Trustee may conclusively rely, and is protected in relying, upon a Written Certificate of the Successor Agency and an opinion of Bond Counsel stating that all requirements of this Indenture relating to the amendment or modification hereof have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Bond Owners.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.01. <u>Events of Default and Acceleration of Maturities</u>. The following events shall constitute Events of Default hereunder:

- (a) if default shall be made by the Successor Agency in the due and punctual payment of the principal of or interest on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;
- (b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds or any Parity Debt Instrument contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of sixty (60) days following receipt by the Successor Agency of written notice from the Trustee or any Owner of the occurrence of such default, provided that if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such 60 day period, such failure will not constitute an event of default if corrective action is instituted by the Successor Agency within such 60 day period and the Successor Agency thereafter diligently and in good faith cures such failure in a reasonable period of time: or
- (c) If the Successor Agency files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the Successor Agency or of the whole or any substantial part of its property.

If an Event of Default has occurred under this Section and is continuing, the Trustee may, or, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (b) the Trustee shall, subject to the provisions of Section 8.06, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity.

Immediately upon receiving notice or actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone promptly confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners by mail, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall

have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law), and the reasonable fees and expenses of the Trustee, (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee shall promptly give written notice of the foregoing to the Owners of all Bonds then Outstanding, and the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 8.02. <u>Application of Funds Upon Acceleration</u>. All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

<u>First</u>, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in this Article VIII, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees, expenses of the Trustee; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest; and

<u>Third</u>, to the payment of all amounts due and owing to the 2016 Insurer hereunder.

Section 8.03. <u>Power of Trustee to Control Proceedings</u>. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however,* that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 8.04. <u>Limitation on Owner's Right to Sue.</u> No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 8.05. <u>Non-Waiver</u>. Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest on the Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner or the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners and the Trustee by the Law or by this

Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners or the Trustee, the Successor Agency, the Trustee and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 8.06. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-infact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, provided, however, the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel).

Section 8.07. <u>Remedies Not Exclusive</u>. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE IX

MISCELLANEOUS

Section 9.01. <u>Benefits Limited to Parties.</u> Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee, the 2016 Insurer and the Owners, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Trustee, the 2016 Insurer and the Owners.

Section 9.02. <u>Successor is Deemed Included in All References to Predecessor.</u> Whenever in this Indenture or any Supplemental Indenture either the Successor Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Successor Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. <u>Defeasance of Bonds</u>. If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

- (i) by well and truly paying or causing to be paid the principal of and interest on all or the applicable portion of Outstanding Bonds, as and when the same become due and payable; or
- (ii) by irrevocably depositing with the Trustee or an escrow holder, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all or a portion of Outstanding Bonds, including all principal and interest, or;
- (iii) by irrevocably depositing with the Trustee or an escrow holder, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds or a portion thereof (including all principal and interest) at or before maturity; or
- (iv) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

then, at the election of the Successor Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid and discharged, except only (a) the covenants of the Successor Agency hereunder with respect to the Code, (b) the obligation of the Trustee to transfer and exchange Bonds hereunder, (c) the obligations of the Successor Agency under Section 6.06 hereof, and (d) the obligation of the Successor Agency to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. In the event the

Successor Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due the Trustee pursuant to Section 6.06 shall be paid over to the Successor Agency for deposit in the Redevelopment Obligation Retirement Fund.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, consent, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Registration Books.

Any demand, request, direction, consent, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Successor Agency or the Trustee and in accordance therewith, provided, however, that the Trustee shall not be deemed to have knowledge that any Bond is owned by or for the account of the Successor Agency unless the Successor Agency is the registered Owner or the Trustee has received written notice that any other registered Owner is such an affiliate.

Section 9.05. <u>Disqualified Bonds</u>. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Successor Agency or the County (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

Section 9.06. <u>Waiver of Personal Liability</u>. No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.07. <u>Destruction of Cancelled Bonds</u>. Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy such bonds and upon request of the

Successor Agency provide the Successor Agency a certificate of destruction. The Successor Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 9.08. <u>Notices</u>. Any notice, request, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or upon receipt when mailed by first class, registered or certified mail, postage prepaid, or sent by telegram, addressed as follows:

If to the Successor Agency: Successor Agency to the Tracy Community

Development Agency

333 Civic Center Plaza

Tracy, CA 95376

Attention: Executive Director

If to the Trustee: The Bank of New York Mellon Trust

Company, N.A.

700 South Flower Street, Suite 500 Los Angeles CA 90017-4014

Attention: Corporate Trust Department

If to the 2016 Insurer: [to come]

Section 9.09. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Successor Agency hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof, be assumed by and vest in the Treasurer of the County of San Joaquin, on behalf of the Successor Agency, in trust for the benefit of the Owners. The Successor Agency covenants for the direct benefit of the Owners that its Treasurer in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder, in trust for the benefit of the Bonds, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof.

Section 9.10. <u>Unclaimed Moneys</u>. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Successor Agency for the payment of the principal of and interest and redemption premium (if any) on of such Bonds.

Section 9.11. <u>Execution in Counterparts</u>. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.12. <u>Governing Law.</u> This Indenture shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY, has caused this Indenture to be signed in its name by the chief administrative officer of the Successor Agency, and attested by the Secretary of the Governing Board, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY FOR THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY

By:

City Manager City of Tracy

ATTEST:

Secretary, Governing Board

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By:

Authorized Officer

EXHIBIT A

(FORM OF BOND)

UNITED STATES OF AMERICA STATE OF CALIFORNIA COUNTY OF SAN JOAQUIN CITY OF TRACY

SUCCESSOR AGENCY FOR THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY 2016 TAX ALLOCATION REFUNDING BOND

<u>INTEREST RATE:</u> <u>MATURITY DATE:</u> <u>DATED DATE:</u> <u>CUSIP:</u>
1. . 2016

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM:

The SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY, a public entity, duly created and existing under and by virtue of the laws of the State of California (the "Successor Agency"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Registered Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date (the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before July 15, 2016, in which event it shall bear interest from the Dated Date above; provided however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, until payment of such Principal Sum in full, at the Interest Rate per annum stated above, payable semiannually on February 1 and August 1 in each year, commencing August 1, 2016 (each an "Interest Payment Date"), calculated on the basis of 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon surrender of this Bond at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as trustee (the "Trustee"), or at such other place as designated by the Trustee (the "Corporate Trust Office"). Interest hereon (including the final interest payment upon maturity or earlier redemption hereof) is payable by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee as of the

Record Date for which such Interest Payment Date occurs; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more upon written instructions of any such registered owner filed with the Trustee for that purpose prior to the Record Date preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as "Successor Agency to the Tracy Community Development Agency 2016 Tax Allocation Refunding Bonds" (the "Bonds"), in an aggregate principal amount of Dollars (\$), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates, redemption and other provisions) and all issued pursuant to the provisions of Section 34177.5 of the Health and Safety Code of the State of California and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Refunding Law") and pursuant to an Indenture of Trust, dated as of 1, 2016, entered into by and between the Successor Agency and the Trustee (the "Indenture"), authorizing the issuance of the Bonds. Additional bonds or other obligations may also be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all indentures supplemental thereto and to the Law (as defined in the Indenture) and the Refunding Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues (as that term is defined in the Indenture), and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Successor Agency for the purpose of providing funds to refund its 2003 Bonds (as defined in the Indenture) and to pay certain expenses of the Successor Agency in issuing the Bonds.

There has been created under the Law the Redevelopment Obligation Retirement Fund (as defined in the Indenture) into which Tax Revenues shall be deposited and from which the Successor Agency shall transfer amounts to the Trustee for payment, when due, of the principal of and the interest and redemption premium, if any, on the Bonds. As and to the extent set forth in the Indenture, all such Tax Revenues are exclusively and irrevocably pledged to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture and the Law, for the security and payment or redemption of, including any premium upon early redemption, and for the security and payment of interest on, the Bonds. In addition, the Bonds shall be additionally secured at all times by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Redevelopment Obligation Retirement Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account (as such terms are defined in the Indenture). 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 or redemption premium, if any, on the Bonds.

The Bonds maturing on or before August 1, 2025, are not subject to optional redemption prior to maturity. The Bonds maturing on and after August 1, 2026, are subject to redemption, at the option of the Successor Agency on any date on or after August 1, 2025, as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a

maturity, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

As provided in the Indenture, notice of redemption shall be given by first class mail no less than twenty (20) nor more than sixty (60) days prior to the redemption date to the respective registered owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books maintained by the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

The Successor Agency has the right to rescind any notice of the optional redemption of Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The Successor Agency and the Trustee 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 under the Indenture.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Corporate Trust Office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new fully registered Bond or Bonds, of any authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. The Trustee may refuse to transfer or exchange (a) any Bond during the fifteen (15) days prior to the date established for the selection of Bonds for redemption, or (b) any Bond selected for redemption.

The Successor Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Successor Agency and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the Successor Agency and the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the

terms provided in the Indenture, but no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premium (if any) at the time and place and at the rate and in the currency provided herein of any Bond without the express written consent of the registered owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Successor Agency or the Trustee for registration of transfer, exchange, or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

This Bond is not a debt of the County of San Joaquin, the State of California, or any of its political subdivisions, and neither said County, said State, nor any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those of the Successor Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the Law, the Refunding Law and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Successor Agency, does not exceed any limit prescribed by the Law, the Refunding Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Successor Agency to the Tracy Community Development Agency has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its chief administrative officer and attested by the Secretary of the Governing Board, as of the Dated Date set forth above.

	SUCCESSOR AGENCY FOR THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY
	By: City Manager City of Tracy
ATTEST:	
Secretary, Governing Board	

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the	within-mentioned Indenture.
Authentication Date:	
	THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee
	By:
	Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or Tax Regulations:

TEN COM	as tenants in common	UNIF GIFT MIN ACT	Custo	dian
TEN ENT	as tenants by the entireties	(Cust.)		(Minor)
JT TEN	as joint tenants with right	under Uniform Gifts to Minors	S Act	
	of survivorship and not as		_	(State)
	tenants in common			
COMM PROP	as community property			

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED THOUGH NOT IN THE LIST ABOVE

	(FORM (OF ASS	SIGNMENT)
	For value received the undersigned here	eby sell	ls, assigns and transfers unto
	(Name, Address and Tax Identification the within-registered Bond and here		al Security Number of Assignee) revocably constitute(s) and appoints(s) attorney,
to trar premi	•	of the Tr	rustee with full power of substitution in the
	Dated:	<u>.</u>	
	Signatures Guaranteed:		
Note:	Signature(s) must be guaranteed by an eligible guarantor.	Note:	The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B DEBT SERVICE PAYMENT SCHEDULE

Period Ending	Principal	Interest	Total Debt Service
8/1/16			
2/1/17			
8/1/17			
2/1/18			
8/1/18			
2/1/19			
8/1/19			
2/1/20 8/1/20			
2/1/21			
8/1/21			
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8/1/30			
2/1/31			
8/1/31			
2/1/32			
8/1/32			
2/1/33			
8/1/33			
2/1/34			
8/1/34			
Total			

Norton Rose Fulbright US LLP – Draft 11/23/15

\$_____SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY 2016 TAX ALLOCATION REFUNDING BONDS

BOND PURCHASE AGREEMENT

_____, 2016

Successor Agency to the Tracy Community Development Agency 333 Civic Center Plaza Tracy, California 95376 Attention: Executive Director

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), offers to enter into this Bond Purchase Agreement (this "Purchase Agreement") with the Successor Agency to the Tracy Community Development Agency (the "Successor Agency") which will be binding upon the Successor Agency and the Underwriter upon the acceptance hereof by the Successor Agency. This offer is made subject to its acceptance by the Successor Agency by execution of this Purchase Agreement and its delivery to the Underwriter on or before 11:59 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 Successor Agency acknowledges and agrees that: (i) the purchase and sale of the Bonds (as hereinafter defined) pursuant to this Purchase Agreement is an arm's-length commercial transaction between the Successor Agency and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), and has not assumed a fiduciary responsibility in favor of the Successor Agency with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the Successor Agency on other matters); (iii) the only obligations the Underwriter has to the Successor Agency with respect to the transaction contemplated hereby are expressly set forth in this Purchase Agreement; (iv) the Successor Agency has consulted its own legal, financial and other advisors to the extent it has deemed appropriate; (v) the Underwriter has financial interests that may differ from and be adverse to those of the Successor Agency; and (vi) the Underwriter has provided the Successor Agency with certain disclosures required under the rules of the Municipal Securities Rulemaking Board (the "MSRB").

The Successor Agency hereby acknowledges receipt from the Underwriter of disclosures required by MSRB Rule G-17 (as set forth in MSRB Interpretive Notice on the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (August 2, 2012)), relating to disclosures concerning the Underwriter's role in the transaction, disclosures concerning the Underwriter's compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any.

1. <u>Purchase and Sale</u> . 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 Successor Agency for offering to the public, and the Successor Agency hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the \$ aggregate principal amount of the Successor Agency to the Tracy Community Development Agency 2016 Tax Allocation Refunding Bonds (the "Bonds") at a purchase price equal to \$ (being the aggregate principal amount thereof, [plus/less] a [premium/discount] of \$ and less an Underwriter's discount of \$ hereing the payment for and delivery of the Bonds and the other actions contemplated hereby to take place at the time of such payment and delivery are hereing sometimes called the "Closing."
[At the request of the Successor Agency, on the date of Closing, the Underwriter will wire to (the "Insurer") an amount equal to \$, representing the sum of the premium (i) for the bond insurance policy, as described in greater detail below (the "Insurance Policy") and (ii) for the reserve surety bond (the "Surety Bond"), in each case to be issued by the Insurer simultaneously with the issuance and delivery of the Bonds maturing in the years 20 and 20 (the "Insured Bonds"). As a result, the net amount to be wired to the Successor Agency by the Underwriter in connection with the purchase of the Bonds will be \$]
2. The Bonds and Related Documents. The Bonds shall be issued pursuant to an Indenture of Trust, dated as of

The net proceeds of the Bonds will be used to redeem and defease all of the (i) \$35,095,000 Community Development Agency of the City of Tracy 2003 Tax Allocation Bonds, Series A ("2003 Senior Bonds") and (ii) \$20,625,000 Community Development Agency of the City of Tracy 2003 Subordinate Tax Allocation Bonds, Series B ("2003 Subordinate Bonds" and, together with the 2003 Senior Bonds, the "2003 Bonds").

The Successor 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 Successor 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, the Disclosure Certificate, the Irrevocable Refunding Instructions from the Successor Agency to The Bank of New York Mellon Trust Company, N.A., as trustee for the 2003 Bonds (the "Refunding Instructions") and this Purchase Agreement are sometimes collectively referred to herein as the "Successor Agency Legal Documents."

- Offering. It shall be a condition to the Successor Agency's obligation 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 Bonds shall be issued, sold and delivered by the Successor 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. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices; provided, however, that the Underwriter may offer a portion of the Bonds for sale to selected dealers who are members of the Financial Industry Regulatory Authority and who agree to resell the Bonds to the public on terms consistent with this Purchase Agreement, and the Underwriter reserves the right to change such offering prices or yields as the Underwriter shall deem necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices or at yields higher than the initial yields set forth on Exhibit A attached hereto. The Underwriter also reserves the right to over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time. None of such activities shall affect the principal amounts, maturity dates, interest rates, redemption or other provision of the Bonds or the amount to be paid by the Underwriter to the Successor Agency for the Bonds.
- 4. <u>Use and Preparation of Documents</u>. The Successor 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 _______, 2016, relating to the Bonds (the "Preliminary Official Statement"). The Successor Agency ratifies, confirms and approves the use by the Underwriter prior to the date hereof of the Preliminary Official Statement. The Successor Agency has previously deemed the Preliminary Official Statement to be final as of its date for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12. The Successor Agency shall have executed and delivered to the Underwriter a certification to such effect in the form attached hereto as Exhibit B.

The Successor Agency hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the earlier of: (i) the business day preceding the date of Closing (as defined herein); or (ii) the seventh (7th) business day following the date of this Purchase Agreement: (A) the form of the Official Statement relating to the Bonds in "designated electronic format" (as defined in MSRB Rule G-32); and (B) copies of the Official Statement, dated the date hereof, in the form of the Preliminary Official Statement, with such changes thereto, as may be approved by the Underwriter, in such quantity as the Underwriter shall reasonably request. The Successor Agency hereby approves of the distribution and use by the Underwriter of the Official Statement in connection with the offer and sale of the Bonds. The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB

and as may be agreed by the Successor Agency and the Underwriter. If the Official Statement is prepared for distribution in electronic form, the Successor Agency hereby confirms that it does not object to distributions of the Official Statement in electronic form. 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 (which may be in electronic form).

- 5. <u>Representations, Warranties and Agreements of the Successor Agency</u>. The Successor Agency hereby represents, warrants and agrees as follows:
- (a) The Successor Agency is a public entity existing under the Constitution and laws of the State of California (the "State"), including the Law;
- (b) The Successor Agency has full legal right, power and authority to issue the Bonds, secure the Bonds in the manner contemplated by the Indenture and enter into the Successor Agency Legal Documents and carry out and consummate the transactions contemplated by the Successor Agency Legal Documents;
- (c) By all necessary official action of the Successor Agency prior to or concurrently with the acceptance hereof, the Successor 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 Successor Agency Legal Documents, and the performance by the Successor Agency of all transactions contemplated by the Successor Agency Legal Documents; and the Successor Agency Legal Documents will constitute legal, valid and binding obligations of the Successor 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 Successor 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 Successor Agency is a party or to which the Successor 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 Successor Agency Legal Documents, and compliance with the provisions on the Successor 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 Successor Agency is a party or to which the Successor 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 Successor 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 the Preliminary Official Statement and 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 Successor Agency of its obligations under the Successor Agency Legal Documents have been duly obtained;

- (f) Between the date of this Purchase Agreement and the date of the Closing, the Successor 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 thereby any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Successor Agency;
- 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 Successor Agency, affecting the existence of the Successor 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 Indenture or the collection of the Tax Revenues or contesting or affecting, as to the Successor Agency, the validity or enforceability of the Successor Agency Legal Documents or contesting the exclusion from gross income of interest on the 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 Successor 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 Successor Agency or which might materially adversely affect the Tax Revenues of the Successor Agency; nor, to the best knowledge of the Successor 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 Successor Agency of the Successor Agency Legal Documents;
- (h) As of the date of the Closing, the Successor Agency will not have outstanding any indebtedness which indebtedness is secured by a lien on the Tax Revenues of the Successor Agency senior to on a parity with the lien provided for in the Indenture on the Tax Revenues;
- (i) As of the time of acceptance hereof and as of the date of the Closing, the Successor 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 and hereof, the Preliminary Official Statement and the Official Statement did not and do 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;
- (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 (including any amendment or supplement to the Official Statement as contemplated in (l) below) 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;
- (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 Successor Agency will notify the Underwriter, and, if in the opinion of the Underwriter or the Successor Agency, or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Successor 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 after the End of the Underwriting Period for the Bonds, the Successor 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 Successor Agency delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member 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;
- (n) After the Closing, the Successor 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 Successor Agency and delivered to the Underwriter shall be deemed a representation by the Successor Agency to the Underwriter as to the statements made therein;
- (p) The Successor Agency will apply the proceeds from the sale of the Bonds for the purposes specified in the Official Statement;
- (q) Neither the Successor Agency nor the City of Tracy (the "City") has been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Successor Agency or the City is a bond issuer whose arbitrage certifications may not be relied upon;
- (r) The Successor 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 Successor 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 Successor Agency will refrain from taking any action with regard to which the Successor Agency may exercise control that results in the inclusion in gross income for federal income tax purposes of the interest on the Bonds or State income tax purposes of the interest on the Bonds;
- (t) Except as disclosed in the Preliminary Official Statement and the Official Statement, neither the Successor Agency nor the Tracy Community Development Agency during the past five years has failed to comply in any material respect with any continuing disclosure undertaking;
- (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; and
- (v) The Department of Finance of the State (the "Department of Finance") issued a letter, dated ______, 20__ (the "DOF Letter"), 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 Successor 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 Successor Agency pursuant to Section 34183 of the Dissolution Act.
- 6. <u>Closing.</u> At 8:00 A.M., California time, on _____, 2016, or on such other date as may be mutually agreed upon by the Successor Agency and the Underwriter, the Successor 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 Jones Hall, A Professional Law Corporation ("Bond Counsel"), or such other place as shall have been mutually agreed upon by the Successor 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 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 the Underwriter and DTC at least two business day prior to the Closing.
- 7. <u>Closing Conditions</u>. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Successor 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 Successor 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 Successor 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 one 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 Successor 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 Successor 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 Successor Agency Legal Documents shall have been duly authorized, executed and delivered by the respective parties thereto, and the Preliminary Official Statement and the Official Statement shall have been duly authorized, executed and delivered by the Successor 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 Successor 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 Successor Agency relating to the Preliminary Official Statement and the Official Statement and the Successor 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) <u>Bond Counsel Final Opinion</u>. The approving opinion of Bond Counsel, dated the date of the Closing and substantially in the form included as Appendix E to the Official Statement;
 - (2) <u>Supplemental Opinion of Bond Counsel</u>. 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 opinion were addressed to the Underwriter and to the following effect:
 - (i) the Purchase Agreement has been duly executed and delivered by the Successor Agency and (assuming due authorization, execution and delivery by and validity against the Underwriter) constitutes the valid, binding and enforceable agreement of the Successor 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 "INTRODUCTION," "REFUNDING PLAN," "THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS" and in Appendix A insofar as such statements expressly summarize certain provisions of the Bonds, the Refunding Instructions, the Indenture or the opinion of Bond Counsel, are accurate in all material respects; and
- (iii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(3) Reserved:

- (4) <u>Successor Agency Counsel Opinion</u>. An opinion of the City Attorney, as Counsel to the Successor 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 Successor Agency is a public entity duly existing under the laws of the State, including the Law, with full right, power and authority to execute, deliver and perform its obligations under the Successor Agency Legal Documents;
- (ii) the Successor Agency Resolution was duly adopted at a meeting of the Successor Agency, called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout; and the Successor Agency Resolution is in full force and effect and has not been modified amended or rescinded since its adoption date;
- (iii) The Successor Agency Legal Documents have been duly authorized, executed and delivered by the Successor Agency and, assuming due authorization, execution and delivery by the other parties thereto, constitute the valid, legal and binding obligations of the Successor 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 Successor Agency Legal Documents and the Official Statement and compliance with the provisions of the Successor 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 Successor Agency a breach of or default under any agreement or other instrument to which the Successor 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 Successor Agency a violation, breach of or default under any existing law, regulation, court order or consent decree to which the Successor Agency is subject; and
- (v) Except as otherwise disclosed in the Official Statement, there is no litigation or proceeding pending or threatened challenging the creation,

organization or existence of the Successor Agency, or the validity of the Bonds or the Successor 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 Successor Agency would have a material adverse effect on the Tax Revenues or financial condition of the Successor Agency, or which, in any manner, questions the right of the Successor Agency to issue, sell and deliver the Bonds, to enter into the Indenture or to use the Tax Revenues for repayment of the Bonds or affects in any manner the right or ability of the Successor Agency to collect or pledge the Tax Revenues.

- (5) <u>Trustee Counsel Opinion</u>. 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.
- (ii) The Indenture has been duly authorized, executed and delivered by the Trustee and constitutes 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.
- (6) <u>Successor Agency Certificate</u>. A certificate of the Successor Agency, dated the date of the Closing, signed on behalf of the Successor Agency by a duly authorized officer of the Successor Agency, to the effect that:
- (i) the representations and warranties of the Successor Agency contained in this Purchase Agreement 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 Successor 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) No further consent is required to be obtained for the inclusion of the Successor Agency financial statements for the Fiscal Year ending [June 30, 2014] as Appendix E to the Preliminary Official Statement and the Official Statement.

- (7) <u>Trustee's Certificate</u>. A certificate of the Trustee, 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 to perform its obligations stated therein; and
- (iii) the Indenture has been duly authorized, executed and delivered by the Trustee and (assuming due authorization, execution and delivery by the Successor Agency) constitutes a legal, valid and binding obligation of the Trustee in accordance with its 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.
 - (iv) The Bonds have been duly authenticated.
- (v) 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 Indenture or the consummation of the transactions contemplated by the Indenture.
- (8) <u>Legal Documents</u>. Executed copies of this Purchase Agreement and the other Successor Agency Legal Documents.
- (9) <u>Rating Letter</u>. A letter or letters from Standard & Poor's Financial Services, LLC to the effect that the Bonds have been assigned an underlying rating of "__" [and a rating of "__" based on the delivery of the Insurance Policy in connection with the Insured Bonds,] which ratings shall be in effect as of the Closing.
- Disclosure Letter. A letter of Jones Hall, A Professional Law Corporation ("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 Preliminary Official Statement and 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 Preliminary Official Statement and the date of the Official Statement and the Closing, the Preliminary Official Statement (excluding information permitted to be excluded under the Rule and excluded from the Official Statement pursuant to the next parenthetical) and the Official Statement (excluding therefrom the reports, financial and statistical data and forecasts therein and the information included in Appendices C, E and H thereto and information relating to DTC and its book-entry system, as to which no advice need be expressed) contains and contained any untrue statement of a material fact or omits or omitted 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) <u>Underwriter's Counsel Opinion</u>. An opinion of Underwriter's Counsel, dated the date of Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter.
- (12) <u>Fiscal Consultant Certificate</u>. A certificate of Fraser & Associates (the "Fiscal Consultant"), dated the date of the Closing, addressed to the Successor Agency and the Underwriter, in form and substance acceptable to the Underwriter, certifying as to the accuracy of the information in the Preliminary Official Statement and the Official Statement attributed to the Fiscal Consultant and 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, and consenting to the use of their report as Appendix D to the Preliminary Official Statement and the Official Statement.
- (13) <u>Successor Agency Resolution</u>. A certified copy of the Successor Agency Resolution.
- (14) <u>Oversight Board Resolution</u>. A certified copy of the Oversight Board Resolution.
- (15) 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.
 - (16) <u>DOF Letter</u>. A copy of the DOF Letter.
- (17) [Bond Insurance Documents. A copy of the Insurance Policy and Surety Policy to be delivered in connection with the Insured Bonds, together with such certificates and opinions as required by Bond Counsel and the Underwriter.]
- (18) <u>CDIAC</u>. Evidence of required filings with the California Debt and Investment Advisory Commission.
 - (19) An arbitrage and tax certificate.
- (20) <u>Additional Documents</u>. Such additional certificates, instruments and other documents as Bond Counsel 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 Successor 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 Successor 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 prohibit the issuance of the Bonds, or if 35757810.2

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 neither the Underwriter nor the Successor Agency shall be under any further obligation hereunder.

- 8. <u>Termination</u>. The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefor, by notification to the Successor 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 untrue or incorrect in any material respect or 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) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department or the Internal Revenue Service of the United States of America, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon the interest that would be received by the holders of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof which, in the opinion of the Underwriter, materially adversely affects the market price of or market for 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 the ability of the Underwriter to enforce contracts for the sale of the Bonds; or
 - (d) legislation shall be enacted, or consideration for enactment with an effective date prior to the Closing Date, 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 and as then in effect, or that the Indenture 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, New York or State authorities; or
- (g) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or
- (h) any rating of the Bonds shall have been downgraded, suspended or withdrawn by a national rating service; 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 the ability of the Underwriter to enforce contracts for the sale of the Bonds; or
- (j) there shall exist any event which in the reasonable opinion of any of the Underwriter that either: (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement; or (ii) is not reflected in the Official Statement but should be reflected therein to make the statements and information contained therein not misleading in any material respect; or
- (k) there shall be in force a general suspension of trading on the New York Stock Exchange; or
- (L) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Successor Agency; or
- (M) any change, which in the reasonable opinion of the Underwriter, materially adversely affects the marketability of the Bonds, the financial condition of the Successor Agency or the availability of Tax Revenues.
- 9. <u>Expenses.</u> (a) The Underwriter shall be under no obligation to pay, and the Successor Agency shall pay, any expenses incident to the performance of the Successor Agency's obligations hereunder including, but not limited to: (i) the cost of preparation, printing and distribution of the Indenture and word processing, reproduction, printing and distribution costs relating to the Preliminary Official Statement, the Official Statement and any supplements or amendments thereto (incurred by Disclosure Counsel or an independent printer); (ii) the cost of preparation of the Bonds; (iii) the fees and disbursements of Bond Counsel and Disclosure Counsel and the fees and expenses of counsel to the Successor Agency; (iv) the fees and disbursements of the Financial Advisor and the Fiscal Consultant and any other experts, consultants or advisors retained by the Successor Agency; (v) the fees of the rating agency; and (vi) the costs of verifying compliance with Rule 15c2-12.

- (b) The Underwriter shall pay: (i) the fees and expenses of its Underwriter's counsel; (ii) fees, if any, payable to the California Debt and Investment Advisory Commission in connection with the issuance of the Bonds; (iii) CUSIP fees and (iv) all other expenses incurred by the Underwriter in connection with the public offering of the Bonds.
- 10. <u>Notices</u>. Any notice or other communication to be given to the Successor Agency under this Purchase Agreement may be given by delivering the same in writing at the Successor Agency's address set forth above, Attention: Executive Director; and to the Underwriter under this Purchase Agreement by delivering the same in writing to: Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104 Attention: Ralph J. Holmes, Managing Director.
- 11. <u>Parties in Interest</u>. This Purchase Agreement is made solely for the benefit of the Successor 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 Successor 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. <u>Effectiveness and Counterpart Signatures</u>. This Purchase Agreement shall become effective upon the execution of the acceptance by an authorized officer of the Successor 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 electronic transmission and in separate counterparts, each of which when so executed and delivered (including delivery by electronic transmission) shall be an original, but all such counterparts shall together constitute but one and the same instrument.
- 13. <u>Headings</u>. The headings of the sections of this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

[Remainder of page intentionally left blank.]

14. <u>Governing Law</u> . This Purchase Agree laws of the State.	eement shall be construed in accordance with the
	Very truly yours,
	STIFEL, NICOLAUS & COMPANY, INCORPORATED
	By:Ralph J. Holms Managing Director
Accepted:	
SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY	
By:Executive Director	
Time of Execution::	

[SIGNATURE PAGE TO BOND PURCHASE AGREEMENT SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY 2016 TAX ALLOCATION REFUNDING BONDS]

EXHIBIT A

Maturity Date (August 1)	Amount	Coupon	Yield	Price

\$_____% Term Bond maturing August 1, 20___; Yield _____%

EXHIBIT B

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Stifel, Nicolaus & Company, Incorporated (the "Underwriter") that the undersigned is a duly appointed and acting officer of the Successor Agency to the Tracy Community Development Agency (the "Successor Agency") and as such is to execute and deliver this Certificate and further hereby certify and reconfirm on behalf of the Successor Agency to the Underwriter as follows:

ssor Agency to the Underwriter as follows:	
(1) This Certificate is delivered to enable Securities and Exchange Commission Rule 15c2-12 und 1934, as amended (the "Rule") in connection with the Agency to the Tracy Community Development Agency Bonds (the "Bonds").	ler the Securities Exchange Act of offering and sale of the Successor
(2) In connection with the offering and sale of a Preliminary Official Statement, dated as of concerning the Bonds and the Successor Agency, as issu Agency (the "Preliminary Official Statement").	, 2016, setting forth information
(3) As used herein, "Permitted Omissions" interest rate(s), selling compensation, aggregate princip maturity, delivery dates, ratings and other terms of the Bothe identity of the underwriter(s), all with respect to the Bothe	pal amount, principal amount per onds depending on such matters and
(4) The Preliminary Official Statement is, ex- deemed final within the meaning of the Rule and has be accurate and complete in all material respects except for the	een, and the information therein is
(5) If, at any time prior to the execution of event occurs as a result of which the Preliminary Official statement of a material fact or omit to state any mastatements therein, in light of the circumstances under whith the Successor Agency shall promptly notify the Underwrite	Statement might include an untrue terial fact necessary to make the ch they were made, not misleading,
IN WITNESS WHEREOF, I have hereunto set my hand a	s of the day of 2016.
	OR AGENCY TO THE TRACY
By	
	Authorized Officer

IRREVOCABLE REFUNDING INSTRUCTIONS Relating to

\$35,095,000 Community Development Agency of the City of Tracy 2003 Tax Allocation Bonds, Series A \$20,625,000 Community Development Agency of the City of Tracy 2003 Subordinate Tax Allocation Bonds, Series B

These IRREVOCABLE REFUNDING INSTRUCTIONS (these "Instructions") are given by the SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY, a public entity existing under the laws of the State of California (the "Successor Agency"), as successor agency to the former COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY (the "Former Agency"), to THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, acting as trustee and escrow agent for the hereinafter defined 2003 Bonds (the "Prior Trustee");

WITNESSETH:

WHEREAS, the Former Agency previously issued the following bonds:

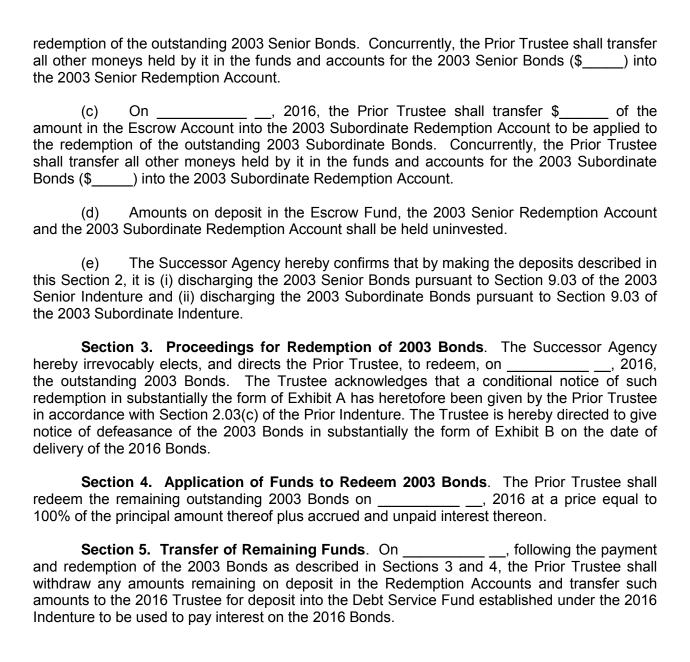
- (i) its \$35,095,000 Community Development Agency of the City of Tracy 2003 Tax Allocation Bonds, Series A ("2003 Senior Bonds") pursuant to an Indenture of Trust, dated as of November 1, 2003 (the "2003 Senior Indenture"), by and between the Former Agency and the Prior Trustee, and
- (ii) its \$20,625,000 Community Development Agency of the City of Tracy 2003 Subordinate Tax Allocation Bonds, Series B ("2003 Subordinate Bonds"; together with the 2003 Senior Bonds, the "2003 Bonds") pursuant to an Indenture of Trust, dated as of November 1, 2003 (the "2003 Subordinate Indenture"; together with the 2003 Senior Indenture, the "2003 Indentures"), by and between the Former Agency and the Prior Trustee; and

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, et.seq.) and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, the Former Agency was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 ("AB 26"), and on February 1, 2012, the Successor Agency, in accordance with and pursuant to AB 26, assumed the duties and obligations set forth in AB 26 for the Former Agency, including, without limitation, the obligations of the Former Agency under the 2003 Indentures and related documents to which the Former Agency was a party; and

WHEREAS, the Successor Agency has determined that it is in its best financial interests at this time to refund the currently outstanding 2003 Bonds; and

WHEREAS, in order to provide funds for such purpose (among others), the Successor Agency is issuing its Successor Agency to the Tracy Community Development Agency 2016

Tax Allocation Refunding Bonds (the "2016 Bonds") pursuant to an Indenture of Trust, dated as of 1, 2016 (the "2016 Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "2016 Trustee"), and applying a portion of the proceeds thereof, together with certain other moneys, to redeem the outstanding 2003 Bonds on, 2016; and
WHEREAS , the Successor Agency wishes to give these Instructions to the Prior Trustee for the purpose of providing the terms and conditions relating to the deposit and application of moneys and securities to provide for (i) the defeasance, payment and redemption of all of the outstanding 2003 Senior Bonds pursuant to Section 2.03(a) and Section 9.03 of the 2003 Senior Indenture and (ii) the defeasance, payment and redemption of all of the outstanding 2003 Subordinate Bonds pursuant to Section 2.03(a) and Section 9.03 of the 2003 Subordinate Indenture.
NOW, THEREFORE, the Successor Agency hereby irrevocably instructs the Prior Trustee as follows:
Section 1. Redemption Accounts.
(a) <u>2003 Senior Bonds.</u> Pursuant to Section 4.03(e) of the 2003 Senior Indenture, there has heretofore been established an account held by the Prior Trustee known as the "Redemption Account" (the " 2003 Senior Redemption Account "). All cash and securities deposited in the 2003 Senior Redemption Account pursuant to these Instructions are hereby irrevocably pledged as a special trust fund for the redemption of the remaining 2003 Senior Bonds on
(b) <u>2003 Subordinate Bonds.</u> Pursuant to Section 4.03(e) of the 2003 Subordinate Indenture, there has heretofore been established an account held by the Prior Trustee known as the "Redemption Account" (the " 2003 Subordinate Redemption Account "; together with the 2003 Senior Redemption Account, the " Redemption Accounts "). All cash and securities deposited in the 2003 Subordinate Redemption Account pursuant to these Instructions are hereby irrevocably pledged as a special trust fund for the redemption of the remaining 2003 Subordinate Bonds on
Section 2. Deposit into Redemption Accounts; Investment of Amounts.
(a) Concurrently with delivery of the 2016 Bonds, the Successor Agency shall cause to be transferred to the Prior Trustee the amount of \$
(b) On, 2016, the Prior Trustee shall transfer \$ of the amount in the Escrow Account into the 2003 Senior Redemption Account to be applied to the



Section 6. Amendment. These Instructions shall be irrevocable by the Successor Agency. These Instructions may be amended or supplemented by the Successor Agency, but only if the Successor Agency shall file with the Prior Trustee and the 2016 Trustee a certification of an independent accountant or independent financial adviser engaged by the Successor Agency stating that such amendment or supplement will not affect the sufficiency of funds held hereunder to make the payments required by Section 4.

Section 7. Governing Law. These Instructions shall be construed in accordance with and governed by the laws of the State of California.

and governed by the laws of the State of California	l.
	Dated:, 2016
	SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY
	By
	City Manager City of Tracy
ACCEPTED:	
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Prior Trustee	
By	

EXHIBIT A

FORM OF CONDITIONAL NOTICE OF FULL OPTIONAL REDEMPTION

\$35,095,000 Community Development Agency of the City of Tracy 2003 Tax Allocation Bonds, Series A

Date of Issuance: December 4, 2003

Maturity Date Amount Interest Rate *CUSIP No.

NOTICE IS HEREBY GIVEN that all of the above described bonds (the "Bonds") have been called for optional redemption on _____, 20 (the "Redemption Date") pursuant to Section 2.03(a) of the Indenture of Trust, dated as of November 1, 2003, by and between the Successor Agency to the Tracy Community Development Agency, as successor to the Community Development Agency of the City of Tracy, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium (the "Redemption Price"). Interest will not accrue on the Bonds after the redemption date.

Redemption of the Bonds as described in this notice shall be conditioned upon the receipt by the Trustee of the proceeds of the sale and delivery of the Successor Agency to the Tracy Community Development Agency 2016 Tax Allocation Refunding Bonds in an amount sufficient for such redemption on or before the Redemption Date.

In the event such funds are not received by the Redemption Date, this notice shall be null and void and of no force and effect. The Bonds delivered for redemption shall be returned to the respective owners thereof, and said Bonds shall remain outstanding as though this notice of conditional redemption had not been given. Notice of a failure to receive funds, and cancellation of this redemption, shall be given by the Trustee by first class mail, postage prepaid, to the registered owners of the Bonds.

Payment of the Redemption Price on the Bonds called for redemption will be paid upon presentation of the Bonds at the Principal Corporate Trust Office of the Trustee, in the following manner:

Delivery Instructions:

[to come]

IMPORTANT NOTICE

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), 28% will be withheld if tax identification number is not properly certified.

*The Undersigned shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Redemption Notice. It is included solely for the convenience of the Holders.

Dated:, 2015	The Bank of New York Mellon
	Trust Company, N.A.,
	as Trustee

FORM OF CONDITIONAL NOTICE OF FULL OPTIONAL REDEMPTION

\$20,625,000 Community Development Agency of the City of Tracy 2003 Subordinate Tax Allocation Bonds, Series B

Date of Issuance: December 4, 2003

<u>Maturity Date</u> <u>Amount</u> <u>Interest Rate</u> *CUSIP No.

NOTICE IS HEREBY GIVEN that all of the above described bonds (the "Bonds") have been called for optional redemption on _____, 20 (the "Redemption Date") pursuant to Section 2.03(a) of the Indenture of Trust, dated as of November 1, 2003, by and between the Successor Agency to the Tracy Community Development Agency, as successor to the Community Development Agency of the City of Tracy, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium (the "Redemption Price"). Interest will not accrue on the Bonds after the redemption date.

Redemption of the Bonds as described in this notice shall be conditioned upon the receipt by the Trustee of the proceeds of the sale and delivery of the Successor Agency to the Tracy Community Development Agency 2016 Tax Allocation Refunding Bonds in an amount sufficient for such redemption on or before the Redemption Date.

In the event such funds are not received by the Redemption Date, this notice shall be null and void and of no force and effect. The Bonds delivered for redemption shall be returned to the respective owners thereof, and said Bonds shall remain outstanding as though this notice of conditional redemption had not been given. Notice of a failure to receive funds, and cancellation of this redemption, shall be given by the Trustee by first class mail, postage prepaid, to the registered owners of the Bonds.

Payment of the Redemption Price on the Bonds called for redemption will be paid upon presentation of the Bonds at the Principal Corporate Trust Office of the Trustee, in the following manner:

Delivery Instructions:

[to come]

IMPORTANT NOTICE

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), 28% will be withheld if tax identification number is not properly certified.

*The Undersigned shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Redemption Notice. It is included solely for the convenience of the Holders.

Dated:, 2015	The Bank of New York Mellor
	Trust Company, N.A.,
	as Trustee

EXHIBIT B

FORM OF NOTICE OF DEFEASANCE

\$35,095,000 Community Development Agency of the City of Tracy 2003 Tax Allocation Bonds, Series A

Date of Issuance: December 4, 2003

Maturity Da	te Am	nount	Interest Rate	*CUSIP No.

NOTICE IS HEREBY GIVEN, by the Successor Agency to the Tracy Community Development Agency (the "Successor Agency") with respect to the above captioned bonds (the "Bonds"), that the Bonds have been defeased and discharged under and within the meaning of the Indenture of Trust, dated as of November 1, 2003, authorizing the issuance of the Bonds (the "Indenture"). Funds for the payment of the Bonds have been deposited with The Bank of New York Mellon Trust Company, N.A., as escrow agent ("Escrow Agent"), and the sufficiency of the funds and investments for the purpose of paying the principal of and interest on the Bonds has been verified by an Independent Certified Public Accountant (as defined in the Indenture). As a consequence of the foregoing actions and in accordance with the Indenture, the Bonds are no longer secured by a pledge of revenues under the Indenture, and the Bonds are now payable solely from the moneys set aside in escrow as described above and, if necessary, from other legally available funds of the Successor Agency.

The Successor Agency has irrevocably elected to redeem all of the outstanding Bonds on ______, 2015, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

*The Successor Agency and the Escrow Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.

Dated: _____, 2015 The Bank of New York Mellon Trust Company, N.A., as Escrow Agent

FORM OF NOTICE OF DEFEASANCE

\$35,095,000 **Community Development Agency of the City of Tracy** 2003 Tax Allocation Bonds, Series A

Date of Issuance: December 4, 2003

Interest Rate

*CUSIP No.

<u>Amount</u>

Maturity Date

Trust Company, N.A., as Escrow Agent

PRELIMINARY OFFICIAL STATEMENT DATED , 2016

NEW ISSUE—BOOK-ENTRY

RATINGS: Insured Rating: S&P: "__"
Underlying Rating: S&P: "__"
See "CONCLUDING INFORMATION - Ratings"

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS."

SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY 2016 TAX ALLOCATION REFUNDING BONDS

Dated: Delivery Date Due: August 1, as shown on the inside front cover

Purpose of the Bonds. The above captioned bonds (the "Bonds") are being issued by the Successor Agency to the Tracy Community Development Agency (the "Successor Agency"), as successor agency to the former Community Development Agency of the City of Tracy (the "Former Agency") to refund two outstanding series of bonds issued by the Former Agency (the "2003 Bonds") payable from tax increment revenue generated in the Former Agency's Community Development Project Area (the "Project Area"), purchase a municipal bond insurance policy, purchase a debt service reserve fund surety policy pay costs of issuance.

Book-Entry. The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers ("Beneficial Owners") in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds.

Payments. Annual principal of, premium if any, and semiannual interest on the Bonds due February 1 and August 1 of each year, commencing August 1, 2016 will be payable by The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"), to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds. See "THE BONDS."

Redemption*. The Bonds are subject to optional redemption and mandatory sinking account redemption prior to maturity. See "THE BONDS – Redemption."

The Successor Agency will initially fund a reserve account for the Bonds with a debt service reserve fund surety policy. See "SECURITY FOR THE BONDS – Debt Service Reserve Account."

Limited Obligations. The Bonds are special obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest and premium, if any, from Tax Revenues and other funds described in this Official Statement. The Bonds, interest and premium, if any, thereon are not a debt of the City of Tracy (the "City"), the County of San Joaquin (the "County"), the State of California (the "State") or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions except the Successor Agency is liable thereon. The Bonds, interest thereon and premium, if any, are not payable out of any funds or properties other than those set forth in the Indenture. Neither the members of the Successor Agency, the Oversight Board of the Successor Agency, the County Board of Supervisors nor any persons executing the Bonds are liable personally on the Bonds.

Bond Insurance. The Successor Agency has received a commitment from [TBD] to provide a financial guaranty insurance policy for the Bonds; the Successor Agency may purchase such insurance to be delivered concurrently with the delivery of the Bonds for some or all maturities. Any such decision will be made at the time of pricing.

[Insurer Logo]

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain risk factors more fully described in this Official Statement. See "RISK FACTORS."

[Stifel Logo]

The date of this Official Statement is ______, 2016.

^{*} Preliminary, subject to change.

MATURITY SCHEDULE*

Maturity Date	Principal	Interest			CUSIP ¹	ī
(August 1)	Amount*	Rate	Yield	Price	(Base)

^{*}Preliminary; subject to change.
† Copyright 2016, CUSIP Global Services, and a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the Successor Agency nor the Underwriter assumes any responsibility for the accuracy of the CUSIP data.

SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY

CITY COUNCIL/SUCCESSOR AGENCY BOARD

Michael Maciel, Mayor Mary Mitracos, Council Member Robert Rickman, Council Member Nancy Young, Council Member Veronica Vargas, Council Member

CITY/SUCCESSOR AGENCY STAFF

Troy Brown, City Manager
V. Rachelle McQuiston, Administrative Services Director
Nora Pimentel, City Clerk
Daniel Sodergren, City Attorney

SPECIAL SERVICES

Financial Advisor

Steven Gortler San Francisco, California

Bond & Disclosure Counsel

Jones Hall, A Professional Law Corporation San Francisco, California

Trustee

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

Redevelopment Consultant

Fraser & Associates Roseville, California

Verification Agent

Causey Demgen & Moore Denver, Colorado

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GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the Project Area since the date of this Official Statement.

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

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" as described in the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE SUCCESSOR AGENCY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Website. The City maintains an Internet website, but the information on the website is not incorporated in this Official Statement.



SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY

\$____* 2016 TAX ALLOCATION REFUNDING BONDS

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the Successor Agency to the Tracy Community Development Agency (the "Successor Agency") of the above-captioned bonds (the "Bonds").

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description and guide to, and is qualified by, the more complete and detailed information contained in the entire Official Statement including the cover page and the appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Authority and Use of Proceeds

^{*} Preliminary, subject to change.

The Successor Agency is issuing the Bonds in order to redeem and defease the following bonds issued by the Community Development Agency of the City of Tracy (the "Former Agency") (i) \$35,095,000 Community Development Agency of the City of Tracy 2003 Tax Allocation Bonds, Series A ("2003 Senior Bonds") and (ii) \$20,625,000 Community Development Agency of the City of Tracy 2003 Subordinate Tax Allocation Bonds, Series B ("2003 Subordinate Bonds"; together with the 2003 Senior Bonds, the "2003 Bonds"). The proceeds of the 2003 Bonds were used to finance or refinance redevelopment activities in the Successor Agency's Community Development Project Area (the "Project Area").

Proceeds of the Bonds will also be used to pay the costs of issuing the Bonds, including the premium for a municipal bond insurance policy for the Bonds and debt service reserve fund insurance policy.

The City and the Successor Agency

The City of Tracy (the **"City"**) is located in San Joaquin County (the **"County"**). The City is a municipal corporation and general law city, duly organized and existing under the Constitution and the laws of the State of California (the **"State"**). The City was incorporated in 1910, and operates as a general law city. It maintains a council-manager form of government, with the Mayor elected at-large for a two-year-term and the Council Members elected at-large for four-year terms. For certain information regarding the City, see "APPENDIX G - City of Tracy and San Joaquin County General Information."

Former Agency. The Successor Agency is the successor entity to the Former Agency, which was dissolved under the Dissolution Act (described herein). The Former Agency was activated on February 17, 1970, by Ordinance No. 408 of the City Council, at which time the City Council declared itself to be the governing board of the Agency.

Dissolution Act. On June 29, 2011, Assembly Bill No. 26 ("AB 1X 26") was enacted together with a companion bill, Assembly Bill No. 27 ("AB 1X 27"). The provisions of AB 1X 26 provided for the dissolution of all redevelopment agencies statewide as of February 1, 2012. The provisions of AB 1X 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, California Redevelopment Association, et al., v. Matosantos, et al., 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB 1X 26 and AB 1X 27. On December 19, 2012, the California Supreme Court largely upheld AB 1X 26, invalidated AB 1X 27, and held that AB 1X 26 may be severed from AB 1X 27 and enforced independently. As a result of AB 1X 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 1X 26 relating to the dissolution and wind down of former redevelopment agency affairs are found in 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") and on September 22, 2015 by Senate Bill 107 (as further amended from time to time, the "Dissolution Act").

Successor Agency. Pursuant to Section 34173 of the Dissolution Act, the City acts as the Successor Agency to the Former Agency. Subdivision (g) of Section 34173 of the

Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public and legal 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 Project Area

The City Council adopted the Redevelopment Plan with respect to the Project Area on July 17, 1990 pursuant to its Ordinance No. 482. The Project Area, which is the sole project area of the Successor Agency, encompasses approximately 2,292 non-contiguous acres, covering approximately 17% of the land area within the City. The Redevelopment Plan was amended by the City Council by Ordinance No. 508, adopted November 15, 1994, in order to comply with Assembly Bill 1290. The Project Area includes low density and medium density residential, hotel/motel, commercial, industrial and public land uses, but is primarily residential in character. The assessed value of the Project Area in the Base Year, was \$288,387,821 compared to its 2015-16 assessed value of \$1,242,947,712.

See "THE PROJECT AREA" for additional information on land use and property ownership within the Project Area.

Security for the Bonds - Tax Allocation Financing

The Dissolution Act authorizes the Successor Agency to issue refunding bonds secured by a pledge of, and lien on, and repaid from incremental property tax revenues (the "Tax Revenues," as defined in the Indenture) deposited with respect to the Project Area from time to time in the Redevelopment Property Tax Trust Fund (the "Redevelopment Property Tax Trust Fund") established and held by the San Joaquin County Auditor-Controller (the "County Auditor-Controller"). See "SECURITY FOR THE BONDS - Tax Revenues" for the definition of "Tax Revenues." Section 34177.5(a)(1) authorizes the issuance of such refunding bonds to provide savings to the Successor Agency, provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness does not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness does not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance. See "SECURITY FOR THE BONDS."

Prior to the enactment of AB 1X 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 adopted the redevelopment plan became the base year valuation. Assuming the taxable valuation never dropped below the base year level, the taxing agencies receiving property taxes thereafter received only 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 of property taxes 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 redevelopment agency obligations.

As a consequence of the dissolution of redevelopment agencies, all property tax revenues that would have been allocated to redevelopment agencies are now allocated to the applicable redevelopment property tax trust fund created by the county auditor-controller for the "successor agency." Such funds are to be used for payments on indebtedness and other "enforceable obligations" (as defined in the Dissolution Act), and to pay certain administrative costs, with amounts in excess of those to be considered property taxes that will be distributed to taxing agencies. In addition, under the Dissolution Act tax increment is no longer deemed to flow directly to the successor agency. Further, the Dissolution Act no longer requires successor agencies to deposit a portion of the tax increment into a low and moderate income housing fund. Rather, all funds are considered property taxes.

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency from the Project Area had the Former Agency not been dissolved pursuant to the operation of AB 1X 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust 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 lien priority and legal effect as if the Bonds had been issued prior to the effective date of AB 1X 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 "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules").

The Dissolution Act further provides that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Bonds, are taxes allocated to the successor agency pursuant to the provisions of the Redevelopment Law and the State Constitution.

Property tax revenues will be allocated to the Successor Agency on a semi-annual basis based on a Recognized Obligation Payment Schedule submitted by the Successor Agency to an oversight board established for the Successor Agency (the "Oversight Board") and the State Department of Finance (the "DOF"). The County Auditor-Controller will distribute funds from the Redevelopment Property Tax Trust Fund for each six-month period in the order specified in the Dissolution Act. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules."

Successor agencies have no power to levy property taxes and must rely on the allocation of taxes as described above. See "RISK FACTORS."

[[Bond Insurance

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy (the "Bond Insurance Policy") to be issued concurrently with the delivery of the Bonds by ______ (the "Bond Insurer"). See "BOND INSURANCE" and "APPENDIX H - SPECIMEN MUNICIPAL BOND INSURANCE POLICY."]]

Limited Obligation

The Bonds are special obligations of the Successor Agency and are secured by an irrevocable pledge of and lien on, and are payable as to principal, interest and premium, if any, from Tax Revenues and other funds. The Bonds, interest and premium, if any, are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions (except the Successor Agency) are liable thereon. The Bonds, interest thereon and premium, if any, are not payable out of any funds or properties other than those set forth in the Indenture. No member, officer, agent, or employee of the Successor Agency, the Oversight Board, the County Board of Supervisors or any person executing the Bonds is liable personally on the Bonds by reason of their issuance.

Debt Service Reserve Account

Simultaneously with the issuance of the Bonds, in order to further secure the payment of the principal and interest on the Bonds, a debt service reserve account (the "Reserve Account") will be funded by the deposit of a "Qualified Reserve Account Credit Instrument" (as defined below) in the form of a ______ (the "Reserve Policy") in an amount equal to the "Reserve Requirement" (as defined herein) to be issued by the Bond Insurer. See "SECURITY FOR THE BONDS – Debt Service Reserve Account." For more information about the Bond Insurer see "BOND INSURANCE" herein.

Professionals Involved in the Offering

Steven Gortler, San Francisco, California, has served as financial advisor to the Successor Agency and has advised the Successor Agency with respect to the financial structure of the refinancing and as to other financial aspects of the transaction. Payment of the fees and expenses of the financial advisor is contingent upon the sale and delivery of the Bonds.

All proceedings in connection with the issuance of the Bonds are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the Successor Agency. Jones Hall is also acting as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by Norton Rose Fulbright US LLP. In addition, certain legal matters will be passed upon for the Agency by the City Attorney of the City. *Payment of the fees and expenses of Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon the sale and delivery of the Bonds.*

Further Information

Brief descriptions of the Redevelopment Law, the Dissolution Act, the Refunding Law, the Bonds, the Indenture, the Successor Agency, the Former Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references in this Official Statement to the Redevelopment Law, the Dissolution Act, the Refunding Law, the Bonds, the Indenture, the Constitution and the laws of the State as well as the proceedings of the Former Agency, the Successor Agency, the County and the City are qualified in their entirety by reference to such documents and laws. References in this Official Statement to the Bonds are qualified in their entirety by the form included in the Indenture and by the provisions of the Indenture. Capitalized terms used in this Official Statement and not otherwise defined shall have the meanings given to such terms as set forth in the Indenture.

During the period of the initial offering of the Bonds, copies of the draft forms of all documents are available from the Underwriter or from the City Clerk, City of Tracy, 333 Civic Center Plaza, Tracy, CA 95376.

[End of Introduction]

REFUNDING PLAN

The Successor Agency is issuing the Bonds in order to redeem and defease the following bonds issued by the Community Development Agency of the City of Tracy (the "Former Agency") (i) \$35,095,000 Community Development Agency of the City of Tracy 2003 Tax Allocation Bonds, Series A ("2003 Senior Bonds") and (ii) \$20,625,000 Community Development Agency of the City of Tracy 2003 Subordinate Tax Allocation Bonds, Series B ("2003 Subordinate Bonds"; together with the 2003 Senior Bonds, the "2003 Bonds"). The proceeds of the 2003 Bonds were used to finance or refinance redevelopment activities in the Successor Agency's Community Development Project Area (the "Project Area").

The proceeds of the 2003 Bonds were used to finance or refinance redevelopment activities in the Project Area.

Redemption of the 2003 Bonds

At the time of issuance of the Bonds the Successor Agency will give Irrevocable Refunding Instructions to The Bank of New York Mellon Trust Company, N.A., as the Trustee for the 2003 Bonds (the "2003 Bonds Trustee"), for the purpose of providing the terms and conditions relating to the deposit and application of proceeds of the Bonds and other moneys to provide for the payment and redemption of all of the outstanding 2003 Bonds pursuant to an Indenture of Trust, dated as of November 1, 2003 (the "2003 Senior Indenture") and an Indenture of Trust, dated as of November 1, 2003 (the "2003 Subordinate Indenture"; together with the 2003 Senior Indenture, the "2003 Indentures"), by and between the Former Agency and the 2003 Bonds Trustee for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for (i) redemption of the 2003 Senior Bonds on _____ (the "Redemption Date"); and (ii) redemption of the 2003 Subordinate Bonds on the Redemption Date, pursuant to the requirements of the Indenture under which each such prior series of bonds were issued.

Upon issuance of the Bonds, proceeds of the Bonds in the amount needed for redemption of the 2003 Bonds will be transferred to the Redemption Account established under each Indenture to be applied, pursuant to the Irrevocable Refunding Instructions for redemption of the 2003 Bonds on the Redemption Date. None of the amounts transferred to or on deposit in the Redemption Accounts will be applied for any purpose other than as provided in the Irrevocable Refunding Instructions.

Following redemption of the outstanding principal amount of all of the 2003 Bonds, any monies remaining in each respective Redemption Account will be transferred to the Trustee for deposit into the Debt Service Fund established under the Indenture to be used to pay interest on the Bonds.

The amounts held by the 2003 Bonds Trustee in the respective Redemption Account are pledged solely to the amounts due and payable by the Successor Agency with respect to the 2003 Bonds. Neither the funds deposited in the respective Redemption Account nor interest on the invested funds, if any, will be available for the payment of debt service with respect to the Bonds.

Verification of Mathematical Accuracy. The sufficiency of amounts on deposit in the Redemption Accounts together with investment earnings thereon to pay the principal and accrued interest with respect to the applicable 2003 Bonds being refunded, will be verified by

Causey Demgen & Moore, Denver, Colorado, certified public accountants (the "Verification Agent"). The Verification Agent will deliver a report to that effect on the date of delivery of the Bonds.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds are summarized below.

Sources:

Principal Amount of Bonds

Plus: 2003 Bonds - Available Funds

Plus: Net Original Issue Premium/Less: Net Original Issue

Discount

Total Sources

Uses:

Refunding of 2003 Bonds Costs of Issuance Fund (1) Underwriter's Discount

Total Uses

Debt Service Schedule

The following table shows the annual debt service schedule for the Bonds, assuming no optional redemption of the Bonds.

Bond Year Ending August 1	2016 Bonds Principal	2016 Bonds Interest	Total Debt Service
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			

⁽¹⁾ Costs of Issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Financial Advisor, Trustee, Verification Agent, premium for bond insurance and a reserve fund insurance policy, administrative costs, Successor Agency Counsel, printing expenses, rating fee, and other costs related to the issuance of the Bonds.

THE BONDS

Authority for Issuance

The issuance of the Bonds and the execution and delivery of the Indenture were authorized by the Successor Agency pursuant to Resolution No. ______ adopted on [December 1, 2015] (the "Resolution"), and approved by the Oversight Board pursuant to Resolution No. OB _____ adopted on [December 1, 2015] (the "Oversight Board Resolution").

Pursuant to the Dissolution Act, written notice of the Oversight Board Resolution was provided to the DOF. On _____, 2015, the DOF provided a letter to the Successor Agency stating that based on the DOF's review and application of the law, the Oversight Board Resolution approving the Bonds is approved by the DOF. See "APPENDIX F – State Department of Finance Approval Letter."

Section 34177.5(f) of the Dissolution Act provides that when, as here, a successor agency issues refunding bonds with the approval of the oversight board and the DOF, the oversight board may not unilaterally approve any amendments to or early termination of the bonds, and the scheduled payments on the bonds shall be listed in the Recognized Obligation Payment Schedule and are not subject to further review and approval by the DOF or the California State Controller.

Description of the Bonds

The Bonds will be issued and delivered in fully-registered form without coupons in the denomination of \$5,000 or any integral multiple thereof for each maturity, initially in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, as registered owner of all Bonds. The initially executed and delivered Bonds will be dated the date of delivery (the "Closing Date") and mature on August 1 in the years and in the amounts shown on the inside cover page of this Official Statement.

Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) will be calculated on the basis of a 360-day year of twelve 30-day months at the rates shown on the inside cover page of this Official Statement, payable semiannually on February 1 and August 1 in each year, commencing on August 1, 2016 (each an "Interest Payment Date"), by check mailed to the registered owners thereof or upon the request of the Owners of \$1,000,000 or more in principal amount of Bonds, by wire transfer to an account in the United States which shall be designated in written instructions by such Owner to the Trustee on or before the Record Date preceding the Interest Payment Date. "Record Date" as defined in the Indenture means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

One fully-registered bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX C – Book-Entry Only System."

Redemption*

Optional Redemption. The Bonds maturing on or before August 1, [2025] are not subject to optional redemption prior to maturity. The Bonds maturing on and after August 1, [2026], are subject to redemption, at the option of the Successor Agency on any date on or after August 1, [2025], as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Account Redemption. The Bonds that are Term Bonds maturing August 1, 20__ shall be subject to mandatory redemption in whole, or in part by lot, on August 1 in each year, commencing August 1, 20__, as set forth below, from sinking fund payments made by the Successor Agency, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on August 1 in the respective years as set forth in the following table; provided however, that (i) in lieu of redemption thereof such Term Bonds may be purchased by the Successor Agency pursuant to the Indenture, and (ii) if some but not all of such Term Bonds have been optionally redeemed, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency.

Bonds Maturing August 1, 20___

Sinking Account Redemption Date (August 1)

Principal Amount To Be Redeemed

In lieu of such redemption of the Bonds, amounts on deposit in the Special Fund or in the Principal Account or Sinking Account may also be used and withdrawn by the Successor Agency and the Trustee, respectively, at any time, upon the Written Request of the Successor Agency, for the purchase of the Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Successor Agency may in its discretion determine. The par amount of any Term Bonds so purchased by the Successor Agency in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds required to be redeemed pursuant to subsection (d) on August 1 in each year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said July 1. In no event shall the Successor Agency purchase any Term Bonds in lieu of redemption without canceling such Term Bonds.

Notice of Redemption. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least twenty

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^{*} Preliminary, subject to change.

(20) but not more than sixty (60) days prior to the redemption date, to (i) to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to the Information Services; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such 2016 Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state that optional redemption is conditioned upon the timely delivery of the redemption price by the Successor Agency to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose will, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Successor Agency will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new Bond or Bonds of the same interest rate and maturity, of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption have been duly deposited with the Trustee, the Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest will accrue thereon from and after the redemption date specified in such notice.

Manner of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee will make the selection, in such manner as the Trustee deems appropriate.

Additional Bonds

Parity Debt. In the Indenture, the Successor Agency covenants that it will not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any

indebtedness, which is payable from Tax Revenues on a parity with the Bonds ("Parity Debt"), provided, that the Successor Agency may issue and sell refunding bonds as Parity Debt payable from Tax Revenues on a parity with the Bonds to refund, in part or whole, the Bonds, provided further that, with respect to any such refunding (i) annual debt service on such Parity Debt, as applicable, is lower than annual debt service on the obligations being refunded during every year the obligations would otherwise be outstanding, (ii) the final maturity of any such Parity Debt does not exceed the final maturity of the obligations being refunded, (iii) the refunding bonds shall be fixed-rate only, (iv) principal payments shall be on August 1 and interest payments on August 1 and February 1, and (v) prior to the issuance of any Parity Debt, the Successor Agency shall, to the best of its ability, subordinate all amounts, if any, payable to a taxing entity pursuant to Section 33607.5, 33607.7 and 33676 to the payment of debt service on such Parity Debt.

After the defeasance of the 2003 Bonds, there will be no other outstanding bonds of the Successor Agency with a parity pledge and lien on Tax Revenues.

Subordinate Debt. The Indenture permits the Successor Agency to issue subordinated obligations which are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues, including revenue bonds and other debts and obligations scheduled for payment pursuant to Section 34183(a)(2) of the Redevelopment Law; or (b) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues under the Indenture for the security of the Bonds and any Parity Debt ("Subordinate Debt"). Any Subordinate Debt shall be payable on the same dates as the Bonds and shall be in all respect, including security and payments, subordinate and junior to the Bonds.

TAX INCREMENT FINANCING GENERALLY

Property Tax Allocation Procedures

Tax Revenues to be used for payment of the Bonds are generated from increases in the total assessed value above the base year value. See "SECURITY FOR THE BONDS." The method by which a county allocates property taxes and tax increment revenues can have a significant impact on the receipt of such revenues. The County calculates tax increment to the Project Area by applying the one percent tax rate and certain overrides to incremental taxable value. Tax rates in excess of one percent are not levied in the Project Area. The County also allocates supplemental property tax revenues to the Project Area.

The County Auditor-Controller reduces the total amount of tax increment revenue by administrative expenses and the amount of property tax revenue to be distributed to those taxing entities which have elected to receive additional property tax allocations pursuant to former Health and Safety Code Section 33676, and also pursuant to Section 33401 tax sharing agreements. The County annually reports the tax increment levy due the Project Area to the Successor Agency.

Tax increment is allocated based on 100% of the County calculated levy, under the Teeter Plan. See "Teeter Plan" below.

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

Generally, ad valorem taxes are collected by a county (the "Taxing Authority") for the benefit of the various entities (e.g., cities, schools and special districts) that share in the ad valorem tax (each a taxing entity) and successor agencies eligible to receive distributions from the respective Redevelopment Property Tax Trust Funds.

Collections. The method of collecting delinquent taxes is substantially different for secured and unsecured property. Counties have four ways of collecting unsecured personal property taxes: (a) initiating a civil action against the taxpayer; (b) 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; (c) filing a certificate of delinquency for record in the county recorder's office to obtain a lien on certain property of the taxpayer; and (d) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. 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 to the State for the amount of taxes which are delinquent.

Penalty. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each fiscal year. Such property may thereafter be redeemed by payment of

the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

Delinquencies. The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31. Under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (known as the Teeter Plan), as provided for in Section 4701 et seq. of the Revenue and Taxation Code of the State, tax increment revenues are allocated to each taxing agency in a county without regard to delinquencies in the payment of property taxes. The County uses the Teeter Plan and the Agency participates in the County's Teeter Plan. As a result of this allocation method, the Agency receives no adjustments for redemption payments on delinquent collections. The Agency does receive supplemental taxes and refunds, if any, are deducted from amounts available for deposit to the Redevelopment Property Tax Trust Fund. There can be no assurance that the County Auditor-Controller will not change its policies with respect to delinquencies in property tax payments in the future.

Unitary Property. Assembly Bill 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, tax revenues derived from unitary property and assessed by the State Board of Equalization are accumulated in a single Tax Rate Area for the County. The tax revenues are then to be allocated to each taxing entity county-wide in accordance with AB 454 (Statutes of 1987, Chapter 921) which provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

For fiscal year 2015-16 unitary revenues are estimated to equal \$_____ based on the actual unitary revenues allocated in 2014-15.

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Before the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, which delayed the realization of increased property taxes from the new assessments for up to 14 months. Revenue and Taxation Code Section 75.70 provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of the Project Area subsequent to the January 1 lien date. To the extent that such supplemental assessments occur within the Project Area, Tax Revenues may increase.

Property Tax 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 in proportion to

the tax-derived revenues allocated to each. 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 2557/SB 1559 amounts, to be deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund available as Tax Revenues for payment of the Bonds.

Article XIIIA of the State Constitution

On June 6, 1978, State voters approved an amendment (commonly known as Proposition 13 or the Jarvis-Gann Initiative) which added Article XIIIA to the State Constitution. Article XIIIA limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the State fiscal year 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." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

Article XIIIA 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.

Article XIIIA (a) exempts from the 1% tax limitation the taxes to pay debt service on: (a) indebtedness approved by the voters before July 1, 1978; or (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (b) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional *ad valorem* taxes; and (c) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIIIA has been upheld by both the State Supreme Court and the United States Supreme Court.

In the general election held on November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIIIA. Proposition 58 amended Article XIIIA to provide that the terms "purchase" and "change of ownership," for the purposes of determining full cash value of property under Article XIIIA, do not include the purchase or transfer of (a) real property between spouses; and (b) the principal residence and the first \$1,000,000 of other property between parents and children. This amendment to Article XIIIA may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIIIA to permit the State Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county to transfer the old residence assessed value to the new

residence. As a result of the State Legislature's action, the growth of property tax revenues may decline.

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

Appropriations Limitation – Article XIIIB

On November 6, 1979, State voters approved Proposition 4 (also known as the Gann Initiative), which added Article XIIIB to the State Constitution. Article XIIIB limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The "base year" for establishing such appropriations limit is State fiscal year 1978-79, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness is not deemed to be the receipt by an agency of proceeds of taxes levied by or on behalf of an agency within the meaning of Article XIIIB, nor will such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two State appellate court decisions. On the basis of these decisions, the Agency does not believe that it is subject to Article XIIIB and has not adopted an appropriations limit.

Articles XIIIC and XIIID of the State Constitution

At the election held on November 5, 1996, Proposition 218 was passed by the voters of California. The initiative added Articles XIIIC and XIIID to the State Constitution. Provisions in the two articles affect the ability of local government to raise revenues. The Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218. See the caption "— Propositions 218 and 26."

Proposition 87

In 1993, the State legislature passed AB 1290, Chapter 942, Statutes 1993, which, among other things, required redevelopment agencies to adopt time limits in each redevelopment plan specifying (a) the last date to incur debt for a redevelopment project; (b) the last date to undertake redevelopment activity within a project area; and (c) the last date to collect tax increment revenue from a project area to repay debt.

In 2001, the State Legislature enacted SB 211, Chapter 741, Statutes 2001, effective January 1, 2002 ("SB 211"), which authorized, among other things, the deletion of the AB 1290 limitation on incurring indebtedness contained in a redevelopment plan adopted before January 1, 1994. SB 211 also prescribed additional requirements that a redevelopment agency would have to meet upon extending the time limit on the effectiveness of a redevelopment plan,

including requiring an increased percentage of new and substantially rehabilitated dwelling units to be available at affordable housing cost to persons and families of low or moderate income before the termination of the effectiveness of the plan.

The various amendments adopted by the City and the Former Agency included changes to the financial and time limits of the Project Area, however under SB 107 enacted in September 2015 the applicability of plan limits have been eliminated; as such, all provisions of the Redevelopment Law that depend on the allocation of tax increment to redevelopment agencies will become inoperative commencing January 1, 2016. However, SB 107 provides that, solely for the purposes of the payment of enforceable obligations under the Dissolution Act, the limitations relating to time, number of tax dollars or any other matters will continue to apply to successor agencies.

Appeals of Assessed Values

Under State law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by November 30 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its prereduction level for Fiscal Years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the thencurrent year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then-current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Tax Revenues are derived attributable to such properties will be reduced in the then-current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted.

Due to the impact that assessment appeals can have on the taxable values and tax increment revenues of a project area, a review of recently resolved and open appeals for the top ____ assessees was conducted. The County does not provide a database that includes all appeals, so the _____ checked the status of appeals for the top ten taxpayers. The review revealed that there are currently ____ outstanding appeals for the top ten taxpayers. It is possible that there are other open appeals that could affect the future generation of tax increment, although the _____ 's review of prior year assessed values did not reveal

any major reductions from appeals. See "THE PROJECT AREA - Appeals of Assessed Values; Proposition 8 Reductions."

Proposition 8 Reductions. Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), 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 under this code section may be initiated by the County Assessor or requested by the property owner.

In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals. Under this section of the code, the value of property can be reduced due to damage, destruction, removal of property or other factors that cause a decline in value.

Any county may, on its own initiative, also process temporary assessed value reductions for certain properties (where the assessed values exceeded the market value of properties as of the January 1 lien date) without prompting from individual taxpayers. Typically, the properties to be reviewed by the various counties for these "automatic" reductions were single-family homes and condominiums which transferred ownership between 2003 and 2010. These reductions were triggered because residential property values decreased in many areas of the State through the 2012-13 fiscal year. **[[VERIFY: }]** Between 2008-09 and 2012-13 the County made across the board reductions pursuant to Proposition 8 to residential property that reduced value significantly, however reversals of some of the reductions have occurred since then. See "THE PROJECT AREA - "Appeals of Assessed Values; Proposition 8 Reductions."

Any reduction in the assessed value ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See also "RISK FACTORS – Reduction in Inflationary Rate."

Base Year Appeals. A second type of assessment appeal is called a Base Year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Low and Moderate Income Housing

Before the Dissolution Act, the Redevelopment Law required the Former Agency to set aside not less than 20% of all tax increment generated in the Project Area into a low and moderate income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low and moderate income housing. These tax increment revenues were commonly referred to as "**Housing Set-Aside**."

The Dissolution Act eliminated the Housing Set-Aside requirement. As a result, and because the Successor Agency has no obligations that are payable from Housing Set-Aside,

the amount of tax increment that would have been the former Housing Set-Aside is available to pay debt service on the Bonds. Accordingly, the projection of Tax Revenues set forth in the section of this Official Statement entitled "PROJECTED TAX REVENUES AND DEBT SERVICE COVERAGE" assumes the availability of the former Housing Set-Aside for payment of the Bonds.

Adjustments to Revenue

State law allows counties to charge taxing entities, including redevelopment agencies, for the cost of administering the property tax collection system. In addition, the Dissolution Act allows counties to recover their costs in implementing the redevelopment Dissolution Act.

Tax Sharing Payments. The Redevelopment Law authorized the Former Agency to enter into agreements with taxing agencies whose territory was located within the Project Area, whereby the Former Agency would pay tax increment revenues to such taxing agencies to alleviate the financial burden or detriment caused by the Redevelopment Project. Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law require successor agencies, under certain circumstances, to make statutory pass-through payments to taxing agencies whose territory is located within the Project Area, to alleviate the financial burden or detriment caused by the Redevelopment Project. See "THE PROJECT AREA - Tax Sharing Agreements" below.

THE DISSOLUTION ACT

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB 1X 26, 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 pursuant to the Dissolution Act.

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 lien priority and legal effect as if the bonds had been issued prior to the effective date of AB 1X 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 Schedule (see "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules").

The Dissolution Act further provides that bonds authorized by the Dissolution Act to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution.

Pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plan for the project area, taxes levied upon taxable property in the Project Area each year by or for the

benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called "taxing agencies") after the effective date of the ordinance approving the applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the applicable Redevelopment Plan that added territory to the Project Area, as applicable, are to 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 Project Area 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 applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the applicable Redevelopment Plan that added territory to the Project Area, 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
- 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 limitations established by the applicable Redevelopment Plan, following the date of issuance of the Bonds, when collected will be paid into a special fund of the Successor Agency. 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.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above.

SECURITY FOR THE BONDS

Limited Obligation

The Bonds are limited obligations of the Agency secured by and payable from a pledge of, and lien on, and repaid from incremental property tax revenues (the "Tax Revenues," as defined in the Indenture) deposited with respect to the Project Area from time to time in the Redevelopment Property Tax Trust Fund described herein and held by the County Auditor-Controller. See "- Tax Revenues" below.

The Bonds are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State or any of their political subdivisions except the Successor Agency are liable therefor. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. No member of the Successor Agency, the Oversight Board or the Board of Supervisors of the County shall be individually or personally liable for the payment of the principal of or interest or redemption premium, if any, on the Bonds.

Tax Revenues

Definition. "Tax Revenues" is defined in the Indenture to mean all taxes annually allocated and paid to the Successor Agency with respect to the Project Area 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 as provided in the Redevelopment Plan, and all payments, subventions and reimbursements, if any, to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, in each case that are deposited in the Redevelopment Property Tax Trust Fund for transfer to the Successor Agency for deposit into the Redevelopment Obligation Retirement Fund, but excluding amounts, if any, payable by the Successor Agency pursuant to Sections 33676, 33607.5 and 33607.7 of the Law and Section 34183(a)(1) of the Dissolution Act, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of debt service on the Bonds or any additional bonds pursuant to Section 33607.5(e) of the Law and 34177.5(c) of the Dissolution Act.

Pledge Under the Indenture

Except as described in "- Redevelopment Obligation Retirement Fund" below and as required to compensate or indemnify the Trustee, the Bonds and any Parity Debt are equally secured by a pledge of, security interest in and lien on all of the Tax Revenues including all of the Tax Revenues in the Redevelopment Obligation Retirement Fund and by a first and exclusive pledge and lien upon all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account, the Sinking Account, and the Redemption Account) without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Bonds and any Parity Debt are additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Reserve Account established for the Bonds established by the Indenture.

The County Auditor-Controller will deposit property tax revenues into the Redevelopment Property Tax Trust Fund pursuant to the requirements of the Dissolution Act, including *inter alia* Health and Safety Code sections 34183 and 34170.5(b). The Bonds are also equally secured by the pledge and lien created with respect to the Bonds by Section 34177.5(g) of the

Dissolution Act on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund described below. Except for the Tax Revenues and such other moneys, no funds or properties of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

After the defeasance of the 2003 Bonds, there will be no other outstanding bonds of the Successor Agency with a parity pledge and lien on Tax Revenues.

In consideration of the acceptance of the Bonds by purchasers of the Bonds, the Indenture will be deemed to be and will constitute a contract between the Successor Agency and the Trustee for the benefit of the Owners from time to time of the Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Successor Agency are for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

Flow of Funds Under the Indenture

General. The Successor Agency previously established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Dissolution Act and agrees to hold and maintain the Redevelopment Obligation Retirement Fund as long as any of the Bonds are Outstanding.

Deposit in Redevelopment Obligation Retirement Fund; Transfer to Debt Service Fund. The Indenture provides that the Successor Agency shall deposit all of the Tax Revenues received with respect to any Bond Year into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency. All Tax Revenues received by the Successor Agency in excess of the amount required to pay debt service on the Bonds and any Parity Debt in any Bond Year, and except as may be provided to the contrary in the Indenture or in any Supplemental Indenture or authorizing document for such Parity Debt, shall be released from the pledge and lien under the Indenture and shall be applied in accordance with the Redevelopment 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 and redemption premium (if any) 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.

Deposit of Amounts by Trustee. A trust fund to be known as the Debt Service Fund, will be established and held in trust by the Trustee under the Indenture. The Successor Agency will transfer moneys on deposit in the Redevelopment Obligation Retirement Fund that have been deposited therein for the payment of debt service on the Bonds or for the replenishment of the Reserve Account within 10 days of the receipt thereof to the Trustee for deposit in the Debt Service Fund. The Trustee will transfer amounts on deposit in the Debt Service Fund in the following amounts, at the following times and in the following respective special accounts, which are established in the Debt Service Fund, and in the following order of priority:

Interest Account. On or before the fifth Business Day preceding each Interest Payment Date, the Successor Agency shall withdraw from the Redevelopment

Obligation Retirement Fund and transfer to the Trustee, for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and any Parity Debt on such Interest Payment Date. No such deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds and any Parity Debt. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and any Parity Debt as it shall become due and payable.

Principal Account. On or before the fifth Business Day preceding each August 1 on which the principal of the Bonds becomes due and payable, and at maturity, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Bonds. No such deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next August 1 on all of the Outstanding Bonds and any Parity Debt. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds and any Parity Debt as it shall become due and payable.

Sinking Account. No later than the fifth Business Day preceding each August 1 on which any Term Bond becomes subject to mandatory sinking account redemption, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required to be redeemed on such August 1. No such deposit need be made to the Sinking Account if the amount contained therein is at least equal to the Sinking Account payments to become due on the next August 1 on all of the Outstanding Bonds and any Parity Debt. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon redemption or purchase pursuant to the Indenture.

Reserve Account. Within the Debt Service Fund there will be established a separate account known as the "Reserve Account" solely as security for payments payable by the Successor Agency pursuant to the Indenture and pursuant to any other Parity Debt Instrument, which shall be held by the Trustee in trust for the benefit of the Owners of the Bonds and any Parity Debt. See "Debt Service Reserve Account" below.

In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Upon receipt of any such notice and as promptly as is permitted by the Redevelopment Law, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account.

Redemption Account. On or before the Business Day preceding any date on which Bonds are to be redeemed pursuant to the optional redemption provisions of the Indenture, other than mandatory Sinking Account redemption of Term Bonds, the

Trustee will withdraw from the Debt Service Fund any amount transferred by the Successor Agency for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such date. All moneys in the Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed pursuant to an optional redemption on the date set for such redemption, other than mandatory Sinking Account redemption of Term Bonds. Interest due on the Bonds to be redeemed on the date set for redemption will, if applicable, be paid from funds available therefor in the Interest Account.

Debt Service Reserve Account

Definition of Reserve Requirement. The Indenture defines "Reserve Requirement" to mean, with respect to the Bonds and any Parity Debt, the lesser of (i) 125% of the average Annual Debt Service with respect to the Bonds and such Parity Debt, as applicable or (ii) Maximum Annual Debt Service with respect to the Bonds and such Parity Debt, as applicable; provided, that in no event shall the Successor Agency, in connection with the issuance of the Bonds or any Parity Debt in the form of Bonds pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such Parity Debt issued in the form of Bonds, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture.

The amount on deposit in the Reserve Account will be maintained at the Reserve Requirement at all times prior to the payment of the Bonds and any Parity Debt in full. If there are insufficient Tax Revenues to maintain the Reserve Requirement, the Successor Agency is obligated under the Indenture to continue making transfers as Tax Revenues become available until there is an amount sufficient to maintain the Reserve Requirement (including the payment of all amounts due and payable to Insurer in connection with the ______ [Reserve Account Policy]) on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there is on deposit therein a sum at least equal to the Reserve Requirement.

Initial Deposit into the Reserve Account. On the date of issuance of the Bonds, the Successor Agency expects to purchase a Qualified Reserve Account Credit Instrument in the form of a reserve fund surety bond or policy in that amount, which is equal to the initial "Reserve Requirement. In the event that the amount on deposit in the Reserve Account at any time because of a draw thereon becomes less than the Reserve Requirement, the Trustee will promptly notify the Successor Agency of such fact. Upon receipt of any such notice and as promptly as is permitted by the Redevelopment Law, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account.

Use of Moneys in the Reserve Account. All money in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account in the event of any deficiency at any

time in any of such accounts 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 will be withdrawn from the Reserve Account semiannually on or before two Business Days preceding each February 1 and August 1 by the Trustee and deposited in the Interest Account or, if applicable, be applied pro rata in accordance with any applicable provision with respect to Parity Debt.

All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date will be withdrawn from the Reserve Account and will be transferred to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made from the Reserve Account or will be applied pro rata as required with respect to any Parity Debt, as applicable.

If the Reserve Requirement with respect to a particular series of bonds is secured by a Qualified Reserve Account Credit Instrument that relates only to such series of bonds, the calculation of Reserve Requirement for such series of bonds shall be calculated on a stand alone basis.

Recognized Obligation Payment Schedules

Submission of Recognized Obligation Payment Schedule. When initially enacted, the Dissolution required that not less than 90 days prior to each January 2 and June 1successor agencies prepare and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule (the "Recognized Obligation Payment **Schedule** or "ROPS") 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. On September 22, 2015, the Governor of the State signed into law legislation adopted by the Legislature in Senate Bill 107 ("SB 107"), which requires the preparation of a ROPS process once each year (rather than twice each year under the former law) beginning with the annual ROPS period that commences on July 1, 2016. SB 107 alternatively allows, subject to meeting certain conditions, an optional "Last and Final Recognized Obligation Payment Schedule" to be submitted on or after January 1, 2016. The Last and Final ROPS is binding on all parties and the successor agency would no longer submit a periodic ROPS. Under that procedure, the county auditor-controller remits 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. SB 107 provides that a Last and Final ROPS can only be amended twice, and only with DOF and county auditor-controller approval.

In order to ensure that amounts are available for the Trustee to pay debt service on all Outstanding Bonds and all amounts due and owing to the Bond Insurer on a timely basis, not later than February 1, of each year (or such other time as may be required by the Dissolution Act), commencing February 1, 2016, the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the San Joaquin County Auditor-Controller that shall include:

(i) all of the debt service due on all Outstanding Bonds on February 1 and August 1 of the Bond Year ending on August 1 of the next calendar year, which amount shall be distributed in full to the Successor Agency on January 2 of such year, and

(ii) any amount required to cure any deficiency in the Reserve Account pursuant to this Indenture (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument as well as all amounts due and owing to the 2016 Insurer hereunder).

In addition to the amounts described in clauses (i) and (ii) of the previous paragraph, if the amount of Tax Revenues distributed to the Successor Agency on January 2 in any year is less than the sum of the amounts specified in clauses (i) and (ii) of the previous paragraph, then not later than February 1 of such year (or on such other date as may be required by the Dissolution Act), the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the San Joaquin County Auditor-Controller that shall include the balance due to the Successor Agency, which amount shall be distributed in full to the Successor Agency on June 1 of such year.

In the event the provisions set forth in the Dissolution Act as of the Closing Date of the 2016 Bonds that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Successor Agency agrees to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Bonds and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the receipt of (i) not less than one of half of debt service due during each Bond Year on all Outstanding Bonds prior to February 1 of such Bond Year, and (ii) the remainder of debt service due during such Bond Year on all Outstanding Bonds prior to the next succeeding August 1.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period to pay the principal of and interest on the Bonds (see "RISK FACTORS").

Payment of Amounts Listed on the Recognized Obligation Payment Schedule. 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 or the successor agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency or the successor 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, under certain circumstances, amounts borrowed from the successor agency's low and moderate income housing fund.

A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by a bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following half of the calendar year.

Sources of Payments for Enforceable Obligations. 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 (successor agencies are entitled to receive not less than \$250,000, unless that amount is reduced by the oversight board), (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 redevelopment agency, as approved by the oversight board).

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by a successor agency and only from the funds specified in the Recognized Obligation Payment Schedule.

Order of Priority of Distributions from Redevelopment Property Tax Trust Fund. Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, a county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act:

- (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (if any, as described above under "TAX INCREMENT FINANCING GENERALLY Adjustment to Revenue Statutory Pass-Through Payments") and no later than each January 2 and June 1, to each local successor agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations (note however, the such pass-through payments have been made subordinate to debt service on the Bonds);
- (ii) second, on each January 2 and June 1, to the successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;
- (iii) third, on each January 2 and June 1, to the successor agency for the administrative cost allowance, as defined in the Dissolution Act; and
- (iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

Failure to Submit a Recognized Obligation Payment Schedule. The Recognized Obligation Payment Schedule must be approved by the oversight board and must be submitted by a successor agency to the county administrative office, the county auditor-controller, the DOF, and the State Controller by each February 1. If the successor agency does not submit a Recognized Obligation Payment Schedule by the applicable deadline, the city or county that established the former redevelopment agency will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the DOF. 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."

Adjustments to Revenue

State law allows counties to charge taxing entities, including redevelopment agencies, for the cost of administering the property tax collection system. In addition, the Dissolution Act allows counties to recover their costs in implementing the redevelopment Dissolution Act.

For project areas adopted prior to 1994, taxing entities could elect to receive additional property taxes above the base year revenue amount. Such amounts are calculated by increasing the real property portion of base year values by an inflation factor of up to 2% annually. Taxing entities can receive a proportionate share of such revenues if they elected to do so prior to adoption of the redevelopment plan. The Project Area was adopted before 1994, so the increase is not applicable.

PROPERTY TAXATION IN CALIFORNIA

Article XIIIA of the State Constitution

Article XIIIA limits the amount of ad valorem taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

Article XIIIA 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.

Article XIIIA (i) exempts from the 1% tax limitation taxes to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978 or (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional ad valorem taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIIIA has been upheld by both the California Supreme Court and the United States Supreme Court.

In the general election held November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIIIA. Proposition 58 amended Article XIIIA to provide that the terms "purchase" and "change of ownership," for the purposes of determining full cash value of property under Article XIIIA, do 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. This amendment to Article XIIIA may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIIIA to permit the Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence assessed value to the new residence. As a result of the Legislature's action, the growth of property tax revenues may decline.

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

Each year the State Board of Equalization announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the

announced factor has reflected the 2% cap. The changes in the California Consumer Price Index from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. Through fiscal year 2010-11 there were six occasions when the inflation factor was less than 2%. Until fiscal year 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels; however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was -0.237% and this resulted in a reductions to the adjusted base year value of parcels. The table below reflects the inflation adjustment factors for the current fiscal year and 12 prior fiscal years. Although the State Board of Equalization has announced an inflation factor of 1.998% for fiscal year 2015-16, the projections of Tax Revenues in Table 8.2 herein assumes an annual growth factor of 2% per year commencing fiscal year 2016-17. See "THE PROJECT AREA - Projected Tax Revenues and Estimated Debt Service Coverage."

Historical Inflation Adjustment Factors

Fiscal Year	Base Year Value Change
2003-04	2.000%
2004-05	1.867
2005-06	2.000
2006-07	2.000
2007-08	2.000
2008-09	2.000
2009-10	2.000
2010-11	-0.237
2011-12	0.753
2012-13	2.000
2013-14	2.000
2014-15	0.454
2015-16	1.998

Appropriations Limitation - Article XIIIB

Article XIIIB limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The "base year" for establishing such appropriations limit is the 1978-79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by a redevelopment agency of proceeds of taxes levied by or on behalf of a redevelopment agency within the meaning of Article XIIIB, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (not the Former Agency or the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies.

Appeals of Assessed Values

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces the assessment or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made. but also for the then current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted.

See "THE PROJECT AREA" for information regarding historical and pending appeals of assessed valuations by property owners in the Project Area.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Successor Agency revenues or the Successor Agency's ability to expend revenues.

BOND INSURANCE

[to come, if applicable]

THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY

As described in "INTRODUCTION," the Dissolution Act dissolved the Former Agency as of February 1, 2012. Thereafter, pursuant to Section 34173 of the Dissolution Act, the City became the Successor Agency to the Former Agency. Subdivision (g) of Section 34173 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.

Successor Agency Powers

All powers of the Successor Agency are vested in its five 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, substantially all Successor Agency actions are subject to approval by the Oversight Board, as well as review by the DOF.

Status of Compliance with Dissolution Act

The Dissolution Act requires a due diligence review to determine the unobligated balances of each successor agency that are available for transfer to taxing entities. The due diligence review involves separate reviews of each successor agency's low and moderate income housing fund and of all other funds and accounts. Once a successor agency completes the due diligence review and any transfers to taxing entities, the DOF will issue a finding of completion that expands the authority of each successor agency in carrying out the wind down process. A finding of completion allows a successor agency to, among other things, retain real property assets of the dissolved redevelopment agency and utilize proceeds derived from bonds issued prior to January 1, 2011.

After receiving a 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 satisfy 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 within six months of receiving a finding of completion, and the DOF will review these plans as submitted on a rolling basis.

The Successor Agency received DOF approval of its finding of completion on and its Long Range Property Management Plan on _____.

THE PROJECT AREA

The Redevelopment Plan for the Project Area

The Project Area, which is the sole project area of the Former Agency, consists of approximately 2,292 non-contiguous acres covering approximately 17% of the land within the City's boundaries. The Report on the Tracy Community Development Project adopted by the City Council in May 1990 identified 52 projects that the Agency intended to undertake as part of its efforts to revitalize and redevelop the Project Area. The 52 projects fall into seven broad categories: (1) streets and circulation, (2) general economic development, (3) utilities, (4) central business district, (5) public services, (6) public recreation/social/cultural/governmental facilities and (7) housing.

The City Council of the City adopted the Redevelopment Plan with respect to the Project Area on July 17, 1990 pursuant to its Ordinance No. 482. The Redevelopment Plan was amended by the City Council by Ordinance No. 508, adopted November 15, 1994, in order to comply with Assembly Bill 1290. The Redevelopment Plan was designed to enable the Former Agency to, among other things, eliminate blighting influences; encourage existing owners, businesses and tenants within the Project Area to participate in redevelopment activities; to sustain the existing residential, commercial and industrial base of the community; to provide required public improvements so as to encourage new construction by private enterprise; to mitigate development limitations which have and will continue to result in the lack of optimum utilization of the Project Area; and provide construction and employment opportunities in the development of new and rehabilitated facilities.

Land Use

The table below shows the land uses in the Project Area based on the 2015-16 property tax roll.

TABLE 1
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY
Community Development Project
2015/16 Secured Valuation and Number of Parcels by Land Use Category

	2015/16 Secured	% of	No. of	% of
	Value	Total	Parcels	Total
Non-Residential:				_
Commercial/Office	\$387,200,174	35.9%	389	12.0%
Vacant Commercial	22,103,394	2.0	71	2.2
Hotel/Motel	32,554,261	3.0	11	0.3
Industrial	66,617,740	6.2	84	2.6
Vacant Industrial	3,193,123	0.3	10	0.3
Recreational	4,769,858	0.4 9		0.3
Government/Social/Institutional	2,236,376	0.2	47	1.5
Miscellaneous	2,032,737	0.2	31	1.0
Subtotal Non-Residential	\$520,707,663	48.3%	652	20.1%
Residential:				
Single Family Residence	\$425,106,358	39.4	1,951	60.3%
Condominium	36,881,687	3.4	245	7.6
Rural Residential	1,822,096	0.2	11	0.3

Total	\$1,078,849,212	100.0%	3,236	100.0%
Subtotal Residential	\$558,141,549	51.7%	2,584	79.9%
Vacant Residential	4,010,984	0.4	89	2.8
5+ Residential Units/Apartments	45,712,092	4.2	53	1.6
2-4 Residential Units	41,880,039	3.9	210	6.5
Mobile Home Park	2,124,546	0.2	5	0.2
Mobile Home	603,747	0.1	20	0.6

Source: California Municipal Statistics, Inc.

Major Taxable Property Owners. The following table lists the 20 largest taxable property owners within the Project Area for fiscal year 2015-16. Based on fiscal year 2015-16 locally assessed taxable valuations, the top 20 taxable property owners in the Project Area represent approximately 19.2% of the total assessed value of the Project Area.

TABLE 2
SUCCESSOR AGENCY TO THE
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY
20 Largest Taxpayers in Fiscal Year 2015-16

	Assessee	Primary Land Use	2015/16 Secured Value	% of Total	% of Incremental Ass'd Value
1.	Car Corral Hollow LLC	Shopping Center	\$31,934,745	2.96%	3.35%
2.	Kaiser Foundation Health Plan	Medical Offices	21,341,966	1.98	2.24%
3.	Save Mart Supermarket	Shopping Center	17,433,951	1.62	1.83%
4.	Shirlee M. Queirolo Trust	Shopping Center	16,717,701	1.55	1.75%
5.	Stuart LP	Shopping Center	13,955,578	1.29	1.46%
6.	McCorduck Properties LLC	Shopping Center	10,758,217	1.00	1.13%
7.	Pak & Pak Hospitality LLC	Hotel/Motel	9,354,379	0.87	0.98%
8.	Triad Tracy II LP	Office Building	9,047,405	0.84	0.95%
9.	Tracy Mini Storage LLC	Public Storage	8,250,256	0.76	0.86%
10.	Calstone Holdings LLC	Light Industrial	7,029,199	0.65	0.74%
11.	ESH/ESA Properties LLC	Hotel/Motel	6,958,793	0.65	0.73%
12.	Pacific Bowie Martin Partnership	Commercial	6,921,996	0.64	0.73%
13.	Doane Products Company	Light Industrial	6,772,721	0.63	0.71%
14.	Driftwood Apartments	Apartments	6,771,211	0.63	0.71%
15.	Public Storage Inc.	Public Storage	6,460,652	0.60	0.68%
16.	Pacific World Investment Inc.	Shopping Center	6,303,000	0.58	0.66%
17.	Tracy Orchard Plaza LP	Shopping Center	5,408,390	0.50	0.57%
18.	Michele Lissberger Trust	Shopping Center	5,370,000	0.50	0.56%
19.	Hirahara III LLC	Commercial	5,324,397	0.49	0.56%
20.	Granville LLC	Apartments	5,310,724	0.49	0.56%
	Total, 20 Largest Taxpayers		\$207,425,281	19.2%	21.7%

Total, 2015/16 Secured Value

\$1,078,849,212

Source: California Municipal Statistics, Inc.

Summary of Assessed Value History in the Project Area

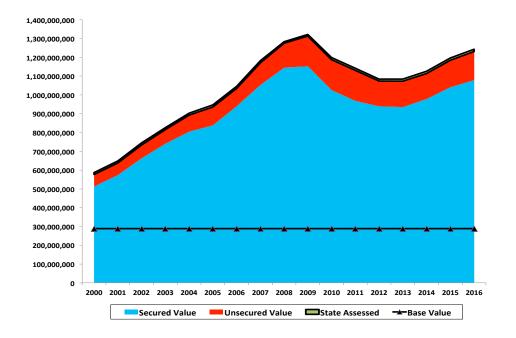
General. Taxable values are prepared and reported by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties that are part of the Project Area. The parcels are assigned to Tax Rate Areas which collectively have the same boundaries as the Project Area.

The following table and graphic summarizes the historic assessed valuation and tax increment for the Project Area since fiscal year 1999-2000:

TABLE 3
SUCCESSOR AGENCY TO THE
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY
Historical Assessed Valuation and Incremental Value

Fiscal	Secured	Unsecured	State	Total	%		Incremental	%
Year	Value	Value	Assessed	Value	Change	Base Value	Value	Change
2000	\$512,659,673	\$63,881,414	\$10,889,760	\$587,430,847		\$288,387,821	\$299,043,026	
2001	573,364,694	64,880,261	10,832,613	649,077,568	10.5%	288,387,821	360,689,747	20.6%
2002	662,611,486	71,126,276	11,137,763	744,875,525	14.8	288,387,821	456,487,704	26.6
2003	740,091,148	75,293,195	10,837,829	826,222,172	10.9	288,387,821	537,834,351	17.8
2004	804,131,872	88,173,000	10,875,153	903,180,025	9.3	288,387,821	614,792,204	14.3
2005	838,188,791	97,885,651	11,397,412	947,471,854	4.9	288,387,821	659,084,033	7.2
2006	939,715,330	94,790,962	11,215,065	1,045,721,357	10.4	288,387,821	757,333,536	14.9
2007	1,053,234,834	118,029,640	10,765,249	1,182,029,723	13.0	288,387,821	893,641,902	18.0
2008	1,145,377,660	129,426,090	8,282,250	1,283,086,000	8.5	288,387,821	994,698,179	11.3
2009	1,152,328,187	160,763,544	8,282,250	1,321,373,981	3.0	288,387,821	1,032,986,160	3.8
2010	1,025,922,288	161,787,633	11,041,870	1,198,751,791	-9.3	288,387,821	910,363,970	-11.9
2011	968,008,540	162,630,569	11,041,870	1,141,680,979	-4.8	288,387,821	853,293,158	-6.3
2012	938,925,411	134,763,611	11,041,870	1,084,730,892	-5.0	288,387,821	796,343,071	-6.7
2013	935,097,985	138,021,493	11,041,870	1,084,161,348	-0.1	288,387,821	795,773,527	-0.1
2014	978,597,126	135,223,860	12,164,031	1,125,985,017	3.9	288,387,821	837,597,196	5.3
2015	1,040,761,437	143,997,675	12,164,031	1,196,923,143	6.3	288,387,821	908,535,322	8.5
2016	1,078,849,212	151,934,469	12,164,031	1,242,947,712	3.8	288,387,821	954,559,891	5.1

Source: California Municipal Statistics, Inc.



Unitary Property

Unitary revenues are allocated to the Project Area based on a formula contained in AB 454. Generally, the Agency receives unitary revenues on the basis of amounts that were received in the prior fiscal year. The prior year allocations are adjusted annually based on changes in unitary revenue on a countywide basis. The amount of unitary revenues to be allocated to the Successor Agency from the Project Area for fiscal year 2015-16 is estimated to be \$

Tax Rates

Tax rates will vary from area to area within the State, as well as within a community and a redevelopment project area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of \$1.00 per \$100 of taxable value and any over-ride tax rate. The over-ride rate is that portion of the tax rate that exceeds the general levy tax rate and is levied to pay voter approved indebtedness or contractual obligations that existed prior to the enactment of Proposition XIII.

Section 34183(a)(1) of the Dissolution Act requires the County Auditor-Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal of and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. As a result, the tax increment revenues being deposited into the Redevelopment Property Tax Trust Fund include only revenues derived from the general 1% levy and includes no revenues derived from over-ride tax rates that had been included in tax increment revenues prior to the dissolution of redevelopment agencies. The projections of tax increment available to pay debt service on the Bonds are based only on revenue derived from the general levy tax rate.

Appeals of Assessed Values; Proposition 8 Reductions

Pursuant to California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

After the applicant and the assessor have presented their arguments, the Appeals Board makes a final decision on the proper assessed value. The Appeals Board may rule in the assessor's favor, in the applicant's favor, or the Board may set their own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion.

Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is made and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of

ownership. Any base year appeal must be made within four years of the change of ownership or new construction date. [[______ has determined that there are currently ____ outstanding appeals for the 20 LargestTaxpayers shown on Table 2.]]

Appeals may also be filed under Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions have taken place in some counties due to declining real estate values. Reductions made under this code section may be initiated by the County Assessor or requested by a property owner. After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and it may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "PROPERTY TAXATION IN CALIFORNIA" above.

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), 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 under this code section may be initiated by the County Assessor or requested by the property owner.

After such reductions in value are implemented, the County Assessor is required to review the property's market value as of each subsequent lien date and adjust the value of real property to the lesser of its base year value as adjusted by the inflation factor pursuant to Article XIIIA of the California Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under Proposition 8 to residential properties are normally initiated by the County Assessor but may also be requested by the property owner. Reductions of value for commercial, industrial and other land use types under Proposition 8 are normally initiated by the property owner as an assessment appeal.

After a roll reduction is granted under this code section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

reviewed Proposition 8 Adjustments from the County for the past fiscal years, 20_____ through 2015-16, to determine the number of residential properties that were not reduced and the corresponding number of reversals. The results of the review are shown on the following table.

TABLE 4 SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY Proposition 8 Residential Impacts

Source: Fraser and Associates.
[[As shown above, residential parcels (inclusive of both single and multifamily parcels) had been reduced as of fiscal year 2012-13 tax roll, with a value reduction of almost \$ million. Proposition 8 value reductions are temporary, and once the market value of property goes back up, the value for the parcels under Proposition 8 status can increase up to their Proposition 13 base, including the compounded 2 percent inflation adjustment. Beginning in 2013-14, and continuing through 2015-16, the County has partially or fully reversed the prior Proposition 8 reductions and increased value by \$ million in 2014-15 and by an additional \$ million in 2015-16. The total number of reversals is actually greater than the reductions shown in the table above, most likely because certain property sold during the intervening period and were then reduced pursuant to Proposition 8.]]
In terms of future residential Proposition 8 reductions, recent sales data indicates that property is selling for more than the value recorded on the current tax roll. The table below shows the recent trends for calendar years 2014 and 2015 (through 2015).
TABLE 5 SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY Proposition 8 Residential Impacts - Recent Trends, As of 2015
Source: Fraser and Associates.
Source: Fraser and Associates.

Tax Sharing Payments

Negotiated Tax Sharing Payments. The Redevelopment Law authorized the Former Agency to enter into agreements with taxing agencies whose territory was located within the Project Area, whereby the Former Agency would pay tax increment revenues to such taxing agencies to alleviate the financial burden or detriment caused by the Redevelopment Project. The Former Agency entered into such tax-sharing agreements that applies to the tax increment revenues of the Project Area with the County of San Joaquin and related entities, the Tracy Elementary School District, the San Joaquin Delta College District and the San Joaquin County Superintendent of Schools. [All of the statutory requirements necessary to subordinate the

payment of all amounts payable pursuant to the aforementioned negotiated tax-sharing agreements to the payment of debt service on the 2016 Bonds have been fully satisfied.]

Statutory Payments. Pursuant to former Health & Safety Code Section 33676, in lieu of entering into a negotiated tax-sharing agreement with the Former Agency, certain taxing entities whose territory is located within the Project Area elected to receive pass-through payments pursuant to a "2% unilateral election" to alleviate the financial burden or detriment caused by the Redevelopment Project. Such taxing entities include Tracy Public Cemetery District, San Joaquin County Mosquito & Vector Control District, Byron-Bethany Irrigation District, Naglee Burk Irrigation District, West Side Irrigation District and City of Tracy.

The Successor Agency's obligation to make statutory (2% election) pass-through payments to the aforementioned taxing entities is <u>senior</u> to its obligation to pay debt service on the 2016 Bonds. Housing Set-Aside

Before it was amended by the Dissolution Act, the Redevelopment Law required the Former Agency to set aside not less than 20% of all tax increment generated in the Project Area into a low and moderate income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low and moderate income housing. These tax increment revenues were commonly referred to as "Housing Set-Aside."

The Dissolution Act eliminated the Housing Set-Aside requirement. As a result, and because the Successor Agency has no obligations that are payable from Housing Set-Aside, the Dissolution Act has been interpreted to provide that the amount of the tax increment that would have been the former Housing Set-Aside is available to pay debt service on the Bonds. Accordingly, the projection of Tax Revenues set forth in the section of this Official Statement entitled "THE PROJECT AREA – Projected Tax Revenues and Estimated Debt Service Coverage," assumes the availability of the former Housing Set-Aside for this purpose. The Successor Agency has no obligations payable from the Housing Set-Aside.

Historical Available Tax Increment

A calculation of net deposits to the Successor Agency's Redevelopment Property Tax Trust Fund since 2013 is shown in the following table.

TABLE 6 SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY Net Deposits to Tracy Successor Agency Redevelopment Property Tax Trust Fund (RPTTF) 2013 - 2015

RPTTF Deposits:	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Property taxes	\$7,919,287	\$8,339,395	\$9,072,933	
Interest Earnings/Other	(2,181)	3,149	3,487	
Total RPTTF Deposit	7,917,106	8,342,544	9,076,420	
(less) County Administration Fee	184,557	184,753	182,266	
(equals) Net Deposit to RPTTF	7,732,549	8,157,791	8,894,154	

1,891,155	2,031,364	2,218,044
4,346,950	4,083,025	3,939,516
243,606	257,647	260,334
	4,346,950	4,346,950 4,083,025

Source: Office of the San Joaquin County Auditor-Controller.

Property tax revenues in the Project Area do not reflect actual collections because the County has adopted the Teeter Plan. See "TAX INCREMENT FINANCING GENERALLY – Property Tax Allocation Procedures - Teeter Plan."

Projected Tax Revenues and Estimated Debt Service Coverage

Low and Moderate Income Housing Set-Aside. As described in "SECURITY FOR THE BONDS - Housing Set-Aside," the Dissolution Act eliminated the distinction between the former 20% Housing Set-Aside and non-Housing Set-Aside property tax revenues. As a result, and because the Successor Agency has no obligations that are payable from Housing Set-Aside, the Dissolution Act is interpreted to provide that the former Housing Set-Aside requirement is available to pay debt service on the Bonds. The projection of Tax Revenues set forth below assumes the availability of the former Housing Set-Aside for this purpose, followed by a table showing the projected debt service coverage on the Bonds.

2015-16 Estimate of Tax Revenue. The following table shows the estimated Tax Revenues for Fiscal Year 2015-16.

TABLE 7 SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY Estimate of Incremental Value and Tax Increment Revenue Fiscal Year 2015-16 (1)

Local Secured:	
Real Property	\$1,072,122,327
Homeowners Exemption	6,726,885
Net Local Secured	1,078,849,212
State Assessed	12,164,031
Unsecured Property	151,934,469
Total Assessed Value	1,242,947,712
Base Year Value	(288,387,821)
Incremental Value	954,559,891
Incremental Revenue ⁽¹⁾	9,545,599
County Administration Fee ⁽²⁾	(190,912)
Senior Pass-Through Payments ⁽³⁾	(270,344)
Tax Revenue	9,354,687

⁽¹⁾ Incremental Revenue equals 1.00% of Incremental Value.

Estimated Debt Service Coverage. The following table shows the projected debt service schedule coverage or the Bonds, assuming no annual assessed valuation growth and no optional redemption of the Bonds.

⁽²⁾ County Administration Fee equals 2.00% of Incremental Revenue.

⁽³⁾ Certain pass-through payments payable pursuant to H&S Code Section 33676 (e.g. the 2% Election) are not eligible to be subordinated to the payment of debt service on the Bonds. *Source:*

TABLE 8 SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY Projection of Incremental Value and Tax Revenues - No Annual Growth

							Senior			
12-Mo.	Total					County	Pass-	Pledged	Estimated	Debt
Ending	Assessed	%		Incremental	Incremențal	Admin.	Through	Tax	Debt	Service
Aug 1,	Value	Change	Base Value	Value	Revenue ⁽¹⁾	Fee ⁽²⁾	Payments ⁽³⁾	Revenue	Service*	Coverage
2016 ⁽⁴⁾	\$1,242,947,712	0.0%	\$288,387,821	\$954,559,891	\$9,545,599	\$(190,912)	\$(270,344)	\$4,542,171	\$1,110,673	409%
2017	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,982,100	305%
2018	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,970,900	306%
2019	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,977,900	305%
2020	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,972,300	306%
2021	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,964,500	306%
2022	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,964,500	306%
2023	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,966,900	306%
2024	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,956,500	307%
2025	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,955,500	307%
2026	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,955,000	307%
2027	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,949,750	308%
2028	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,944,750	308%
2029	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,939,750	309%
2030	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,934,500	310%
2031	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,933,750	310%
2032	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,927,000	310%
2033	1,242,947,712	0.0	288,387,821	954,559,891	9,545,599	(190,912)	(270,344)	9,084,343	2,924,250	311%

⁽¹⁾ Incremental Revenue equals 1.00% of Incremental Value

Source:

⁽²⁾ County Administration Fee equals 2.00% of Incremental Revenue.

⁽³⁾ Certain pass-through payments payable pursuant to H&S Code Section 33676 (e.g. the 2% Election) are not eligible to be subordinated to the payment of debt service on the Bonds.

⁽⁴⁾ Pledged Tax Revenue and Estimated Debt Service in 2016 is for six-month period only.

^{*} Preliminary, subject to change.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

The various legal opinions to be delivered concurrently with the issuance of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by a successor agency from the funds specified in the Recognized Obligation Payment Schedule. Pursuant to Section 34177 of the Dissolution Act, by the February 1st prior to each July 1st of each year, the Successor Agency shall submit to the Oversight Board and the DOF, a Recognized Obligation Payment Schedule. For each annual period, the Dissolution Act requires each successor agency to prepare and approve, and submit to the successor agency's oversight board and the DOF 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. Consequently, Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the county auditor-controller and remitted to the Successor Agency without a duly approved and effective Recognized Obligation Payment Schedule to pay debt service on the Bonds and to pay other enforceable obligations. In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule, the availability of Tax Revenues to the Successor Agency could be adversely affected. See "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules."

For a description of the covenants made by the Successor Agency in the Indenture relating to the obligation to submit Recognized Obligation Payment Schedules on a timely basis, and the Successor Agency's history of submissions of Recognized Obligation Payment Schedules, see "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules."

AB 1484 also added provisions to the Dissolution Act implementing certain penalties in the event a successor agency does not timely submit a Recognized Obligation Payment Schedule. Specifically, a Recognized Obligation Payment Schedule must be submitted by the successor agency to the oversight board, to the county administrative officer, the county auditor-controller, the DOF, and the State Controller no later than the mandated deadlines. If a successor agency does not submit a Recognized Obligation Payment Schedule by such deadlines, the city or county that established the redevelopment agency will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the DOF. Additionally, a successor agency's maximum administrative cost allowance is reduced by 25% if the successor agency does not submit an oversight board-approved Recognized Obligation Payment Schedule within 10 days of the deadline.

No Validation Proceedings Undertaken

Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a "validation proceeding," for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the Bonds, Government Code Section 53511 authorizes a local agency to "bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness." Under Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding will, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters herein adjudicated or which could have been adjudicated, against all persons: "The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive."

The Successor Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the Bonds. The Successor Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the Bonds and specifying the related deadline for any challenge to the Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5, must be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such challenge period has expired with respect to the Bonds and the Oversight Board Resolution approving the Bonds.

Reduction in Taxable Value

Tax increment revenue available to pay principal of and interest on the Bonds 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 increment available to pay debt service on the Bonds. Such reduction of tax increment available to pay debt service on the Bonds could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Bonds; this risk could be increased by the significant concentration of property ownership in the Project Area.

The County calculates tax increment to redevelopment project areas by applying a one percent rate to the secured and unsecured incremental taxable values. The County also allocates unitary revenue on the basis of the total unitary revenue in a project area, without reductions for base year revenues. The allocation of unitary revenue is based on revenues received in 1987-88, adjusted by the actual growth or decline in unitary revenues on a countywide basis.

As described in greater detail under the heading "PROPERTY TAXATION IN CALIFORNIA – Article XIIIA of the State Constitution," Article XIIIA provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year

to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce tax increment available to pay debt service on the Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the tax increment available to pay debt service on the Bonds and adversely affect the source of repayment and security of the Bonds.

Risks Associated with the Insurer

Before the delivery of the Bonds, the Successor Agency will pay the premium for the Bond Insurance Policy for the Bonds, and the reserve fund insurance policy. The Successor Agency can provide no assurances that the Bond Insurer will be able to meet its obligations under the Bond Insurance Policy or the reserve fund insurance policy, if and when required to do so. In addition, any change in the ratings of the Insurer could impact the price of the Bonds in the secondary market.

Risks to Real Estate Market

The Successor Agency's ability to make payments on the Bonds will be dependent upon the economic strength of the Project Area. The general economy of the Project Area will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development within the Project Area could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. The Project Area experienced significant declines in value due to Proposition 8 reductions. In addition, if there is a significant decline in the general economy of the Project Area, the owners of property within the Project Area may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Tax Revenues by the Successor Agency from the Project Area. See "THE PROJECT AREA - Projected Tax Revenues and Estimated Debt Service Coverage" for a description of the debt service coverage on the Bonds.

Reduction in Inflationary Rate

As described in greater detail below, Article XIIIA of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. The Successor Agency is unable to predict if any further adjustments to the full cash value base of real property within the Project Area, whether an increase or a reduction, will be realized in the future.

Levy and Collection of Taxes

The Successor Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the tax increment available to pay debt service on the Bonds.

Although delinquencies in the payment of property taxes by the owners of land in the Project Area, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Successor Agency's ability to make timely payments on the Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided net tax increment. In addition, the County could elect to alter or terminate its Teeter Plan policy and, in such event, the amount of the levy of property tax revenue that could be allocated to the Successor Agency would depend upon the actual collections of the secured taxes within the Project Area. Substantial delinquencies in the payment of property taxes could impair the timely receipt by the Successor Agency of Tax Revenues. See "THE PROJECT AREA - Projected Tax Revenues and Estimated Debt Service Coverage" for a description of the debt service coverage on the Bonds.

Bankruptcy and Foreclosure

The payment of the property taxes from which Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Although such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided by fiscal year 2015-16 net tax increment. See "THE PROJECT AREA - Projected Tax Revenues and Estimated Debt Service Coverage" for a description of the debt service coverage on the Bonds.

Estimated Revenues

In estimating that net tax increment will be sufficient to pay debt service on the Bonds, the Successor Agency has made certain assumptions with regard to present and future assessed valuation and new development in the Project Area, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the net tax increment available to pay debt service on the Bonds will be less than those projected and such reduced net tax increment may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Bonds.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of 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, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Natural Disasters

The value of the property in the Project Area in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as droughts. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in the Project Area could be diminished in the aftermath of such events. A substantial reduction of the value of such properties and could affect the ability or willingness of the property owners to pay the property taxes.

Seismic. Earthquake faults exist in many parts of Northern California, including in areas near to the Project Area. Most new construction is required to be built in accordance with the Uniform Building Code which contains standards designed to minimize structural damage caused by seismic events however, the occurrence of severe seismic activity affecting the Project Area could result in substantial damage to property located in the Project Area, and could lead to successful appeals for reduction of assessed values of such property. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Bonds.

Changes in the Redevelopment Law

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Dissolution

Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of tax increment available to pay debt service on the Bonds.

It is possible that the definition of Tax Revenues could be affected by changes in law or judicial decisions relating to the dissolution of redevelopment agencies. The Indenture provides that if, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 of the Redevelopment Law are invalidated by judicial decision, then "Tax Revenues" will include all tax increment revenues allocated to the payment of indebtedness in accordance with Section 33670 of the Redevelopment Law or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the State Constitution; excluding moneys required to pay Senior Obligations payable during such period. Additionally, any action by a court to invalidate provisions of the Dissolution Act required for the timely payment of principal of, and interest on, the Bonds could be subject to issues regarding unconstitutional impairment of contracts and unconstitutional taking without just compensation. The Successor Agency believes that the aforementioned considerations would provide some protections against the adverse consequences upon the Successor Agency and the availability of Tax Revenues for the payment of debt service on the Bonds in the event of successful challenges to the Dissolution Act or portions thereof. However, the Successor Agency provides no assurance that any other lawsuit challenging the Dissolution Act or portions thereof will not result in an outcome that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the Bonds.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Successor Agency in violation of its covenants in the Indenture.

In addition, current and future legislative proposals, if enacted into law, may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals.

Should such an event of taxability occur, the Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that the 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 the then prevailing circumstances.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Bonds. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which 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 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

CONCLUDING INFORMATION

Underwriting

The I	Bond	s are	e being purchased b	y Stifel, N	Nicolaus	& Co	mpany, Inc (the "I	Jnderwrite	<mark>r"</mark>).
The Underw	riter	has a	agreed to purchase	the Bon	ds at a	price	of \$	(be	eing
the principal	amo	ount	of the Bonds [less	a net ori	ginal iss	sue di	iscount/plus a net	original is:	sue
premium]	of	\$		and	less	an	Underwriter's	discount	of
\$). The Underwrite	r will pur	chase a	ll of th	ne Bonds if any are	e purchase	d.

The Underwriter may offer and sell Bonds to certain dealers and others at a price lower than the offering price stated on the inside cover page of this Official Statement. The offering price may be changed from time to time by the Underwriter.

Legal Opinion

The final approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will be furnished to the purchaser at the time of delivery of the Bonds. A copy of the proposed form of Bond Counsel's final approving opinion with respect to the Bonds is attached hereto as Appendix B.

Certain legal matters will be passed on by Jones Hall, A Professional Law Corporation, as Disclosure Counsel and Norton Rose Fulbright US LLP, as Underwriter's Counsel.

In addition, certain legal matters will be passed upon for the Successor Agency by the City Attorney of the City.

Compensation paid to Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon the sale and delivery of the Bonds.

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. See, however, "RISK FACTORS- Challenges to Dissolution Act."

Ratings

Standard & Poor's Ratings Services ("**S&P**"), is expected to assigned its municipal bond rating of "_____" to the Bonds with the understanding that _____ will issue the Policy with respect to the Bonds at the time of delivery of the Bonds. In addition, S&P has assigned an underlying rating of "_____" to the Bonds.

The ratings issued reflect only the view of S&P, and any explanation of the significance of such ratings should be obtained from S&P. There is no assurance that such ratings will be retained for any given period of time or that it will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the Bonds.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Successor Agency has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement).

There is no assurance that these ratings will continue for any given period of time or that these ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating on the Bonds may have an adverse effect on the market price or marketability of the Bonds.

Continuing Disclosure

The Successor Agency will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Successor Agency by not later than April 1 after the end of each fiscal year of the Successor Agency (currently June 30th), commencing not later than April 1, 2017 with the report for the 2015-16 fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain listed events. The specific nature of the information to be contained in the Annual Report or the notices of listed events is summarized in "APPENDIX D - FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE," attached to this Official Statement. These covenants have been made in order to assist the Underwriter (as defined below) in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

[[[**VERIFY**: In the past five years, the Successor Agency has had no instances of non-compliance with any previous continuing disclosure undertaking.]]]

Audited Financial Statements

The City of Tracy's Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015 (the "City CAFR") is attached as Appendix E. The City's CAFR includes the Successor Agency's audited financial statements for the fiscal year ended June 30, _____. The Successor Agency's audited financial statements were audited by Badawi and Associates, Certified Public Accountants (the "Auditor"). The Auditor has not been asked to consent to the inclusion of the Successor Agency's audited financial statements in this Official Statement and has not reviewed this Official Statement.

As described in "SECURITY FOR THE BONDS - Limited Obligation," the Bonds are payable from and secured by a pledge of Tax Revenues and the Bonds are not a debt of the City. The City's CAFR is attached as Appendix E to this Official Statement only because it includes the Successor Agency's audited financial statements.

Miscellaneous

All of the preceding summaries of the Indenture, the Redevelopment Law, the Dissolution Act, other applicable legislation, the Redevelopment Plan for the Project Area, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Successor Agency for further information in connection therewith.

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

	The execu	ition and	delivery	of this	Official	Statement	by its	Executive	Director	has	been
duly	authorized by	y the Suc	cessor A	gency.							

COM	MUNITY DEVELOPMENT AGENCY
By:	
	Executive Director

SUCCESSOR AGENCY TO THE TRACY

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX B

FORM OF BOND COUNSEL OPINION

, 2016	
Successor Agency to the Community Development Agency of the City of Tracy 333 Civic Center Plaza Tracy, Calfornia 95376	
OPINION: \$ Successor Agency to the Tracy Community Developme Agency 2016 Tax Allocation Refunding Bonds	nt
Members of the Successor Agency:	
We have acted as bond counsel in connection with the issuance by the Success Agency to the Tracy Community Development Agency (the "Successor Agency"), \$ Successor Agency to the Tracy Community Development Agency 2016 To Allocation Refunding Bonds (the "Bonds"), pursuant to the Community Redevelopment Lar constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safet Code of the State of California (the "Law"), Part 1.85 (commencing with Section 34170) Division 24 of the California Health and Safety Code (the "Dissolution Act"), and Article (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Refunding Law"). The Bonds are being issue pursuant to an Indenture of Trust, dated as of 1, 2016 (the "Indenture"), I and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A as trustee (the "Trustee"). We have examined the law and such certified proceedings and oth papers as we deem necessary to render this opinion.	of ax w, of 11 he ed by A.,

Based upon the foregoing, we are of the opinion, under existing law, as follows:

independent investigation.

the Successor Agency contained in the Indenture, and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify such facts by

As to questions of fact material to our opinion, we have relied upon representations of

- 1. The Successor Agency is validly existing as a public entity, with the power to enter into the Indenture, perform the agreements on its part contained therein, and issue the Bonds.
- 2. The Indenture has been duly approved by the Successor Agency, and constitutes a valid and binding obligation of the Successor Agency, enforceable against the Successor Agency in accordance with its terms.

- 3. Pursuant to the Law, the Dissolution Act and the Refunding Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds, subject to no prior lien granted under the Law, the Dissolution Act and the Refunding Law, except to the extent described in the Indenture.
- 4. The Bonds have been duly authorized, executed and delivered by the Successor Agency, and are valid and binding special obligations of the Successor Agency, payable solely from the sources provided therefor in the Indenture.
- 5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; although for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.
- 6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds, and the enforceability of the Bonds and the Indenture, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and may also be subject to the exercise of judicial discretion in appropriate cases. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix C concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances 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.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing Successor 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. The information set forth on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the

Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Successor Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Successor Agency believes to be reliable, but the Successor Agency takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the SUCCESSOR AGENCY OF THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY (the "Successor Agency") in connection with the issuance of \$ Successor Agency to the Tracy Community Development Agency 2016 Tax Allocation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust dated as of, 2016 (the "Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee. The Successor Agency covenants and agrees as follows:
Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).
Section 2. <u>Definitions</u> . In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined, the following capitalized terms shall have the following meanings:
"Annual Report" shall mean any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.
"Dissemination Agent" shall mean, or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.
"EMMA System" shall mean the Electronic Municipal Market Access system of the MSRB or such other electronic system designated by the MSRB or the Securities and Exchange Commission for compliance with S.E.C Rule 15c2-12(b).
"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.
"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.
"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.
"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.
Section 3. Provision of Annual Reports.

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- (a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Successor Agency's fiscal year (which date currently would be April 1, based upon the June 30 end of the Successor Agency's fiscal year), commencing with the report for the 2015-16 fiscal year, provide to the MSRB through the EMMA System an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).
- (b) If the Successor Agency is unable to provide to the MSRB through the EMMA System an Annual Report by the date required in subsection (a), the Successor Agency shall provide to the MSRB, in electronic format as prescribed by the MSRB through the EMMA System, a notice in substantially the form attached as Exhibit A.
 - (c) 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 Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB through the EMMA System pursuant to this Disclosure Certificate.

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

- (a) Audited Financial Statements of the Successor Agency 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 such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- (b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for the Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Successor Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the Official Statement for the Bonds, as follows:

- identity of pending and successful appeals of assessed values in the Project Area, but only if total appeals exceed, in the aggregate, 5% of assessed value in the Project Area;
- (ii) summary of taxable value in the Project Area for the most recent fiscal year;
- (iii) a listing of the ten major property tax assessees in the Project Area;
- (iv) summary of the Tax Revenues, the debt service for the Bonds and any Parity Debt and the debt service coverage ratio for the Bonds and any Parity Debt for the current fiscal year; and
- (v) assessed values in the Project Area for the most recent fiscal year.

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 Successor Agency or related public entities, which have been submitted to the MSRB through the EMMA System or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

- (a) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:
 - (1) Principal and interest payment delinguencies.
 - (2) Non-payment related defaults, if material.
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
 - (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
 - (5) Substitution of credit or liquidity providers, or their failure to perform.
 - (6) 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.
 - (7) Modifications to rights of security holders, if material.
 - (8) Bond calls, if material, and tender offers.
 - (9) Defeasances.

- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (b) The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB through the EMMA System, 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)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.
- (c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material." The Successor Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the Successor Agency determines the event's occurrence is material for purposes of U.S. federal securities law. The Dissemination Agent shall not be responsible for determining whether an event is material.

Section 6. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the delivery to the Dissemination Agent of an opinion of nationally recognized bond counsel retained by the Successor Agency to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent.

(a) The Successor Agency 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Successor Agency pursuant to this Disclosure Certificate, unless the Successor Agency is the Dissemination Agent, as provided herein. The initial Dissemination Agent shall be _______. If at any time there is no designated Dissemination Agent appointed by the Successor Agency, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of Dissemination Agent hereunder, the Successor Agency shall be the Dissemination Agent and undertake or assume its obligations hereunder. The Dissemination Agent may resign by providing thirty days written notice to the Successor Agency and the Trustee.

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. The Dissemination Agent may resign its duties hereunder at any time upon written notice to the Successor Agency.

(b) The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Successor Agency from time to time and for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent (unless the Successor Agency is the Dissemination Agent) shall have no duty or obligation to review any information provided to it by the Successor Agency hereunder and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, holders or beneficial owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel retained by the Successor Agency.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided no amendment or waiver shall be made that affects the duties or rights of the Dissemination Agent without its written consent):

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel retained by the Successor Agency, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel retained by the Successor Agency, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB through the EMMA System in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency 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 Successor Agency 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 Successor Agency 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 10. <u>Default</u>. In the event of a failure of the Successor Agency to comply with any provision of this Disclosure Certificate, the 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 Successor Agency 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 Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. All of the immunities, indemnities, and exceptions from liability in Article VI of the Indenture insofar as they relate to the Trustee shall apply to the Trustee and the Dissemination Agent in this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of

defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel retained by the Successor Agency. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person, other than the Successor Agency, shall have any right to commence any action against the Trustee or Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate.

Section 12. <u>Beneficiaries</u>. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated:	
	SUCCESSOR AGENCY OF THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY
	By
	Name
	Title

EXHIBIT A

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

Name of Issuer:	Successor Agency of the Community Development Agency of the City of Tracy
Name of Bond Issue:	\$ Successor Agency to the Tracy Community Development Agency 2016 Tax Allocation Refunding Bonds
Date of Issuance:	, 2016
Agency of the City of Tracy (above-named Bonds as requand between the Successor and The Bank of New York Note the Annual Report will be file.	
Dated:	SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY
	Ву
	Name
cc: Trustee	Title

APPENDIX E

SUCCESSOR AGENCY FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, _____

APPENDIX F STATE DEPARTMENT OF FINANCE APPROVAL LETTER

APPENDIX G

CITY OF TRACY AND SAN JOAQUIN COUNTY GENERAL INFORMATION

The following information in this section of the Official Statement concerning the City of Tracy and surrounding areas is included only for the purpose of supplying general information regarding the community. The taxing power of the City of Tracy, San Joaquin County, the State of California, and any political subdivision thereof is not pledged to the payment of the Bonds. The Bonds are not a debt of the City of Tracy, San Joaquin County, the State of California, or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

General Information

The City. The City is located on the western edge of the Central Valley in San Joaquin County and situated within a triangle formed by three interstate freeways: I-5, I-205 and I-580. The City is 60 miles east of San Francisco and 70 miles south of Sacramento, covering approximately 14.3 square miles.

City services include public safety (police and fire protection), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, general administration services, and redevelopment.

The County. The County is one of California's original counties and was created at the time of statehood in 1850. The County covers an area of approximately 1,436 square miles, consisting of 1,399 square miles of land and 27 square miles of water. Captain Charles M. Weber was instrumental in developing the City of Stockton as the County Seat and as a Port of Entry. Today, ships still deliver cargo to the Port of Stockton by the channel Captain Weber had dug in the 1800s.

The County is adjacent to Stanislaus County to the south and southeast, Alameda and Contra Costa Counties to the west, Sacramento County to the north, Amador County to the northeast, Calaveras County to the east and a corner of Santa Clara County to the southwest.

Municipal Government

The City was incorporated as a general law city in 1910 and operates under the council-manager form of government. Policy making and legislative authority are vested in the City Council, which consists of a Mayor and a four member Council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager and the City Attorney. The City Manager is responsible carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the government's departments. Council members are elected to four year staggered terms, with two Council members elected every two years. The mayor is elected every two years.

Population

Population figures for the City, the County and the State for the last five years are shown in the following table.

CITY OF TRACY AND SAN JOAQUIN COUNTY Population Estimates Calendar Years 2011 through 2015 as of January 1

Calendar	City of	County	State of
Year	Tracy	San Joaquin	California
2011	83,242	689,160	37,427,946
2012	83,562	692,997	37,668,804
2013	84,466	701,745	37,984,138
2014	84,937	708,678	38,357,121
2015	85,296	749,511	38,714,725

Source: State Department of Finance estimates (as of January 1, 2015)

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Employment and Industry

The District is included in the Stockton Metropolitan Statistical Area ("MSA"), which includes all of San Joaquin County. The unemployment rate in the San Joaquin County was 8.3 percent in August 2015, down from a revised 8.8 percent in July 2015, and below the year-ago estimate of 10.0 percent. This compares with an unadjusted unemployment rate of 6.1 percent for California and 5.2 percent for the nation during the same period.

Set forth below is data from calendar years 2010 to 2014 reflecting the County's civilian labor force, employment and unemployment. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the District. Annual Figures are not yet available for calendar year 2015.

STOCKTON-LODI METROPOLITAN STATISTICAL AREA (San Joaquin County) Annual Average Civilian Labor Force, Employment and Unemployment, Employment by Industry Calendar Years 2010 through 2014 (March 2014 Benchmark)

_	2010	2011	2012	2013	2014
Civilian Labor Force (1)	311,200	311,000	311,300	311,300	311,100
Employment	259,800	260,600	266,400	272,800	278,000
Unemployment	51,400	50,300	44,900	38,600	33,100
Unemployment Rate	16.5%	16.2%	14.4%	12.4%	10.6%
Wage and Salary Employment: (2)					
Agriculture	15,700	15,500	15,700	16,100	15,900
Mining and Logging	100	100	100	100	100
Construction	7,600	7,400	7,600	8,800	8,900
Manufacturing	17,600	18,000	17,800	17,900	18,600
Wholesale Trade	10,000	10,200	10,800	11,100	11,300
Retail Trade	23,700	24,200	24,900	25,600	26,000
Transportation, Warehousing, Utilities	13,800	14,500	14,900	15,200	15,700
Information	2,100	2,100	2,100	2,100	2,100
Finance and Insurance	5,100	4,900	4,900	5,000	5,000
Professional and Business Services	15,400	15,200	16,600	17,400	17,900
Educational and Health Services	32,300	32,500	33,100	34,900	35,900
Leisure and Hospitality	16,100	16,300	17,000	18,200	19,100
Other Services	6,500	6,300	6,500	6,600	6,900
Federal Government	4,300	4,000	3,900	3,500	3,200
State Government	3,900	3,800	3,600	4,300	5,800
Local Government	29,900	28,700	28,600	29,300	29,800
Total all Industries ⁽³⁾	206,900	206,200	210,700	218,700	224,600

⁽¹⁾ Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: State of California Employment Development Department.

⁽²⁾ Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Major Employers

The following table list the major employers within the County, as of June 2015.

SAN JOAQUIN COUNTY Major Employers June 2015

Employer Name	Location	Industry
All Trade Handyman Mgmt Llc	Tracy	Handyman Services
B & B Ranch	Linden	Ranches
Blue Shield of California	Lodi	Insurance
Deuel Vocational Institution	Tracy	City Govt-Correctional Institutions
Division of Juvenile Justice	Stockton	State Govt-Correctional Institutions
Foster Care Svc	Stockton	County Government-Social/Human Resources
J C Penney Distribution Ctr	Lathrop	Distribution Centers (Whls)
Leprino Foods Co	Tracy	Cheese Processors (Mfrs)
Lodi Memorial Hosp Home		
Health	Lodi	Home Health Service
Lodi Memorial Hospital	Lodi	Hospitals
Morada Produce Co	Stockton	Fruits & Vegetables-Growers & Shippers
North California Youth Ctr	Not Available	Police Departments
O-G Packing & Cold Storage Co	Stockton	Fruits & Vegetables-Growers & Shippers
Pacific Coast Producers	Lodi	Canning (Mfrs)
Prima Frutta Packing Inc	Linden	Fruit & Produce Packers
Safeway Distribution Warehouse	Tracy	Distribution Centers (Whls)
San Joaquin County Human Svc	Stockton	County Government-Social/Human Resources
San Joaquin General Hospital	French Camp	Hospitals
San Joaquin Sheriff's Office	French Camp	Sheriff
St Joseph's Medical Ctr	Stockton	Medical Centers
Stockton Police Dept	Stockton	Police Departments
University of the Pacific	Stockton	Schools-Universities & Colleges Academic
Walmart Supercenter	Stockton	Department Stores
Waste Management	Lodi	Garbage Collection
Whirlpool Corp	Stockton	Appliances-Household-Major-Man

Source: State of California Employment Development Department, extracted from America's Labor Market Information System (ALMIS) Employer Database, 2014 2nd Edition.

The following table list the major employers within the City, as of September, 2015.

CITY OF TRACY Major Employers

Name	Number of Employees	Industry
Diversified Collection Service	575	Collection services
Summit Logistics (Safeway Dist)	2100	Distribution Perishable
Leprino Foods	300	Cheese
City of Tracy	500	Municipal Services
Defense Depot San Joaquin	1644	Gov't Agency
Deuel Vocational Institute	1050	State Prison Facility
Tracy Unified School District	1500	Education
Sutter Tracy Community Hospital	465	Medical Care
Barbosa Cabinets	360	Cabinet Builders
Owens-Brockway, Inc.	350	Glass Container Manufacturer

Source: 2015 Tracy Chamber of Commerce

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Commercial Activity

A summary of historic table sales within the City for calendar years 2009 through 2013 is shown in the following tables.

Summaries of historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables.

Total taxable sales through two quarters of calendar year 2014 in the City were reported to be \$670,999,000, a 3.62% increase over the total taxable sales of \$647,557,000 reported during two quarters of calendar year 2013. Annual figures are not yet available for 2014.

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

	Retail	Stores	Total All Outlets			
Year	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions		
2009	909	\$752,864	1,338	\$878,925		
2010	961	829,188	1,382	928,740		
2011 2012 2013	950 930 972	943,829 1,030,595 1,139,346	1,365 1,320 1,382	1,056,404 1,199,306 1,339,394		

Source: State Board of Equalization.

Total taxable sales through two quarters of calendar year 2014 in the County were reported to be \$4,817,009,000 a 4.50% increase over the total taxable sales of \$4,609,442,000. reported through two quarter of calendar year 2013. Annual figures are not yet available for 2014.

SAN JOAQUIN COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets		
Year	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions	
2009	8,203	\$4,974,437	12,297	\$7,260,073	
2010	8,534	5,213,982	12,633	7,602,090	
2011	8,337	5,740,948	12,450	8,426,952	
2012	8,524	6,124,320	12,613	9,010,929	
2013	8,754	6,519,537	12,752	9,466,015	

Source: State Board of Equalization.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County of San Joaquin, the State and the United States for the period 2010 through 2014. Effective Buying Income is yet not available for calendar year 2015.

CITY OF TRACY AND SAN JOAQUIN COUNTY EFFECTIVE BUYING INCOME 2009 through 2014

		Total Effective	Median Household
	•	Buying Income	Effective Buying
Year	Area	(000's Omitted)	Income
2010	City of Tracy	\$ 1,713,418	\$62,219
2010	San Joaquin County	11,425,114	42,086
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Tracy	\$ 1,716,623	\$62,085
	San Joaquin County	11,534,632	42,000
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Tracy	\$ 1,646,643	\$56,079
2012	San Joaquin County	11,761,283	41,939
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
	Omica ciatos	0,101,001,100	11,000
2013	City of Tracy	\$ 1,731,160	\$58,300
	San Joaquin County	11,964,855	43,204
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Tracy	1,785,568	60,154
2011	San Joaquin County	12,381,905	44,235
	California	901,189,699	50,072
	United States	7,357,153,421	45,448

Source: The Nielsen Company (US), Inc.

Building Activity

The tables below summarize building activity in the City and the County from calendar years 2010 through 2014. Annual figures are not yet available for calendar year 2015.

CITY OF TRACY Building Permit Activity For Calendar Years 2010 through 2014 (Dollars in Thousands)

	2010	2011	2012	2013	2014
Permit Valuation					
New Single-family	\$4,549.0	\$2,951.8	\$5,317.5	\$20,057.9	44,538.3
New Multi-family	0.0	0.0	0.0	0.0	0.0
Res. Alterations/Additions	<u>1,914.9</u>	2,042.1	1,734.5	1,402.9	44,884.6
Total Residential	6,464.0	4,993.9	7,052.0	21,460.8	89,422.9
New Commercial	13,184.4	213.6	98,007.0	2,378.8	2,354.3
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	1,234.8	52.7	4,200.0	4,395.6	2,363.6
Com. Alterations/Additions	16,082.3	30,056.6	6,029.0	18,458.5	18,846.3
Total Nonresidential	\$30,501.5	\$30,322.9	108,236.0	25,232.9	23,564.2
New Dwelling Units					
Single Family	18	11	20	67	135
Multiple Family	0	0	0	0	0
TOTAL	<u>0</u> 18	<u>0</u> 11	<u>0</u> 20	<u>0</u> 67	<u>0</u> 135

Source: Construction Industry Research Board, Building Permit Summary

COUNTY OF SAN JOAQUIN Building Permit Activity For Calendar Years 2010 through 2014 (Dollars in Thousands)

	<u>2010</u>	2011	2012	<u>2013</u>	<u>2014</u>
Permit Valuation					
New Single-family	\$166,223.0	\$159,012.2	\$250,227.1	\$264,761.1	318,760.2
New Multi-family	15,426.9	14,853.1	0.0	7,601.9	4,726.9
Res. Alterations/Additions	28,058.7	48,093.6	22,356.9	28,764.8	78,511.0
Total Residential	209,708.7	221,958.9	272,584.0	301,127.8	401,998.1
New Commercial	31,521.9	45,422.2	176,179.0	158,299.3	57,241.2
New Industrial	1,333.0	9,669.3	13,126.8	1,141.9	29,257.3
New Other	40,130.0	4,709.7	4,200.0	21,462.7	27,555.0
Com. Alterations/Additions	100,108.9	108,216.9	65,989.4	79,145.2	89,630.8
Total Nonresidential	\$173,093.8	\$168,018.1	\$259,495.2	260,049.1	203,684.3
New Dwelling Units					
Single Family	801	728	1,052	1,062	1,214
Multiple Family	157	152	0	74	[′] 19
TOTAL	958	880	1,052	1,136	1,233

Source: Construction Industry Research Board, Building Permit Summary

Transportation

The City. Tracy is served by several bus services. Locally, the TRACER bus system runs four lines that serve as circulators between major transit hubs, shopping, school, residential and downtown areas. San Joaquin Regional Transit District (SMART) runs two local routes that connect the city with other San Joaquin County communities and six commuter services that run to Dublin/Pleasanton BART station and job centers in the South Bay and Livermore. Naglee Park and Ride Lot by the West Valley Mall serve as major commuter hubs to BART and jobs in the South Bay. Greyhound, Tracer, and SMART all connect with taxis, bike stations, and parking at the Tracy Transit Center, a transit station built in 2010.

Amtrak Buses connect serve the City's Amtrak Bus Station with six daily trips to the South Bay and two to San Francisco, all of which stop at BART and job centers in Livermore.

The County. Major highways in the County include: Interstate 5, Interstate 205, Interstate 580, State Route 99, State Route 4 (Crosstown Freeway/California Delta Highway) and State Route 120. The San Joaquin Regional Transit District provides bus service within the City of Stockton in addition to routes throughout the County and commuter routes to Livermore, Pleasanton, Sacramento and Santa Clara County. Greyhound and Amtrak also provide service. The Stockton Metropolitan Airport serves the San Joaquin Valley with passenger and air freight facilities.

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APPENDIX H SPECIMEN MUNICIPAL BOND INSURANCE POLICY

APPENDIX D

FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is

executed and delivered by the SUCCESSOR AGENCY OF THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY (the "Successor Agency") in connection with the issuance of \$ Successor Agency to the Tracy Community Development Agency 2016 Tax Allocation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust dated as of, 2016 (the "Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee. The Successor Agency covenants and agrees as follows:
Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).
Section 2. <u>Definitions</u> . In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined, the following capitalized terms shall have the following meanings:
"Annual Report" shall mean any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.
"Dissemination Agent" shall mean, or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.
"EMMA System" shall mean the Electronic Municipal Market Access system of the MSRB or such other electronic system designated by the MSRB or the Securities and Exchange Commission for compliance with S.E.C Rule 15c2-12(b).
"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.
"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.
"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.
"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.
Section 3. Provision of Annual Reports.

- (a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Successor Agency's fiscal year (which date currently would be April 1, based upon the June 30 end of the Successor Agency's fiscal year), commencing with the report for the 2015-16 fiscal year, provide to the MSRB through the EMMA System an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).
- (b) If the Successor Agency is unable to provide to the MSRB through the EMMA System an Annual Report by the date required in subsection (a), the Successor Agency shall provide to the MSRB, in electronic format as prescribed by the MSRB through the EMMA System, a notice in substantially the form attached as Exhibit A.
 - (c) 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 Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB through the EMMA System pursuant to this Disclosure Certificate.

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

- (a) Audited Financial Statements of the Successor Agency 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 such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- (b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for the Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Successor Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the Official Statement for the Bonds, as follows:

- identity of pending and successful appeals of assessed values in the Project Area, but only if total appeals exceed, in the aggregate, 5% of assessed value in the Project Area;
- (ii) summary of taxable value in the Project Area for the most recent fiscal year;
- (iii) a listing of the ten major property tax assessees in the Project Area;
- (iv) summary of the Tax Revenues, the debt service for the Bonds and any Parity Debt and the debt service coverage ratio for the Bonds and any Parity Debt for the current fiscal year; and
- (v) assessed values in the Project Area for the most recent fiscal year.

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 Successor Agency or related public entities, which have been submitted to the MSRB through the EMMA System or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

- (a) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:
 - (1) Principal and interest payment delinguencies.
 - (2) Non-payment related defaults, if material.
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
 - (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
 - (5) Substitution of credit or liquidity providers, or their failure to perform.
 - (6) 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.
 - (7) Modifications to rights of security holders, if material.
 - (8) Bond calls, if material, and tender offers.
 - (9) Defeasances.

- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (b) The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB through the EMMA System, 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)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.
- (c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material." The Successor Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the Successor Agency determines the event's occurrence is material for purposes of U.S. federal securities law. The Dissemination Agent shall not be responsible for determining whether an event is material.

Section 6. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the delivery to the Dissemination Agent of an opinion of nationally recognized bond counsel retained by the Successor Agency to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent.

(a) The Successor Agency 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Successor Agency pursuant to this Disclosure Certificate, unless the Successor Agency is the Dissemination Agent, as provided herein. The initial Dissemination Agent shall be _______. If at any time there is no designated Dissemination Agent appointed by the Successor Agency, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of Dissemination Agent hereunder, the Successor Agency shall be the Dissemination Agent and undertake or assume its obligations hereunder. The Dissemination Agent may resign by providing thirty days written notice to the Successor Agency and the Trustee.

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. The Dissemination Agent may resign its duties hereunder at any time upon written notice to the Successor Agency.

(b) The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Successor Agency from time to time and for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent (unless the Successor Agency is the Dissemination Agent) shall have no duty or obligation to review any information provided to it by the Successor Agency hereunder and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, holders or beneficial owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel retained by the Successor Agency.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided no amendment or waiver shall be made that affects the duties or rights of the Dissemination Agent without its written consent):

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel retained by the Successor Agency, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel retained by the Successor Agency, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB through the EMMA System in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency 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 Successor Agency 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 Successor Agency 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 10. <u>Default</u>. In the event of a failure of the Successor Agency to comply with any provision of this Disclosure Certificate, the 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 Successor Agency 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 Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. All of the immunities, indemnities, and exceptions from liability in Article VI of the Indenture insofar as they relate to the Trustee shall apply to the Trustee and the Dissemination Agent in this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of

defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel retained by the Successor Agency. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person, other than the Successor Agency, shall have any right to commence any action against the Trustee or Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate.

Section 12. <u>Beneficiaries</u>. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated:	_
	SUCCESSOR AGENCY OF THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY
	By
	Name
	Title