

Meeting Date: 7/28/2015

Report Type: Staff/Discussion

Report ID: 2015-00633

Title: (Redevelopment Agency Successor Agency) Approving Documents Related to the 2015 Tax Allocation Revenue Refunding Bonds

Location: Citywide

Recommendation: Pass a Redevelopment Agency Successor Agency Resolution that 1) authorizes the execution and delivery of a Continuing Disclosure Certificate for the 2015 Tax Allocation Revenue Refunding Bonds; 2) approves the distribution by the Redevelopment Agency Successor Agency of a Preliminary Official Statement for the bonds; 3) approves the execution, delivery, and distribution by the Redevelopment Agency Successor Agency of a Final Official Statement for the bonds; and 4) approving certain other actions in connection with the bonds.

Contact: Damien Charl y, Debt Analyst, (916) 808-5517; Janelle Gray, Debt Manager, (916) 808-8296, Office of the City Treasurer

Presenter: Russ Fehr, City Treasurer, Office of the City Treasurer

Department: City Treasurer

Division: City Treasurer

Dept ID: 05001011

Attachments:

- 1-Description/Analysis
- 2-RASA Resolution
- 3-Continuing Disclosure Certificate
- 4-Preliminary Official Statement
- 5-Appendix A - Fiscal Consultant Report

City Attorney Review

Approved as to Form
Joseph Cerullo
7/22/2015 7:54:05 PM

Approvals/Acknowledgements

Department Director or Designee: Russell Fehr - 7/14/2015 5:52:41 PM

Description/Analysis

Issue Detail: On June 9, 2015, the Redevelopment Agency Successor Agency of the City of Sacramento (“**RASA**”) adopted Resolution No. 2015-0005, which authorized the issuance of tax-allocation refunding bonds and the execution of related documents. SEC Rule 15c2-12 requires that the governing board review and approve the disclosure documents for the bonds, including the preliminary official statement and the continuing-disclosure certificate, before the bonds are marketed.

Policy Considerations: Under federal and state regulations, the preliminary official statement and the continuing disclosure certificate must be presented to the governing board of the agency approving the bonds for review and approval before the issuance of bonds.

Economic Impacts: Through refunding existing debt, RASA will be lowering the aggregate obligation of the RPTTF, generating additional unobligated tax-increment revenue for taxing entities, including the City.

Environmental Considerations: Not applicable. Approval of the recommendation is not a “project” subject to CEQA because it (a) has no potential to cause a significant effect on the environment and (b) concerns government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. (Cal. Code Regs. tit. 14, §§ 15061(b)(3) and 15378(b)(4).).

Sustainability: Not applicable, administrative action

Commission/Committee Action: Not applicable, administrative action

Rationale for Recommendation: Approval of the POS and the CDC will allow for the bonds to be marketed.

Financial Considerations: Based on preliminary projections for the proposed refunding of the enforceable obligations, the refunding will generate savings on an annual basis over the remaining life of the refunding bonds when compared to the aggregate refunded enforceable obligations. Details on the amount of savings realized through the refunding will only be known after pricing of the bonds, which will occur in late summer.

Local Business Enterprise (LBE): Not applicable.

RESOLUTION NO. 2015-____

Adopted by the Redevelopment Agency Successor Agency of the dissolved
Redevelopment Agency of the City of Sacramento

July __, 2015

APPROVING A FORM OF PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH THE SALE AND DELIVERY OF ITS TAX ALLOCATION REFUNDING BONDS; MAKING CERTAIN DETERMINATIONS RELATING THERETO; AND AUTHORIZING OTHER MATTERS RELATED THERETO

BACKGROUND

- A. The Redevelopment Agency of the City of Sacramento (the “**Former RDA**”) was a public body, corporate and politic formed, organized, existing, and exercising its powers under Health and Safety Code section 34100 and following. It exercised the powers, authority, functions, and jurisdiction of a community redevelopment agency formed, organized, existing, and exercising its powers under the California Community Redevelopment Law, Health and Safety Code section 33000 and following, and it was formed by the City Council (the “**City Council**”) of the City of Sacramento (the “**City**”).
- B. Assembly Bill No. x1 26, chaptered and effective on June 28, 2011, added parts 1.8 and 1.85 to division 24 of the Health and Safety Code, which caused the dissolution of all redevelopment agencies and the winding down of the affairs of dissolved agencies; parts 1.8 and 1.85 were amended by Assembly Bill No. 1484, chaptered and effective on June 27, 2012, and by subsequent legislation (together, the “**Dissolution Law**”).
- C. On January 31, 2012, the Former RDA adopted Resolution No. 2011-001 to adopt an amended Enforceable Obligation Payment Schedule and to transfer to the City, as successor agency, all of its non-housing assets and agreements. Also on January 31, 2012, by Resolution No. 2012-018, the City Council elected to serve as the successor agency to the Former RDA (the “**Successor Agency**”) to administer the non-housing enforceable obligations of the Former RDA and otherwise unwind the Former RDA’s affairs. The Successor Agency is responsible for payment of all indebtedness obligations as defined in section 34171 of the Dissolution Law. As of February 1, 2012, the Former RDA was dissolved as required by the Dissolution Law.
- D. The Successor Agency has determined to issue not to exceed \$280,000,000 aggregate principal amount of its 2015 Tax Allocation Refunding Bonds in one or more series, on a taxable basis or a tax-exempt basis, or both, and with such other name and series designation as is deemed appropriate (the “**2015 Refunding Bonds**”), for the purposes of (1) refunding all or a portion of the Prior Obligations; (2) paying the costs of issuing the 2015 Refunding Bonds, including reasonable staff and consultants costs; (3) funding one or more reserve accounts

for the 2015 Refunding Bonds; and (4) if advisable, paying for the cost of municipal bond insurance or a surety, or both, to fund any reserve accounts for the 2015 Refunding Bonds in lieu of funding all or a portion of a reserve account with bond proceeds.

- E. A form of the Preliminary Official Statement (the “**Preliminary Official Statement**”) to be distributed in connection with the public offering of the 2015 Refunding Bonds has been prepared, pertaining to the 2015 Refunding Bonds the Successor Agency, the Redevelopment Project Areas, and certain other information deemed material to an informed investment decision respecting the 2015 Refunding Bonds. A copy of a form of Preliminary Official Statement in preliminary form, a final form of which will be executed by the Successor Agency executed in connection with the issuance, sale, and delivery of the 2015 Refunding Bonds, is attached hereto and incorporated herein as Exhibit “A.”
- F. Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“**Rule 15c2-12**”) requires that, in order to be able to purchase or sell the 2015 Refunding Bonds, the underwriters thereof must have reasonably determined that the Successor Agency, as an obligated person, has undertaken for the benefit of the holders of the 2015 Refunding Bonds to provide disclosure of certain financial information and operating data and certain enumerated events on an ongoing basis.
- G. In order to cause that requirement to be satisfied, the Successor Agency desires to execute and deliver a continuing disclosure certificate (the “**Continuing Disclosure Certificate**”), under which the Successor Agency will provide annual disclosure and notices in the event of certain enumerated events.
- H. A form of the Continuing Disclosure Certificate is attached hereto and incorporated herein by this reference as Exhibit “B.”

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE SUCCESSOR AGENCY RESOLVES AS FOLLOWS:

Section 1. Background Findings. The statements in the Background are true.

Section 2. Acknowledgement of Prior Approval of Issuance of 2015 Refunding Bonds. The Successor Agency adopted Successor Agency Resolution No. 2015-0005, on June 9, 2015, and through that resolution it approved the issuance of the 2015 Refunding Bonds and related financing documents subject to the approval of the oversight board.

Section 3. Approval of Preliminary Official Statement. The form, terms, and provisions of the Preliminary Official Statement are approved, and the Successor Agency hereby approves the distribution of the Preliminary Official Statement to prospective purchasers of the 2015 Refunding Bonds. The Chairperson of the Successor Agency, the Sacramento City Treasurer and the City Treasury Manager (Debt) acting on behalf of the

Successor Agency, and the Redevelopment Agency Successor Agency Clerk (each an “**Authorized Officer**” and collectively the “**Authorized Officers**”) are each hereby authorized and directed, for and in the name of the Successor Agency, to certify on behalf of the Successor Agency that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12. Any Authorized Officer, acting alone, is authorized to execute, at the time of sale of the 2015 Refunding Bonds, a final Official Statement in the form of the Preliminary Official Statement, updated to including pricing information (the “**Official Statement**”), with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this resolution and as are approved by counsel to the Successor Agency, and with approval to be conclusively evidenced by the delivery thereof.

Section 4. Approval of Continuing Disclosure Certificate. The form, terms, and provisions of the Continuing Disclosure Certificate are approved, and each Authorized Officer, acting alone, is hereby authorized and directed, for and in the name of the Successor Agency, to execute and deliver the Continuing Disclosure Certificate on the Successor Agency’s behalf. As executed and delivered, the Continuing Disclosure Certificate must be in substantially the form presented at this meeting, with such additions or changes as the Authorized Officer may require or approve, and with approval to be conclusively evidenced by the execution and delivery.

Section 5. Other Acts. The officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to execute and deliver any and all documents, and to do any and all things, that, in consultation with Orrick, Herrington & Sutcliffe LLP, as Bond Counsel and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, they deem necessary or advisable to consummate the issuance, sale, and delivery of the 2015 Refunding Bonds, or to administer the 2015 Refunding Bonds when issued, or to otherwise effectuate the purposes of this resolution, and any and all such actions previously taken by the officers or staff are hereby ratified and confirmed.

Section 6. Effective Date. This resolution takes effect when adopted.

Table of Contents:

- Exhibit A: Preliminary Official Statement
- Exhibit B: Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “**Disclosure Certificate**”) is executed and delivered by the Redevelopment Agency Successor Agency of the dissolved Redevelopment Agency of the City of Sacramento (the “**Agency**”) in connection with the issuance of its \$_____ 2015 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) (the “**2015A Bonds**”) and \$_____ 2015 Tax Allocation Refunding Bonds, Series B (Federally Taxable) (the “**2015B Bonds**,” and together with the 2015A Bonds, the “**Bonds**”). The Bonds are being issued under an Indenture of Trust, dated as of September 1, 2015 (the “**Indenture**”), between U.S. Bank National Association, as trustee (the “**Trustee**”), and the Agency. The Agency covenants and agrees as follows:

1. *Purpose of this Disclosure Certificate.* This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

- “**Annual Report**” means any Annual Report provided by the Agency under, and as described in, Sections 3 and 4 of this Disclosure Certificate.
- “**Beneficial Owner**” means any person or entity that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons or entities holding Bonds through nominees, depositories, or other intermediaries); or (b) is treated as the owner of any Bonds for federal income-tax purposes.
- “**EMMA**” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.
- “**Fiscal Year**” means the one-year period ending on the last day of June of each year.
- “**Holder**” means a registered owner of the Bonds.
- “**Listed Events**” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.
- “**Official Statement**” means the Official Statement dated August __, 2015, and relating to the Bonds.
- “**Participating Underwriter**” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.
- “**Rule**” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the rule may be amended from time to time.

3. *Provision of Annual Reports.*
 - (a) The Agency shall provide to EMMA, not later than April 1 following the end of the Agency's Fiscal Year (commencing with Fiscal Year 2015), an Annual Report relating to the immediately preceding Fiscal Year that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents composing a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.
 - (b) If the Agency is unable to provide to EMMA an Annual Report by the date required in Section 3(a), the Agency shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. *Content of Annual Reports.* The Annual Report must contain or incorporate by reference the items described in Sections 4(a) through 4(g). Any or all of the items listed may be included by specific reference to other documents, including official statements of debt issues of the Agency or of related public entities, that have been submitted to EMMA so long as the Agency clearly identifies each document included by reference. But if any document included by reference is a final official statement, then it must be available from the Municipal Securities Rulemaking Board.
 - (a) The audited financial statements of the Agency for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Agency's audited financial statements are not available by the time the Annual Report is required to be filed under Section 3(a), the Annual Report must contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements must be filed in the same manner as the Annual Report when they come available.
 - (b) Principal amount of Bonds outstanding.
 - (c) Description of the issuance by the Agency of any debt payable from or secured by a pledge of Tax Revenues in the Project Areas (as those terms are defined in the Official Statement) in the most recently completed Fiscal Year (including details as to date, amount, term, rating, and bond insurance).
 - (d) The assessed value of property in the Project Areas for the most recently completed Fiscal Year in substantially the form set forth in Table [1] in the Official Statement.
 - (e) The 10 largest local secured property taxpayers in the Project Areas for the most recently completed Fiscal Year in substantially the form set forth in Table [3] in the Official Statement.
 - (f) The coverage ratio provided by Tax Revenues in each Project Area with respect to debt service on the Bonds and any parity obligations for the most recently completed Fiscal Year only, in substantially the form set forth in Table [17] in the Official Statement, without any requirement to update any projected Tax Revenues set forth in Table [17].

- (g) The cumulative tax increment allocated to the Agency as of June 30 of the most recently completed Fiscal Year in each Project Area, except that if the California Legislature enacts legislation that renders the tax-increment limits within former redevelopment plans to be of no force or effect, then the Agency shall provide notice of the legislation and thereafter will no longer be required by this Section 4(g) to include information regarding cumulative increment.

5. *Reporting of Significant Events.*

- (a) Under the provisions of this Section 5, the Agency shall give, or shall cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than 10 Business Days after the event:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB).
- (6) Tender offers.
- (7) Defeasances.
- (8) Ratings changes.
- (9) Bankruptcy, insolvency, receivership, or similar proceedings. **Note:** For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (b) Under the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.

- (2) Modifications to the rights of Bond holders.
 - (3) Optional, unscheduled, or contingent Bond redemptions.
 - (4) Release, substitution, or sale of property securing repayment of the Bonds.
 - (5) Non-payment related defaults.
 - (6) The consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, 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 in accordance with its terms.
 - (7) Appointment of a successor or additional trustee or the change of the name of a trustee.
- (c) If the Agency determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Agency shall file a notice of such occurrence with EMMA in a timely manner not more than 10 Business Days after the event.
6. *Customarily Prepared and Public Information.* Upon request, the Agency shall provide to any person financial information and operating data regarding the Agency that is customarily prepared by the Agency and is publicly available.
7. *Termination of Obligation.* The Agency's obligations under this Disclosure Certificate terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If termination occurs before the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).
8. *Amendment; Waiver.* Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, so long as, in the opinion of nationally recognized bond counsel, the amendment or waiver is permitted by the Rule.
9. *Additional Information.* Nothing in this Disclosure Certificate prevents the 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 notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency will not thereby have any obligation under this Disclosure Certificate to update the information or include it in any future notice of occurrence of a Listed Event.
10. *Default.* If the Agency fails to comply with any provision of this Disclosure Certificate, any Holders or Beneficial Owners of at least 50% aggregate principal amount 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 Agency to comply with its obligations under this Disclosure

Certificate. A default under this Disclosure Certificate is not an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate if the Agency fails to comply with this Disclosure Certificate will be an action to compel performance. No Holder or Beneficial Owner of the Bonds may institute such an action, suit, or proceeding to compel performance unless (a) they have first delivered to the Agency satisfactory written evidence of their status as such and a written notice of and request to cure the failure, and (b) the Agency has refused to comply therewith within a reasonable time.

11. *Beneficiaries.* This Disclosure Certificate inures solely to the benefit of the Agency, the Participating Underwriter, and Holders and Beneficial Owners from time to time of the Bonds, and it creates no rights in any other person or entity.

Dated: September __, 2015

**Redevelopment Agency Successor Agency of the
Dissolved Redevelopment Agency of the City of
Sacramento**

By: _____

Its: _____

PRELIMINARY OFFICIAL STATEMENT DATED JULY __, 2015

NEW ISSUE—BOOK-ENTRY ONLY

Ratings: __

See the caption “CONCLUDING INFORMATION—Ratings”

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Agency, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2015A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2015A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In the opinion of Bond Counsel, interest on the 2015B Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the 2015B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS.”

**REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF
THE CITY OF SACRAMENTO**

\$ _____*
**2015 TAX ALLOCATION REFUNDING BONDS,
SERIES A (TAX-EXEMPT)**

\$ _____*
**2015 TAX ALLOCATION REFUNDING BONDS,
SERIES B (FEDERALLY TAXABLE)**

Dated: Date of Initial Delivery

Due: December 1, as shown on the inside front cover page

The Redevelopment Agency Successor Agency of the City of Sacramento 2015 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) (the “2015A Bonds”) and the Redevelopment Agency Successor Agency of the City of Sacramento 2015 Tax Allocation Refunding Bonds, Series B (Federally Taxable) (the “2015B Bonds” and, together with the 2015A Bonds, 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 integral multiples of \$5,000 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. The principal of, premium, if any, and interest (which interest is due June 1 and December 1 of each year, commencing June 1, 2016) on the Bonds will be payable by U.S. Bank National Association, 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 caption “THE BONDS—Book-Entry System.”

The Bonds are being issued pursuant to the Indenture of Trust, dated as of September 1, 2015 (the “Indenture”), by and between the Trustee and the Redevelopment Agency Successor Agency of the dissolved Redevelopment Agency of the City of Sacramento (the “Agency”): (i) to refund certain obligations of the former Redevelopment Agency of the City of Sacramento currently outstanding in the aggregate principal amount of \$ _____, as described under the caption “REFUNDING PLAN;” (ii) to purchase a debt service reserve surety from _____ (the “Insurer”) for deposit in the Reserve Account; (iii) to purchase a municipal bond insurance policy from the Insurer to guarantee payment of principal of and interest on the Bonds; and (iv) to pay certain costs of issuance of the Bonds.

The Bonds are subject to optional redemption prior to maturity.* See the caption “THE BONDS—Redemption.”

The Bonds are payable from and secured by the Tax Revenues deposited in the Redevelopment Property Tax Trust Fund on a subordinate basis to certain bonds currently outstanding in the aggregate principal amount of \$ _____ and certain other ongoing obligations of the Agency, as more fully described under the caption “SECURITY FOR THE BONDS.” Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll, to the extent that such taxes constitute Tax Revenues, will be deposited in the Redevelopment Obligation Retirement Fund and administered by the Agency and the Trustee in accordance with the Indenture.

[INSURER LANGUAGE TO COME]

[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 should 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 herein.

The Bonds are not a debt of the City of Sacramento, the County of Sacramento, the State of California or any of other political subdivision of the State of California, and neither said City, said County, said State nor any of the State’s other political subdivisions is liable therefor, nor in any event will the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The principal of and interest on the Bonds are payable solely from the Tax Revenues allocated to the Agency from the Project Areas (all as defined herein and in the Indenture) and other funds as set forth in the Indenture.

The Bonds are offered, when, as and if issued, subject to the approval of Orrick, Herrington & Sutcliffe LLP, Sacramento, California, Bond Counsel. Certain legal matters will be passed on for the Agency by the City Attorney of the City of Sacramento, as counsel to the Agency, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, as Disclosure Counsel, for the Underwriters by their counsel, Jones Hall, A Professional Law Corporation, San Francisco, California, for the Trustee by its counsel and for

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

the Insurer by its counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about September __, 2015.

[Stifel Logo]

[Morgan Stanley Logo]

Dated: August __, 2015

MATURITY SCHEDULE

Base CUSIP[†] _____

\$ _____*

**REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
2015 TAX ALLOCATION REFUNDING BONDS, SERIES A (TAX-EXEMPT)**

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

\$ _____*

**REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
2015 TAX ALLOCATION REFUNDING BONDS, SERIES B (FEDERALLY TAXABLE)**

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

* Preliminary, subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2015 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. The City, the Agency and the Underwriters take no responsibility for the accuracy of such numbers.

**REDEVELOPMENT AGENCY SUCCESSOR AGENCY
OF THE CITY OF SACRAMENTO
Sacramento, California**

BOARD OF DIRECTORS

Kevin Johnson, *Chair*
Angelique Ashby, *Chair Pro Tem*
Allen Warren, *Vice Chair*
Jeff Harris
Steve Hansen
Jay Schenirer
Eric Guerra
Rick Jennings, II
Larry Carr

CITY/AGENCY STAFF

John F. Shirey, *City Manager*
John Dangberg, *Assistant City Manager*
Howard Chan, *Assistant City Manager*
Russell T. Fehr, *City Treasurer*
James C. Sanchez, *City Attorney*
Shirley Concolino, *City Clerk*
Leyne Milstein, *Finance Director*
Dennis Kauffman, *Finance Operations Manager*
Janelle Gray, *Debt Manager*
Damien Charléty, *Debt Analyst*
Joseph Cerullo, *Senior Deputy City Attorney*
Leslie Fritzsche, *Senior Development Project Manager*

SPECIAL SERVICES

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
Sacramento, California

Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
Sacramento, California

Trustee

U.S. Bank National Association
_____, California

Fiscal Consultant

Fraser & Associates
Roseville, California

Verification Agent

_____, _____

Financial Advisor

First Southwest Company, LLC
Santa Monica, California

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 by the Agency or the Underwriters 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 given or authorized by the Agency or the Underwriters.

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds described in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement does not constitute a contract between any Bond owner and the Agency or the Underwriters.

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

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

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 Agency or the other parties described in this Official Statement, since the date of this Official Statement.

Document Summaries. All summaries of the Indenture or other documents contained in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all such provisions. All references in this Official Statement to the Indenture and such other documents are qualified in their entirety by reference to such documents, which are on file with the Agency.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or a 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.

No Registration with the SEC. The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

Public Offering Prices. The Underwriters may offer and sell the Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and the Underwriters may change such public offering prices from time to time.

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

[INSURER LANGUAGE TO COME]

[MAPS?]

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The City provides a number of municipal services, including administration, police, fire, library, recreation, parking, public works, and utilities services such as water production and distribution, refuse collection, storm drainage, and maintenance.

The Agency. The Prior Agency was established pursuant to the Community Redevelopment Law (Part 1, Division 24, commencing with Section 33000 of the Health & Safety Code of the State) (the “Redevelopment Law”) and was activated by Ordinance No. 3320 adopted by the City Council on September 27, 1950, at which time the City Council declared itself to be the governing board of the Prior Agency. The Prior Agency was charged with the authority and responsibility of redeveloping and upgrading blighted areas of the City.

The City, the County of Sacramento (the “County”), the Prior Agency, the Redevelopment Agency of the County of Sacramento, the Housing Authority of the City of Sacramento and the Housing Authority of the County of Sacramento (collectively the “Constituent Entities”) created the Sacramento Housing and Redevelopment Agency (the “SHRA”) pursuant to a joint exercise of powers agreement dated April 20, 1982, which agreement was amended and restated pursuant to an Amended and Restated Joint Powers Agreement dated March 6, 1990.

Since the establishment of the SHRA, substantially all efforts of the Prior Agency to address blighted areas and conduct housing functions within the City were carried out through the SHRA.

On June 29, 2011, Assembly Bill No. 26 (“AB X1 26”) was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 (“AB X1 27”). A lawsuit entitled *California Redevelopment Association, et al. v. Matosantos, et al.*, was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231 (December 29, 2011)), the State Supreme Court largely upheld AB X1 26, invalidated AB X1 27 and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Prior Agency, were dissolved, 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 of AB X1 26 relating to the dissolution and winding down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health & Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012 (collectively, as amended from time to time, the “Dissolution Act”).

On January 31, 2012, pursuant to Resolution No. 2012-018 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the successor agency to the Prior Agency. Subdivision (g) of Section 34173 of the Dissolution Act, which was added by AB 1484, expressly affirms that the Agency is a separate public entity from the City, that the two entities shall not merge and that the liabilities of the Prior Agency will not be transferred to the City, nor will the assets of the Prior Agency become assets of the City.

The Redevelopment Plans

Redevelopment plans were adopted by the Prior Agency for the following eleven redevelopment project areas (each, a “Project Area” and collectively, the “Project Areas”), each of which is discussed in detail under the caption “THE PROJECT AREAS”:

1. Merged Downtown Sacramento Redevelopment Project Area;
2. Alkali Flat Redevelopment Project Area;

3. Army Depot Redevelopment Project Area;
4. Del Paso Heights Redevelopment Project Area;
5. Franklin Boulevard;
6. North Sacramento Redevelopment Project Area;
7. Oak Park Redevelopment Project Area;
8. Railyards Redevelopment Area;
9. River District Redevelopment Project Area (formerly known as Richards Redevelopment Project Area);
10. 65th Street Redevelopment Project Area; and
11. Stockton Boulevard Redevelopment Project Area.

The above-listed Project Areas constitute all of the Prior Agency's active redevelopment project areas. A portion of the property tax revenues (as described herein) derived from the above-listed Project Areas constitute the source of moneys for repayment of the Bonds. See the caption "SECURITY FOR THE BONDS."

Tax Allocation Financing

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming that the taxable valuation never drops below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects. See the caption "SECURITY FOR THE BONDS—Tax Increment Financing."

Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described in this Official Statement. See the caption "RISK FACTORS."

Security for the Bonds

The Bonds are payable from and secured by the Tax Revenues (as such term is defined in the below paragraphs), all of the moneys in the Redevelopment Obligation Retirement Fund established and held by the Agency pursuant to the Dissolution Act and all of the moneys in the Tax Increment Fund (including the Interest Account, the Principal Account, the Term Bonds Sinking Account and the Reserve Account) established and held by the Trustee under the Indenture. Taxes levied on the property within the Project Areas

on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Project Areas, to the extent that such taxes constitute Tax Revenues as described in this Official Statement and as defined in the Indenture, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the Auditor-Controller of the County of Sacramento (the “County Auditor Controller”) to the Agency’s Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Agency’s Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See the caption “SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule.” Moneys deposited by the County Auditor-Controller into the Agency’s Redevelopment Obligation Retirement Fund will be transferred by the Agency promptly (but not later than 45 days following receipt) to the Trustee for deposit in the Tax Increment Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

Under the Indenture, Tax Revenues consist of [all taxes that were eligible for allocation to the Prior Agency with respect to the Project Areas and are allocated to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the California Constitution, or pursuant to other applicable California laws and that are deposited in the Redevelopment Property Tax Trust Fund, excluding: (A) Tax Revenues required to pay debt service on the Senior Obligations (as described under the caption “SECURITY FOR THE BONDS—Senior Obligations”), but only to the extent that the Tax Revenues were pledged to the payment of debt service on the Senior Obligations; (B) amounts required to be paid under the Tax Sharing Agreements (as such term is defined in the Indenture) [DISCUSS – THESE ARE SUBORDINATE] and statutory tax sharing payments or in accordance with Section 33607.5 or Section 33607.7 or Section 33676 of the Redevelopment Law, to the extent of the amount pledged by agreement or statute; and (C) certain development agreements payable on a priority basis from specified revenues of a specified Project Area or Project Areas.

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 revenues allocated to the payment of indebtedness pursuant to 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].

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Prior Agency had the Prior Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit such amount in the Redevelopment Property Tax Trust Fund pursuant to the Dissolution Act. Section 34177.5(g) of the Dissolution Act provides that any bonds authorized to be issued by the Agency will be considered indebtedness incurred by the dissolved Prior Agency, with the same legal effect as if such bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, will be included in the Agency’s Recognized Obligation Payment Schedule and 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 established pursuant to the Dissolution Act. See Appendix B and the caption “SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule.”

Senior Obligations

The use of tax increment revenues from the Project Areas to pay debt service on the Bonds is subject to the prior pledge or priority of payment of certain tax increment revenues pursuant to the Senior Obligations. See the caption “SECURITY FOR THE BONDS—Senior Obligations” for a description of each of the Senior Obligations.

Reserve Surety

A Reserve Account for the Bonds is established pursuant to the Indenture in an amount equal to the Reserve Requirement of \$_____.^{*} The Insurer has committed to issue, simultaneously with the issuance of the Bonds, the Reserve Surety in the principal amount of the Reserve Requirement for deposit in the Reserve Account. The Agency is not obligated: (i) to make any additional deposits into the Reserve Account in the event that the Insurer defaults on its obligation to make payments under the Reserve Surety; or (ii) to replace the Reserve Surety in the event of a rating downgrade of the Insurer. See the caption “SECURITY FOR THE BONDS—Deposit of Amounts by the Trustee—Reserve Account.”

Municipal Bond Insurance Policy

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under the Policy to be issued concurrently with the delivery of the Bonds by the Insurer. See the caption “BOND INSURANCE” and Appendix G.

Further Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Brief descriptions of the Bonds, the Indenture, the Agency, the Prior Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bond Law, the Redevelopment Law, the Dissolution Act, the Constitution and the laws of the State as well as the proceedings of the Prior Agency, the Agency and the City are qualified in their entirety by reference to such documents. References herein to the Bonds are qualified in their entirety by the form thereof included in the Indenture and the information with respect thereto included herein, copies of which are all available for inspection at the offices of the Agency. Copies of the forms of all documents are available from the City Clerk’s Office, City of Sacramento, 915 I Street, New City Hall, 5th Floor, Sacramento, California 95814.

Capitalized terms used herein and not defined have the meanings set forth in the Indenture, a summary of which can be found in Appendix B.

REFUNDING PLAN

General

The Agency expects to apply a portion of the proceeds of the Bonds, together with other funds on hand, to prepay all or a portion of the Refunded Obligations (as such term is defined in the Indenture), consisting of certain loan agreements, advance repayment agreements and other obligations of the Agency. Such prepayment, in turn, will cause the defeasance of all or a portion (as noted below) of the amounts payable pursuant to the below-listed obligations (collectively, the “Defeased Obligations”) on _____, 2015 (the “Defeasance Date”), and the refunding of the Defeased Obligations on the redemption dates noted below and at the applicable redemption prices noted below.

^{*} Preliminary, subject to change.

OBLIGATIONS TO BE REFUNDED

<i>Obligation</i> *	<i>Outstanding Principal Amount</i> *	<i>Principal Amount Being Refunded</i> *	<i>Redemption Date</i>	<i>Redemption Price</i>
1. Sacramento City Financing Authority 1999 Capital Improvement Revenue Bonds (Solid Waste and Redevelopment Projects)	\$ 1,675,000	\$ 1,675,000	Defeasance Date	100%
2. Sacramento City Financing Authority 2002 Revenue Bonds, Series A (City Hall and Redevelopment Projects)	6,710,000	5,705,000	Defeasance Date	100
3. Sacramento County Public Financing Authority 2003 Tax Allocation Revenue Bonds, Series A (Sacramento County and City Redevelopment Projects)	27,355,588 [†]	3,540,000	Defeasance Date	100
4. Sacramento County Public Financing Authority 2003 Tax Allocation Revenue Bonds, Series C (Sacramento City Redevelopment Projects)	8,365,000	8,365,000	Defeasance Date	100
5. Sacramento City Financing Authority 2005 Refunding Revenue Bonds (Solid Waste, Redevelopment and Master Lease Program Facilities) [‡]	139,180,000	20,970,000	December 1, 2015	100
6. Sacramento City Financing Authority 2005 Tax Allocation Revenue Bonds, Series A (Merged Downtown and Oak Park Projects) [‡]	92,372,235 [§]	20,500,000	December 1, 2015	100
7. [Tax Allocation Loan Agreement (B05-063), dated as of December 14, 2005, by and between the Prior Agency and the California Infrastructure and Economic Development Bank, as amended] [‡]	3,391,934	3,391,934	December 14, 2015	102
8. Sacramento City Financing Authority 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) [‡]	70,740,000	8,190,000	December 1, 2016	100
9. Sacramento City Financing Authority 2006 Tax Allocation Revenue Bonds, Series A (Del Paso Heights and Oak Park Projects) [‡]	11,575,000	11,575,000	December 1, 2015	100
10. [Tax Allocation Loan Agreement (B05-065), dated as of June 1, 2006, by and among the Prior Agency, the Redevelopment Agency of the County of Sacramento and the California Infrastructure and Economic Development Bank, as amended] [‡]	3,274,933	3,274,933	June 1, 2016	102

* Preliminary, subject to change.

[†] Includes principal amount of such obligations for which tax increment revenues generated by the Redevelopment Agency of the County of Sacramento's Mather-McClellan Project Area are pledged to repayment.

[‡] Funds deposited in escrow to be invested until the applicable redemption date.

[§] Accreted value of \$226,815,000. The sinking fund payment due and payable on December 1, 2033 to redeem the maturity in the principal amount of \$6,940,000 will equal the accreted value due and payable on such date of \$6,586,892.80.

<i>Obligation</i> [*]	<i>Outstanding Principal Amount</i> [*]	<i>Principal Amount Being Refunded</i> [*]	<i>Redemption Date</i>	<i>Redemption Price</i>
11. Sacramento City Financing Authority 2005 Taxable Tax Allocation Revenue Bonds, Series B (Merged Downtown and Oak Park Projects) [‡]	36,790,000	36,790,000	December 1, 2015	100
12. Sacramento City Financing Authority 2006 Taxable Tax Allocation Revenue Bonds, Series B (Del Paso Heights Project) [‡]	2,050,000	2,050,000	December 1, 2015	100

On or about the date of issuance of the Bonds, the Sacramento City Financing Authority, a joint exercise of powers authority the members of which are the City and the Housing Authority of the City of Sacramento, expects to issue its 2015 Refunding Revenue Bonds (Master Lease Program Facilities) (the “2015 SCFA Bonds”) in the aggregate principal amount of \$ _____.^{*} If issued, a portion of the proceeds of the 2015 SCFA Bonds will be applied to prepay certain obligations of the City or the Agency that secure the portions of the Defeased Obligations listed as numbers 2, 5 and 8 above (the “Partially Defeased Obligations”) that are not being refunded as described above. As a result, it is expected that the issuance of the Bonds, together with the issuance of the 2015 SCFA Bonds, will cause the defeasance in full of the Partially Defeased Obligations. There can be no assurance that the 2015 SCFA Bonds will be issued as currently contemplated.

In the event that the 2015 SCFA Bonds are not issued, the Partially Defeased Obligations will be refunded in part as described above. However, the underlying obligations of the City or the Agency securing the remaining outstanding Partially Defeased Obligations will not be payable from Tax Revenues and will not constitute Senior Obligations.

Pursuant to the several Escrow Instructions delivered by the Agency to _____, as escrow bank (the “Escrow Bank”), the Agency will cause a portion of the proceeds of the Bonds to be delivered to the Escrow Bank for deposit in the applicable escrow fund established under the Escrow Instructions (each, an “Escrow Fund” and collectively, the “Escrow Funds”). Proceeds of the Bonds and other moneys held in the respective Escrow Funds to redeem the applicable series of Defeased Obligations may in certain cases (as denoted by the “‡” symbol in the above table) be invested in United States Treasury securities or other federal agency obligations, as further described in part (A) of the definition of “Permitted Investments” set forth in Appendix B (collectively, the “Defeasance Securities”). The Defeasance Securities will be scheduled to mature in such amounts and at such times and bear interest at such rates as to provide funds (together with any cash deposit) sufficient to pay the redemption price of the applicable series of Defeased Obligations on the respective redemption dates noted above.

For those series of Defeased Obligations that are not denoted by the “‡” symbol in the above table, the amounts to be delivered by or on behalf of the Agency to the Escrow Bank on the Defeasance Date, together with amounts transferred from funds and accounts established in connection with the applicable series of Defeased Obligations, will be sufficient to pay the redemption price of the applicable series of Defeased Obligations on the Defeasance Date.

Sufficiency of the deposits in the Escrow Funds for such purposes will be verified by _____ (the “Verification Agent”). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the Escrow Instructions, the Defeased Obligations will be defeased pursuant to the provisions of the indentures under which they were issued as of the date of issuance of the Bonds.

The amounts held by the Escrow Bank in each Escrow Fund are pledged solely to the redemption of the applicable series of outstanding Defeased Obligations. Neither the moneys deposited in the Escrow Funds

^{*} Preliminary, subject to change.

[‡] Funds deposited in escrow to be invested until the applicable redemption date.

nor the interest on the invested moneys will be available for the payments of principal of and interest on the Bonds.

Verification of Mathematical Computations

Upon issuance of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriters relating to: (a) the adequacy of the cash and/or the maturing principal of and interest on the Defeasance Securities to be deposited in the respective Escrow Funds to pay the respective redemption price of the applicable series of Defeased Obligations; and (b) the computations of yield on the Bonds and the Defeasance Securities which support Bond Counsel’s opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

Sources and Uses of Funds

The estimated sources and uses of funds are summarized as follows:

Sources⁽¹⁾:	2015A Bonds (Tax-Exempt)	2015B Bonds (Taxable)	Total
Principal Amount of Bonds	\$	\$	\$
Other Moneys ⁽²⁾			
Net Original Issue Premium/Discount	_____	_____	_____
Total Sources:	\$_____	\$_____	\$_____
Uses⁽¹⁾:			
Defeased Obligations Escrow Funds	\$	\$	\$
Reserve Surety Premium			
Bond Insurance Premium			
Costs of Issuance Fund ⁽³⁾	_____	_____	_____
Total Uses:	\$_____	\$_____	\$_____

⁽¹⁾ Amounts rounded to nearest dollar.

⁽²⁾ Reflects moneys held in funds and accounts established in connection with the Defeased Obligations.

⁽³⁾ Includes fees and expenses of Bond Counsel, Disclosure Counsel, Fiscal Consultant, Trustee, Escrow Bank, Underwriters’ counsel and Verification Agent, printing expenses, rating agency fees, Underwriters’ discount, premium for the Reserve Surety and the Policy and other miscellaneous costs.

THE BONDS

Authority for Issuance

The Bonds were authorized for issuance pursuant to the Indenture, the Bond Law, and the Dissolution Act. Direction to undertake the issuance of the Bonds and the execution of the related documents was authorized by the Agency pursuant to a resolution adopted on June 9, 2015 (the “Resolution”), and by the Oversight Board of the Agency (the “Oversight Board”) pursuant to a resolution adopted on June 15, 2015 (the “Oversight Board Action”).

Written notice of the Oversight Board Action was provided to the State Department of Finance (the “DOF”) pursuant to the Dissolution Act on June 22, 2015, and the DOF requested a review within five business days of such written notice. On _____, 2015, which is within the time period allotted under the Dissolution Act for the DOF to review the Oversight Board’s approving resolution, the DOF provided a letter to the Agency stating that based on the DOF’s review and application of the law, the Oversight Board Action approving the Bonds is approved by the DOF.

Description of the Bonds

The Bonds will be issued in fully-registered form without coupons in integral multiples of \$5,000 for each maturity, initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as registered owner of all Bonds. See the caption “—Book-Entry System.” The Bonds will be dated the date of issuance thereof and mature on December 1 in the years and in the amounts shown on the inside front cover page of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months at the rates shown on the inside cover page of this Official Statement, payable semiannually on June 1 and December 1 in each year, commencing on June 1, 2016 (each, an “Interest Payment Date”).

The principal of and redemption premium, if any, and interest on the Bonds will be payable by check in lawful money of the United States of America. The Bonds will be issued as fully registered bonds in the denomination of \$5,000, or any integral multiple thereof (not exceeding the principal amount of the Bonds maturing at any one time). The Bonds will bear interest from their date of initial delivery. Payment of the interest on any Bond will be made to the Person whose name appears on the Bond Register as the Owner thereof as of the Record Date, such interest to be paid by check mailed by first class mail on the Interest Payment Date to the Owner at the address which appears on the Bond Register as of the Record Date for that purpose; except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of Bonds, upon written request of such Owner to the Trustee, in form satisfactory to the Trustee, received not later than the Record Date, such interest will be paid on the Interest Payment Date in immediately available funds by wire transfer. The principal of and redemption premium, if any, on the Bonds will be payable at the Principal Corporate Trust Office of the Trustee upon presentation and surrender of such Bonds.

Notwithstanding any other provision contained in the Indenture, any interest not punctually paid or duly provided for, as a result of an Event of Default or otherwise, will forthwith cease to be payable to the Owner on the Record Date and will be paid to the Owner in whose name the Bond is authenticated at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given to the Owners not less than ten days prior to such Special Record Date.

The Bonds will bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is during the period from the 16th day of the month next preceding an Interest Payment Date to and including such Interest Payment Date, in which event they will bear interest from such Interest Payment Date, or unless such date of registration is on or before the first Interest Payment Date, in which event they will bear interest from their dated date; provided, however, that if, at the time of registration of any Bond, interest is then in default on the Outstanding Bonds, the Bonds will bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Bonds.

Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. 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. See Appendix D for further information with respect to DTC and its book-entry system.

Redemption

2015A Bonds.* The 2015A Bonds maturing on or after ____ 1, 20__, are subject to optional redemption before maturity on or after ____ 1, 20__, at the option of the Agency, in whole, or in part, on any date, at a redemption price equal to the principal amount of the 2015A Bonds to be redeemed, plus accrued but unpaid interest to the redemption date.

2015B Bonds.* The 2015B Bonds maturing on or after ____ 1, 20__, are subject to optional redemption prior to maturity on or after ____ 1, 20__, at the option of the Agency, in whole, or in part, on any date, at a redemption price equal to the principal amount of the 2015B Bonds to be redeemed, plus accrued but unpaid interest to the redemption date.

Notice of Redemption. In the case of any redemption of Bonds, the Trustee will give notice, as provided in the Indenture, that Bonds, identified by Series, CUSIP numbers, serial numbers and maturity date, have been called for redemption and that, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the Outstanding Bonds are to be redeemed, so stating, in which event the serial numbers may be omitted), will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof at the Principal Corporate Trust Office, at the redemption price (specifying such price), together with any accrued interest to such date, and that all interest on the Bonds, or portions thereof, so to be redeemed will cease to accrue on and after such date and that from and after such date the Bond or the portion will no longer be entitled to any lien, benefit, or security under the Indenture, and the Owner thereof will have no rights in respect of the redeemed Bond or the portion except to receive payment from such moneys of the redemption price plus accrued interest to the date fixed for redemption.

The notice must be mailed by first-class mail, postage prepaid, at least 20 but not more than 60 days before the date fixed for redemption, to the Securities Depositories, the MSRB, and the Owners, or portions thereof, called for redemption, at their addresses as the same last appear on the Bond Register. No notice of redemption need be given to the Owner of a Bond to be called for redemption if the Owner waives notice in writing, and the waiver is filed with the Trustee before the redemption date. Neither the failure of an Owner to receive notice of redemption of Bonds under the Indenture nor any error in the notice will affect the validity of the proceedings for the redemption of Bonds.

Any notice of redemption may be expressly conditional and may be rescinded by Written Request of the Agency given to the Trustee not later than the date fixed for redemption. Upon receipt of the Written Request of the Agency, the Trustee will promptly mail notice of such rescission to the same parties that were mailed the original notice of redemption.

Selection of Bonds for Redemption. For purposes of selecting Bonds for redemption, the Bonds will be composed of \$5,000 portions, and any such portions may be separately redeemed. Whenever less than all the Outstanding Bonds of any Series maturing on any one date are called for redemption at any one time, the Trustee will select the Bonds to be redeemed pro rata unless directed otherwise by the City Treasurer, who may select the maturity date or dates of the Bonds to be redeemed. [DISCUSS] [If less than all the Bonds of any Series maturing on any one date are to be redeemed at any one time, the Trustee will select the Bonds or portions thereof of such Series maturing on such date not previously selected for redemption to be redeemed in integral multiples of \$5,000 in any manner that it deems appropriate.] The City Treasurer will notify the Trustee in writing at least five Business Days before the date fixed for the selection by the Trustee of any Bonds for redemption, and after the selection the Trustee will promptly notify the Agency in writing of the numbers of the Bonds selected for redemption in part.

* Preliminary, subject to change.

Payment of Redeemed Bonds. If notice of redemption has been given or waived as provided in the Indenture, the Bonds or portions thereof called for redemption will be due and payable on the date fixed for redemption at the redemption price thereof, together with accrued interest to the date fixed for redemption, upon presentation and surrender of the Bonds to be redeemed at the office specified in the notice of redemption. If less than the full principal amount of a Bond is called for redemption, the Agency will execute and deliver and the Trustee will authenticate, upon surrender of the Bond, and without charge to the Owner thereof, a Bond of like interest rate and maturity and Series in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Bonds so surrendered in such authorized denominations as are specified by the Owner.

If any Bond or any portion thereof has been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, has been made or provided for by the Agency, then interest on the Bond or portion will cease to accrue from that date, and from and after that date the Bond or portion will no longer be entitled to any lien, benefit or security under the Indenture, and the Owner thereof will have no rights in respect of the Bond or portion except to receive payment of the redemption price, and unpaid interest accrued to the date fixed for redemption.

Annual Debt Service

The table below sets forth debt service on the Bonds.

<i>Year (Amount Payable as of ____ 1)</i>	<i>2015A Bonds</i>		<i>2015B Bonds</i>		<i>Total Debt Service</i>
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	
2015	\$	\$	\$	\$	\$
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
Total	\$	\$	\$	\$	\$

Source: _____.

SECURITY FOR THE BONDS

General

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Prior Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Prior Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit such amount in the Redevelopment Property Tax Trust Fund for the Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. Section 34177.5(g) of the Dissolution Act provides that any bonds authorized thereunder to be issued by the Agency will be considered indebtedness incurred by the dissolved Prior Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, will be included in the Agency's Recognized Obligation Payment Schedule and 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 established pursuant to the Dissolution Act. Property tax revenues pledged to any bonds authorized to be issued by the Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution. See Appendix B and the caption "—Recognized Obligation Payment Schedule."

Pursuant to Section 33670(b) of the Redevelopment Law and Section 16 of Article XVI of the State Constitution, and as provided in the redevelopment plans for the Project Areas, taxes levied upon taxable property in the Project Areas each year by or for the benefit of the State, any city, 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 redevelopment plan that added territory to the applicable 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 applicable 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 thereto that added territory to the applicable 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

(b) To the Prior Agency/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 will be allocated to, and when collected will be paid into, the fund of that taxing agency (as discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIII A of the State Constitution"), that portion of the levied taxes each year in excess of such amount, annually allocated within the redevelopment plan limit, when collected will be paid into a special fund of the Agency. Section 34172(c) of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund will be deemed to be a special fund of the Agency to pay the debt service on indebtedness incurred by the Prior Agency or the Agency to finance or refinance the redevelopment projects of the Prior 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

(as discussed under the caption “PROPERTY TAX COLLECTION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs”), constitutes the amount 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 referred to in paragraph (b) above.

The Bonds are payable from and secured by deposits into the Redevelopment Property Tax Trust Fund to be derived from the Project Areas and transferred in accordance with the Dissolution Act to the Agency for deposit in the Redevelopment Obligation Retirement Fund. See the caption “—Security of Bonds; Equal Security.” The Bonds are payable from such deposits on a subordinate basis to the Senior Obligations (as described under the caption “—Senior Obligations”).

The 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 the captions “—Tax Increment Financing,” “—Recognized Obligation Payment Schedule,” “PROPERTY TAXATION IN CALIFORNIA” and “RISK FACTORS.”

The Bonds are not a debt of the City, the County, the State or any of other political subdivision of the State, and neither said City, said County, said State nor any of the State’s other political subdivisions is liable therefor, nor in any event will the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The principal of and interest on the Bonds are payable solely from the Tax Revenues allocated to the Agency from the Project Areas (all as defined herein and in the Indenture) and other funds as set forth in the Indenture.

Security of Bonds; Equal Security

Pursuant to Section 34177.5(g) of the Dissolution Act, except as provided in the Indenture, the Bonds will be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues and moneys in certain accounts established under the Indenture. Except for the Tax Revenues and such moneys, no funds or properties of the Agency will be pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

Under the Indenture, Tax Revenues consist of [all taxes that were eligible for allocation to the Prior Agency with respect to the Project Areas and are allocated to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the California Constitution, or pursuant to other applicable California laws and that are deposited in the Redevelopment Property Tax Trust Fund, excluding: (A) Tax Revenues required to pay debt service on the Senior Obligations (as described under the caption “—Senior Obligations”), but only to the extent that the Tax Revenues were pledged to the payment of debt service on the Senior Obligations; (B) amounts required to be paid under the Tax Sharing Agreements (as such term is defined in the Indenture) [DISCUSS – THESE ARE SUBORDINATE] and statutory tax sharing payments or in accordance with Section 33607.5 or Section 33607.7 or Section 33676 of the Redevelopment Law, to the extent of the amount pledged by agreement or statute; and (C) certain development agreements payable on a priority basis from specified revenues of a specified Project Area or Project Areas. The moneys that are ultimately transferred to the Agency’s Redevelopment Obligation Retirement Fund by the County Auditor–Controller are net of the amounts set forth in clause (B) above.

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 revenues allocated to the payment of indebtedness pursuant to 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]. See Appendix B.

Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Project Areas, to the extent that they constitute Tax Revenues, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Agency's approved Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See the caption "—Recognized Obligation Payment Schedule." Moneys transferred by the County Auditor-Controller to the Agency for deposit in the Agency's Redevelopment Obligation Retirement Fund will be transferred by the Agency to the Trustee for deposit in the Tax Increment Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

Tax Revenues derived from one Project Area and deposited in the Redevelopment Property Tax Trust Fund and transferred to the Redevelopment Obligation Retirement Fund of the Agency are available to pay debt service on the Senior Obligations of another Project Area after payments have been made on the Bonds.

Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues

The Agency has established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Dissolution Act, and, so long as any of the Bonds are Outstanding, the Agency will continue to hold and maintain such fund as a separate fund in its treasury. The Agency will deposit all of the Tax Revenues into the Redevelopment Obligation Retirement Fund promptly upon receipt by the Agency.

The Recognized Obligation Payment Schedule for the ROPS Period commencing January 1 of each year must include, in addition to the other amounts required to be included thereon pursuant to the Redevelopment Law, Tax Revenues in an amount equal to 100% of the deposits required pursuant to the Indenture and will include any amounts required to pay Annual Debt Service due on the Outstanding Bonds, debt service on Senior Obligations, including amounts necessary to eliminate any deficiency in the applicable reserve account, to otherwise satisfy the requirements of the Indenture, including any amounts required to pay principal and interest payments due on the Outstanding Bonds [and any parity debt], to pay any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement, any Compliance Costs, and any required debt service, reserve set-asides, and any other payments required under the Indenture or similar documents pursuant to Section 34171(d)(1)(A) of the Dissolution Act up to an amount equal to 100% of available Tax Revenues, as determined by the County Auditor-Controller on that date. The amount due to the Agency from the County Auditor-Controller for deposit in the Agency's Redevelopment Obligation Retirement Fund will be transferred to the Trustee and deposited in the Tax Increment Fund on the next subsequent June 1 of the then-current calendar year for the next subsequent ROPS Period commencing on July 1 of the then-current calendar year. Such amount will equal the deposits required pursuant to the Indenture and will include any amounts required to pay principal and interest payments due on the Outstanding Bonds [and parity debt], plus the amount of any deficiency in the Reserve Account, less the amounts, if any, on deposit in the Tax Increment Fund as of the last available statement date preceding the submission for the Recognized Obligation Payment Schedule pursuant to the Indenture that are in excess of the amounts required to be applied to payment of principal of or interest or sinking account payments on the Outstanding Bonds [and any parity debt] in the then current calendar year, but in all cases up to an amount equal to 100% of available Tax Revenues, as determined by the County Auditor-Controller on that date.

Tax Revenues received by the Agency during a ROPS Period in excess of the amount required, as provided above, to be deposited in the Tax Increment Fund, will, immediately following the deposit with the Trustee of the amounts required to be so deposited as provided in the Indenture on each such date, be released from the pledge, security interest and lien under the Indenture for the security of the Outstanding Bonds, and may be applied by the Agency for any lawful purpose of the Agency, including but not limited to the payment

of subordinate debt, or the payment of any amounts due and owing to the United States of America pursuant to the Rebate Fund provisions of the Indenture. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Outstanding Bonds [and any parity debt] and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indentures, the Agency will not have any beneficial right or interest in the moneys on deposit in the Tax Increment Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

Deposit of Amounts by Trustee

The Trustee has established and will maintain a fund separate from any other fund established and maintained under the Indenture designated as the “Redevelopment Agency Successor Agency, Tax Increment Fund” (the “Tax Increment Fund”). The lien on, security interest in, and pledge of the Tax Revenues and the money in the Tax Increment Fund and in the funds or accounts so specified and provided for in the Indenture constitutes a first pledge of, and charge and lien upon, the Tax Revenues and the money in the Tax Increment Fund and in the funds or accounts so specified and provided for in the Indenture, and will immediately attach and be effective, binding, and enforceable against the Agency, its successors, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the lien on, security interest in, and pledge of the Tax Revenues and the money in the Tax Increment Fund and in the funds or accounts so specified and provided for in the Indenture, and without the need for any physical delivery, recordation, filing or further act.

All Tax Revenues in the Tax Increment Fund will be set aside by the Trustee when and as received in the following special accounts within the Tax Increment Fund (each of which has been created and each of which the Agency has covenanted and agreed to cause to be maintained with the Trustee so long as the Bonds are Outstanding under the Indenture), in the following order of priority (except as otherwise provided in the Indenture): (1) Interest Account; (2) Principal Account; (3) Term Bonds Sinking Account; and (4) Reserve Account.

All moneys in these accounts will be held in trust by the Trustee and will be applied, used, and withdrawn only for the purposes authorized in the Indenture.

(a) Interest Account. The Trustee will set aside from the Tax Increment Fund and deposit in the Interest Account an amount of money that, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in the Bond Year. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in the Bond Year. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed before maturity).

(b) Principal Account. The Trustee will set aside from the Tax Increment Fund and deposit in the Principal Account an amount of money that, together with any money contained therein, is equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on the Principal Payment Date in the Bond Year. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of principal of all Outstanding Serial Bonds becoming due and payable on the Principal Payment Date in the Bond Year. All money in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying principal of the Serial Bonds as they become due and payable.

(c) Term Bonds Sinking Account. The Trustee will set aside from the Tax Increment Fund and deposit in the Sinking Fund an amount of money that, together with any money contained therein, is equal to the aggregate amount of Sinking Fund Installments becoming due and payable with respect to all Outstanding Bonds which are Term Bonds [in the Bond Year]. All moneys in the Term Bonds Sinking Account will be

used by the Trustee to redeem the Outstanding Bonds in accordance with the Indenture. If Term Bonds that are purchased or redeemed at the option of the Agency are deposited with the Trustee for the credit of the Term Bonds Sinking Account not less than 45 days before each due date for any Sinking Fund Installment for the Term Bonds, the deposit will satisfy (to the extent of 100% of the principal amount of the Term Bonds) any obligation of the Agency to make a payment with respect to such Sinking Fund Installments. Any Term Bond so deposited with the Trustee will be cancelled and will no longer be deemed to be Outstanding for any purpose. Upon making the deposit with the Trustee of Term Bonds as provided in the Indenture, the Agency may specify the dates and amounts of Sinking Fund Installments for the Term Bonds as to which the Agency's obligations to make a payment with respect to Sinking Fund Installments for the Term Bonds are satisfied.

If the money in the Tax Increment Fund is insufficient to pay in full all principal and Sinking Account Installments due pursuant to the Indenture in the Bond Year, then the money available in the Tax Increment Fund will be applied pro rata to the payment of the principal and Sinking Account Installments in the proportion which all of the principal and Sinking Account Installments bear to each other.

[REVISE TO REFLECT SURETY] (d) Reserve Account. The Trustee will set aside from the Tax Increment Fund and deposit in the Reserve Account any amounts necessary to maintain on deposit therein an amount equal to the Reserve Account Requirement. No deposit need be made into the Reserve Account so long as there is on deposit therein an amount equal to the Reserve Account Requirement. All money in or credited to the Reserve Account will be used and withdrawn by the Trustee solely for the purposes of: (1) replenishing the Interest Account, the Principal Account, and the Term Bonds Sinking Account, in that order, in the event of any deficiency in any of the accounts occurring on any Interest Payment Date, Principal Payment Date, or Sinking Account Payment Date; (2) paying the interest on or the principal of the Bonds if no other money of the Agency is lawfully available therefor; and (3) retiring all Bonds then Outstanding, except that for so long as the Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Account Requirement will be transferred to the Tax Increment Fund.

On any date on which Bonds are defeased in accordance with the Indenture, the Trustee will, if so directed in a Written Request of the Agency, transfer any moneys in the Reserve Account in excess of the Reserve Account Requirement resulting from such defeasance to the entity or fund so specified in the Written Request of the Agency, to be applied to such defeasance.

If at any time the Trustee fails to pay principal or interest due on any scheduled payment date for the Bonds or withdraws funds from the Reserve Account to pay principal and interest on the Bonds, the Trustee will notify the Agency in writing of the failure or withdrawal.

The Agency may, with the prior written consent of the Insurer, deposit any Qualified Reserve Account Credit Instrument to the Reserve Account established for the Bonds in lieu of a cash deposit into the Reserve Account.

[The Trustee will ascertain the necessity for a claim upon the Reserve Surety in accordance with the provisions of the Indenture and to provide notice to Insurer in accordance with the terms of the Reserve Surety at least five Business Days before each date upon which interest or principal is due on the Bonds.]

Where deposits are required to be made by the Agency with the Trustee to the accounts of the Tax Increment Fund more often than semi-annually, the Trustee will be instructed to give notice to Insurer of any failure of the Agency to make timely payment in full of the deposits within two Business Days of the date due.

Tax Increment Financing

General. Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the

effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming that the taxable valuation never dropped below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Under the Indenture, Tax Revenues consist of the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act less Senior Obligations and Statutory Pass-Through Amounts (as such term is defined under the caption “— Tax Sharing”). Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the caption “RISK FACTORS.”

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could not be used to repay indebtedness incurred for another project area. However, the Dissolution Act requires only that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund with respect to each former redevelopment agency within the respective county. Additionally, the Dissolution Act now requires that all revenues equivalent to the amount that would have been allocated as tax increment to the former redevelopment agency will be allocated to the Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area (as did the Prior Agency), the Dissolution Act combines the property tax revenues derived from all project areas into a *single trust fund*, the Redevelopment Property Tax Trust Fund, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent that the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act states that “It is the intent ... that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge.” The Agency believes that, subject to the prior claim or lien of the Senior Obligations, all of the Tax Revenues from all Project Areas will secure all of the Bonds.

Tax Sharing. The Redevelopment Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. Agreements entered into for such purposes are referred to herein as the “Pass-Through Agreements.” Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the “Statutory Pass-Through Amounts”). The Dissolution Act requires county auditor-controllers to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed under the Pass-Through Agreements and for Statutory Pass-Through Amounts to the taxing entities for each six-month period before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Agency’s Redevelopment Obligation Retirement Fund each January 2 and June 1, unless: (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Prior Agency, as succeeded to by the Agency (which is the case for the Agency); (ii) the Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Agency from the Redevelopment Property Tax Trust Fund allocation to the Agency’s Redevelopment

Obligation Retirement Fund, from other funds transferred from the Prior Agency and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Agency's enforceable obligations, pass-through payments and the Agency's administrative cost allowance for the applicable six-month period; and (iii) the State Controller has concurred with the Agency that there are insufficient funds for such purposes for the applicable six-month period.

If the requirements set forth in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Agency's enforceable obligations, pass-through payments and the Agency's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Agency for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under Pass-Through Agreements and for Statutory Pass-Through Amounts, in order to be paid to the Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted. The Dissolution Act provides for a procedure by which the Agency may make Statutory Pass-Through Amounts subordinate to the Bonds. [TO BE CONFIRMED] [The Agency has not undertaken the requisite procedures to obtain such subordination of the Statutory Pass-Through Amounts and, therefore, Statutory Pass-Through Amounts are payable on a senior basis to the Bonds. See the caption "THE PROJECT AREAS." By contrast, all of the Pass-Through Agreements have been subordinated and are payable after debt service on the Bonds.] The Agency cannot guarantee that the process prescribed by the Dissolution Act for administering the Tax Revenues and the subordinations of the Statutory Pass-Through Amounts will effectively result in adequate Tax Revenues for the payment of principal and interest on the Bonds when due. See the caption "—Recognized Obligation Payment Schedule." See also the caption "THE PROJECT AREAS" for additional information regarding the revenues derived from the Project Areas.

Elimination of Housing Set-Aside. Before dissolution, the Redevelopment Law required the set-aside of not less than 20% of the gross tax increment with respect to the Project Areas, i.e., the Housing Set-Aside, in the Low and Moderate Income Housing Fund to be expended for low and moderate income housing purposes. Generally, the Prior Agency was authorized to use the Housing Set-Aside to pay debt service on bonds solely to the extent that the proceeds of such bonds were used to finance or refinance low and moderate income housing projects. Under the Redevelopment Law, the Prior Agency was authorized to use the portion of tax increment that was not part of the Housing Set-Aside (the "80 Percent Portion") to pay debt service on all bonds and other indebtedness of the Prior Agency incurred to finance or refinance redevelopment projects for the Project Areas, subject to limitations set forth in the indentures or other governing documents.

The Dissolution Act has eliminated the Low and Moderate Income Housing Fund and the requirement to deposit the Housing Set-Aside into such fund. None of the property tax revenues deposited in the Redevelopment Property Tax Trust Fund are designated as the Housing Set-Aside. The Redevelopment Property Tax Trust Fund flow of funds under the Dissolution Act makes no distinction between bonds that were, in whole or in part, secured by and payable from the Housing Set-Aside and bonds that were solely secured by and payable from the 80 Percent Portion. In effect, after the Prior Agency's dissolution, all of the Agency's outstanding bonds are paid from Redevelopment Property Tax Trust Fund disbursements without distinction between obligations related to housing and non-housing projects. [DISCUSS] [Of the senior obligations of the Agency described under the caption "—Senior Obligations," only the _____ was originally payable from a pledge of Housing Set-Aside moneys.]

It is unclear whether, if challenged, a court will find that the elimination of the distinction among bonds that were secured by the Housing Set-Aside and bonds that were secured by the 80 Percent Portion is contrary to the declared intent of the Dissolution Act. Payments under the _____, which are secured by a

pledge and lien on the Housing Set-Aside, are payable from tax increment revenues from the Project Areas on a senior basis to the debt service of the Bonds through the maturity of the ____ in 20___. See the caption “— Senior Obligations—Other Senior Obligations.”

Recognized Obligation Payment Schedule

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

On and after July 1, 2016, the oversight board’s functions will be assumed by a county oversight board established pursuant to Section 34179(j) of Dissolution Act. [UPDATE] In addition, [the Governor has proposed] legislation: (i) to require the preparation of a Recognized Obligation Payment Schedule process once a year beginning January 1, 2016 (rather than twice a year under current law); (ii) to establish an optional “Last and Final” Recognized Obligation Payment Schedule process beginning in September 2015. This procedure will be available only to successor agencies that have a Finding of Completion and DOF concurrence as to the items that qualify for payment, among other conditions. The Last and Final Recognized Obligation Payment Schedule will be binding on all parties and the successor agency will no longer submit a Recognized Obligation Payment Schedule. The county auditor-controller will remit the authorized funds to the successor agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid; and (iii) to clarify that former tax increment caps and plan limits do not apply for the purposes of paying approved 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; (v) the Redevelopment Property Tax Trust Fund (but only to the extent that no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act); or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings and any other revenues derived from the former redevelopment agency, as approved by its oversight board).

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Agency from the funds specified in the Recognized Obligation Payment Schedule.

The Recognized Obligation Payment Schedule must be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller by 90 days before the date of the next January 2 or June 1 property tax distribution. If the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day that the schedule is not submitted. Additionally, the Agency’s administrative cost allowance is reduced by 25% if the Agency

does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see the caption “RISK FACTORS—Recognized Obligation Payment Schedule.”

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

In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of: (i) property tax to be allocated and distributed; and (ii) the amounts of pass-through payments to be made in the upcoming six-month period, and provide those estimates to the entities receiving the distributions and DOF by no later than October 1 and April 1 of each year, as applicable. If, after receiving such estimate from the County Auditor-Controller, the Agency determines and reports, no later than December 1 or May 1, as applicable, that the total amount available to the Agency from the Redevelopment Property Tax Trust Fund allocation to the Agency’s Redevelopment Obligation Retirement Fund, from other funds transferred from the Prior Agency and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, Agency enforceable obligations listed on the Recognized Obligation Payment Schedule and the Agency’s administrative cost allowance, the County Auditor-Controller must notify the State Controller and the DOF by no later than 10 days from the date of the Agency’s notification. If the State Controller concurs that there are insufficient funds to pay required debt service, the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under the caption “—Tax Increment Financing.”

The Dissolution Act provides that any bonds authorized to be issued by the Agency will be considered indebtedness incurred by the dissolved Prior Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to such date, will be included in the Agency’s Recognized Obligation Payment Schedule and 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 established pursuant to the Dissolution Act. Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a successor agency may petition the DOF to provide written confirmation that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the DOF’s approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the DOF, then the DOF’s review of such payments in each future Recognized Obligation Payment Schedule will be limited to confirming that they are required by the prior enforceable obligation.

The Agency has covenanted to take all actions required under the Dissolution Act to include on its Recognized Obligation Payment Schedule for each ROPS Period all payments expected to be made to the Trustee in order to satisfy the requirements of the Indenture, including any amounts required to pay principal

and interest payments due on the Outstanding Bonds, any deficiency in the Reserve Account of the Tax Increment Fund to the full amount of the Reserve Account Requirement, and any Compliance Costs (as such term is defined in Appendix B). The Agency will include in its Recognized Obligation Payment Schedule the amounts described in the Indenture to be transmitted to the Trustee for the applicable ROPS Period. The Agency will submit an Oversight Board-approved Recognized Obligation Payment Schedule to the County Auditor-Controller and the DOF at least 90 days prior to each ROPS Period. See Appendix B.

Senior Obligations

The Agency may not issue additional bonds or incur additional obligations that are payable from moneys deposited in the Redevelopment Property Tax Trust Fund on a senior basis to the Bonds. However, the Agency’s pledge of moneys deposited in the Redevelopment Property Tax Trust Fund to payment on the Bonds is subordinate to its prior pledge of or claim on certain tax revenues to pay debt service, make Statutory Pass-Through Amounts or make certain other payments pursuant to the below-described existing Senior Obligations:

Senior Bonds. The following bond issuances (the “Senior Bonds”) are secured by Existing Obligations (as such term is defined in the Indenture) of the Agency, which Existing Obligations are payable from moneys deposited in the Redevelopment Property Tax Trust Fund on a senior basis to the Bonds:

<i>Obligation</i> *	<i>Outstanding Principal Amount</i>	<i>Scheduled Maturity Date</i>
Sacramento City Financing Authority 1993 Tax Allocation Revenue Bonds, Series B (Merged Downtown Sacramento, Alkali Flat, Del Paso Heights and Oak Park Redevelopment Project Areas)	\$ 8,632,168 [†]	November 1, 2017
Sacramento County Public Financing Authority 2003 Tax Allocation Revenue Bonds, Series A (Sacramento County and City Redevelopment Projects)	8,235,000	December 1, 2030
Sacramento City Financing Authority 2005 Tax Allocation Revenue Bonds, Series A (Merged Downtown and Oak Park Projects)	70,008,492 [‡]	December 1, 2034
Sacramento City Financing Authority 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program)	13,640,000	December 1, 2036
Sacramento City Financing Authority 2006 Refunding Revenue Bonds, Series E (Master Lease Program Facilities)	1,989,820	December 1, 2032
Total	\$	

Other Senior Obligations. The Agency’s obligations pursuant to the following agreements are payable from Tax Revenues on a senior basis to the Bonds:

Orleans Hotel Disposition and Development Agreement. Pursuant to Second Amendment to Disposition and Development Agreement, dated October 17, 2006 (the “Orleans Hotel DDA”), by and between the Prior Agency and Old Sac Properties, LLC (“Old Sac”), the Agency is obligated to make annual payments in the approximate amount of \$54,000 to Old Sac from tax increment revenues generated from the Merged

* Preliminary, subject to change.

[†] Accreted value of \$34,185,000.

[‡] Accreted value of \$206,315,000. The sinking fund payment due and payable on December 1, 2033 to redeem the maturity in the principal amount of \$6,940,000 will equal the accreted value due and payable on such date of \$6,586,892.80.

Downtown Sacramento Redevelopment Project Area. The Orleans Hotel DDA requires such payments to be made until the earlier of: (i) 2016; or (ii) the date that the total payments equal \$300,000. The Agency's obligation to make payments from tax increment revenues under the Orleans Hotel DDA is subordinate to bonded indebtedness of the Agency that was outstanding as of October 17, 2006, but not to subsequent indebtedness, including refundings of prior indebtedness.

Citizen Hotel Owner Participation Agreement. Pursuant to an Owner Participation Agreement, dated as of July 1, 2006 (the "Citizen Hotel OPA"), by and between the Prior Agency and Rubicon Partners V, LLC ("Rubicon"), the Agency is obligated to make annual payments in the approximate amount of \$156,000 to Rubicon from tax increment revenues generated from the Merged Downtown Sacramento Redevelopment Project Area. The Citizen Hotel OPA requires such payments to be made until the earlier of: (i) 2025; or (ii) the date that the total payments equal \$1,680,000 in net present value terms using an 8.5% discount rate (expected at the time of execution of the Citizen Hotel OPA to be approximately \$3,173,930). The Agency's obligation to make payments from tax increment revenues under the Citizen Hotel OPA is subordinate to bonded indebtedness of the Agency that was outstanding as of July 1, 2006, but not to subsequent indebtedness, including refundings of prior indebtedness.

[DELETE IF REFUNDED] [2006 I-Bank Loan. Pursuant to a Tax Allocation Loan Agreement No. B05-065, dated as of June 1, 2006 (as amended, the "2006 I-Bank Loan"), by and among the Prior Agency, the Redevelopment Agency of the County of Sacramento and the California Infrastructure and Economic Development Bank (the "I-Bank"), the Agency is obligated to make semiannual payments to the I-Bank from tax increment revenues generated from the Stockton Boulevard Redevelopment Project Area. The 2006 I-Bank Loan is currently outstanding in the principal amount of \$3,274,933 and matures in 2035.]

Army Depot Agreement. Pursuant to a Master Project Agreement, dated of February 1, 2006 (the "Army Depot Agreement"), by and between the Prior Agency and U.S. National Leasing, LLC (the "Developer"), the Agency is obligated to provide funding to the Developer from tax increment revenues generated from the Army Depot Redevelopment Project Area in connection with certain development projects. The Agency estimates, based on the current assessed valuation of the Property (as such term is defined in the Army Depot Agreement), that the funding obligation is presently approximately \$250,000 per year. Notwithstanding the foregoing, the Developer is not currently undertaking any development projects on the Property and the Agency has not paid any tax increment revenues under the Army Depot Agreement since approximately 2012. The Dissolution Act prohibits the Agency from entering into new development agreements and, accordingly, the Agency does not expect to make payments to the Developer under the Army Depot Agreement in the future. As a result, payments under the Army Depot Agreement are not treated as Senior Obligations in the tables set forth under the captions "THE PROJECT AREAS—General" and "TAX REVENUES" or in the Fiscal Consultant Report set forth in Appendix A.

[DELETE IF REFUNDED] [2005 I-Bank Loan. Pursuant to a Tax Allocation Loan Agreement No. B05-063, dated December 14, 2005 (as amended, the "2005 I-Bank Loan"), by and between the Prior Agency and the I-Bank, the Agency is obligated to make semiannual payments to the I-Bank from tax increment revenues generated from the North Sacramento Redevelopment Project Area. The 2005 I-Bank Loan is currently outstanding in the principal amount of \$3,391,934 and matures in 2035.]

2005 HUD Agreement. Pursuant to a [____], dated August __, 2005 (the "2005 HUD Agreement"), by and [among the Agency, the SHRA and the Secretary of Housing and Urban Development ("HUD")], the Agency is obligated to make semiannual payments in the approximate amount of \$230,000 to HUD from tax increment revenues generated from the Alkali Flat Redevelopment Project Area. The 2005 HUD Agreement is currently outstanding in the principal amount of \$4,047,000 and matures in 2026.

2001 HUD Agreement. Pursuant to the Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, as Amended, 42 U.S.C. § 5308, dated August 9, 2001 (the "2001 HUD Agreement"), by and among the City, the SHRA and HUD, the Agency is

obligated to make annual payments to HUD from tax increment revenues (among other pledged revenues) generated from a portion of the Del Paso Heights Redevelopment Project Area in the approximate amount of \$307,344. The 2001 HUD Agreement is currently outstanding in the principal amount of \$___ and matures in 20___. The 2001 HUD Agreement has historically not been paid from tax increment revenues. The Agency's practice has been to apply other pledged revenues to the payment thereof.

Cooperative Agreement. Pursuant to a Cooperative Agreement, dated February 9, 1999 (the "Cooperative Agreement"), by and between the Prior Agency and the City, the Agency is obligated to make annual payments of \$102,599 to the City from tax increment revenues generated from the Merged Downtown Sacramento Redevelopment Project Area. The Cooperative Agreement requires such payments to be made through 2018 in order to assist the City in repaying certain loans provided to the City by the State Department of Boating and Waterways. The Agency's obligation to make payments from tax increment revenues under the Cooperative Agreement is subordinate to bonded indebtedness of the Agency that was outstanding as of February 9, 1999, but not to subsequent indebtedness, including refundings of prior indebtedness.

Limitation on Additional Indebtedness

Additional Senior Obligations. Under the Indenture, the Agency may refund outstanding Senior Obligations on a basis senior to or on a parity with the Bonds only to the extent that such refunding would be permitted by Section 34177.5(a)(1) of the Dissolution Act and generate debt service savings.

Parity Obligations. The Agency may at any time after the issuance and delivery of the Bonds under the Indenture issue Additional Bonds thereunder payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues equal to and on a parity with the lien and charge securing the Outstanding Bonds theretofore issued under the Indenture, for the purpose of refunding bonds or other indebtedness of the Agency or the Prior Agency (including, without limitation, refunding Bonds outstanding under the Indenture) in accordance with the Redevelopment Law, including payment of all costs incidental to or connected with such refunding and funding or providing for the funding of related reserves, but only subject to the following specific conditions, which have been made conditions precedent to the issuance of any such Additional Bonds:

(a) A Written Request of the Agency has been filed with the Trustee containing a statement to the effect that the Agency is in compliance with all covenants set forth in the Indenture and any Supplemental Indentures and that no Event of Default has occurred and is continuing.

(b) The issuance of the Additional Bonds has been duly authorized pursuant to the Redevelopment Law and all applicable laws, and the issuance of such Additional Bonds has been provided for by a Supplemental Indenture, which specifies all of the following:

(1) The authorized principal amount of the Additional Bonds.

(2) The Series, date, and the maturity date or dates of the Additional Bonds, provided that: (A) Principal Payment Dates and Sinking Account Payment Dates may occur only on Interest Payment Dates; (B) [all such Additional Bonds of like maturity and Series are identical in all respects, except as to number]; and (C) fixed serial maturities or mandatory Sinking Account Installments, or any combination thereof, are established to provide for the retirement of all of the Additional Bonds on or before their maturity dates.

(3) The Interest Payment Dates for the Additional Bonds; provided that Interest Payment Dates are on the same semiannual dates as the Interest Payment Dates for Bonds.

(4) The denomination and method of numbering of the Additional Bonds.

(5) The redemption premiums, if any, and the redemption terms, if any, for the Additional Bonds.

(6) The amount and due date of each mandatory Sinking Account Installment, if any, for the Additional Bonds.

(7) The amount, if any, to be deposited from the proceeds of the Additional Bonds in the Reserve Account; provided: (A) that the amount deposited in or credited to the Reserve Account will be increased at or before the time the Additional Bonds become Outstanding to an amount at least equal to the Reserve Account Requirement on all then Outstanding Bonds and Additional Bonds; and (B) that an amount at least equal to the Reserve Account Requirement on all Outstanding Bonds must thereafter be maintained in or credited to the Reserve Account.

(8) The form of the Additional Bonds.

(9) Such other provisions as are necessary or appropriate and not inconsistent with this Indenture.

(c) [Additional Bonds may be issued only for the purpose of refunding bonds or other indebtedness of the Agency or the Prior Agency (including, without limitation, refunding Bonds outstanding under the Indenture) in accordance with the Redevelopment Law, including payment of all costs incidental to or connected with the refunding and funding or providing for the funding of related reserves, and the payment of all costs incidental to or connected with the refunding, provided that the issuance of the Additional Bonds yields savings and complies with the terms of Section 34177.5 of the Redevelopment Law.]

Subordinate Obligations. Nothing in the Indenture limits the issuance of any tax increment bonds or other obligations of the Agency secured by a lien and charge on Tax Revenues junior to that of the Bonds (collectively, “Subordinate Debt”). [Any Subordinate Debt that is issued as bonds or incurred in the form of a loan will be payable on the same dates as the Bonds.]

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

Classification. In the State, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” Secured and unsecured property is entered on separate parts of the assessment roll maintained by county assessors. 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. See the caption “RISK FACTORS—Bankruptcy and Foreclosure” for certain limitations on the priority of secured tax liens under federal law, however.

Generally, *ad valorem* taxes are collected by a county for the benefit of the various taxing agencies (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 Fund.

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: (i) initiating a civil action against the taxpayer; (ii) 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; (iii) filing a certificate of delinquency for record in the county recorder’s office to obtain a lien on certain property of the taxpayer; and (iv) 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.

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. Prior to 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 Areas subsequent to the January 1 lien date. To the extent that such supplemental assessments occur within the Project Areas, Tax Revenues may increase. However, because supplemental assessments cannot be accurately projected, no provision has been made by the Fiscal Consultant to reflect the impact of supplemental assessments on Tax Revenues. See Appendix A.

Property Tax Administrative Costs. In 1990, the State Legislature enacted Senate Bill ("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 1559 amounts, to be deducted from property tax revenues before moneys are deposited into the Redevelopment Property Tax Trust Fund. For Fiscal Years 2012-13 and 2013-14, the County's administrative charge to the Agency for the Project Areas was \$746,147 and \$715,241, respectively, representing less than 2% of gross tax increment revenues received by the Agency in each such Fiscal Year.

Negotiated Pass-Through Agreements. Prior to 1994, under the Redevelopment Law, a redevelopment agency could enter into an agreement to pay tax increment revenues to any taxing agency that

has territory located within a redevelopment project in an amount which in the redevelopment agency's determination was appropriate to alleviate any financial burden or detriment caused by the redevelopment project. Such agreements normally provide for payment or pass-through of tax increment revenue directed to the affected taxing agency, and, therefore, are commonly referred to as pass-through agreements or tax sharing agreements. The Agency's agreements with affected taxing agencies are referred to herein as "Pass-Through Agreements." The Agency's Pass-Through Agreements are all payable on a subordinate basis to the Bonds. See the caption "SECURITY FOR THE BONDS—Tax Increment Financing" for additional discussion of the treatment of Pass-Through Agreements under the Dissolution Act.

Statutory Pass-Throughs. The payment of Statutory Pass-Through Amounts results from: (i) redevelopment plan amendments which add territory in existing project areas on or after January 1, 1994; and (ii) redevelopment plan amendments which eliminate one or more limitations within a redevelopment plan (such as the removal of the time limit on the establishment of loans, advances and indebtedness). The calculation of the amount due to affected taxing entities is described in Sections 33607.5 and 33607.7 of the Redevelopment Law. See the captions "THE PROJECT AREAS" and "SECURITY FOR THE BONDS—Tax Increment Financing" for further information regarding the applicability of the statutory pass-through provisions of the Redevelopment Law and the Dissolution Act to the Project Areas.

Recognized Obligation Payment Schedule. The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the 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. Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See the caption "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule" and "RISK FACTORS—Recognized Obligation Payment Schedule."

Unitary Property

Assembly Bill ("AB") 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with State fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modified Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. AB 454 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. AB 454 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 located. The intent of AB 2890 and AB 454 is to provide redevelopment agencies with their appropriate share of revenue generated from property assessed by the State Board of Equalization.

Tax Revenues from unitary property are assumed to remain at estimated Fiscal Year 2014-15 levels for nine years and to decrease thereafter as the Project Areas reach the last date to receive tax increment for purposes of gross tax increment projections in the Fiscal Consultant Report. See Tables 7 and 8 in Appendix A.

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

Article XIII A: (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 XIII A 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 XIII A. Proposition 58 amended Article XIII A to provide that the terms “purchase” and “change of ownership,” for the purposes of determining full cash value of property under Article XIII A, 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 XIII A may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIII A 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 XIII A 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 XIII B

On November 6, 1979, State voters approved Proposition 4 (also known as the Gann Initiative), which added Article XIII B to the State Constitution. Article XIII B 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 XIII B, 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 XIII B and has not adopted an appropriations limit.

Articles XIII C and XIII D 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 XIII C and XIII D 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

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 Prior Agency or the 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.

Redevelopment Time Limits

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: (i) the last date to incur debt for a redevelopment project; (ii) the last date to undertake redevelopment activity within a project area; and (iii) the last date to collect tax increment revenue from a project area to repay debt. Pursuant to AB 1290, which took effect on January 1, 1994, the City Council adopted ordinances amending the redevelopment plans in certain Project Areas to impose limits on plan activity therein, as well as a date past which tax increment revenue could not be collected. See the caption “THE PROJECT AREAS.”

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 prior to January 1, 1994. However, such elimination triggers statutory tax sharing with those taxing entities that do not have Pass-Through Agreements. [DISCUSS] [The City adopted an ordinance, pursuant to the authorization contained in SB 211, deleting the limit on the Agency’s authority to incur loans, advances and indebtedness with respect to the Project Areas.]

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 prior to the termination of the effectiveness of the plan.

Legislation passed in 2003 (SB 1045) and 2004 (SB 1096) required redevelopment agencies to remit moneys to the applicable county Educational Revenue Augmentation Fund (“ERAF”) and also permitted redevelopment agencies to extend their ability to collect tax increment by one year for each payment required by such legislation to be made in Fiscal Years 2003-04, 2004-05 and 2005-06. The extensions for Fiscal Years 2004-05 and 2005-06 apply only to redevelopment plans with existing limits on the effectiveness of the plan that are less than 20 years from the last day of the Fiscal Year in which the ERAF payment is made. [DISCUSS] [The City adopted ordinances, pursuant to the authorization granted in SB 1045 and SB 1096, extending the time limits on the effectiveness of the redevelopment plan and the receipt of the tax increment.] See the caption “THE PROJECT AREAS.”

Appeals of Assessed Values

Pursuant to 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 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 Table 5 in Appendix A for information regarding the appeals pending with respect to the Project Areas.

Proposition 8

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 pursuant to Proposition 8 may be initiated by the County Assessor or requested by the property owner, and such reductions apply only to a single tax year.

After a roll reduction is granted pursuant to Proposition 8, 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 XIII A 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 XIII A.

The County Assessor has the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of property affected by particular negative economic conditions. The Agency is aware that the County Assessor made such reductions to assessed values of residential and non-residential property in the Project Areas and the City generally in recent Fiscal Years, a portion of which reductions have now been restored. The County reduced assessed values of residential property pursuant to Proposition 8 by approximately \$148 million in Fiscal Year 2008-09 and approximately \$121 million in Fiscal Year 2009-10. Sales of residential property also decreased assessed values by approximately \$187 million in this period. The assessed value of non-residential property also declined in this period by approximately \$412 million as a result of assessment appeals or the County Assessor's evaluation that the market value of the property had declined. Sales of non-residential property also decreased assessed values by approximately \$196 million in this period. Approximately half of such non-residential property assessed value reductions occurred in the Merged Downtown Sacramento Redevelopment Project Area.

If all pending assessed valuation appeals in the Project Areas are granted and assessed valuations reduced by the historical average percentage (17%) reduction of the full amount that the appellants seek (approximately \$186.6 million), taxable values in the Project Areas would be reduced by approximately \$31.7 million. The Fiscal Consultant Report assumes such reductions in taxable values for the Fiscal Year 2016-17 tax roll.

Except for assumed reductions resulting from pending appeals, the Fiscal Consultant Report does not assume any additional future reductions in assessed valuations as a result of Proposition 8. However, there can be no assurance that such reductions will not be made in the future. The Agency does not believe that any such reductions will have a material adverse impact on Tax Revenues or the Agency's ability to pay debt service on the Bonds, and the Agency notes that approximately \$264 million in single-year Proposition 8 assessed valuation reductions were reversed by Fiscal Year 2014-15. However, additional reductions in assessed value due to current or future economic conditions in the Project Areas could impact the receipt of Tax Revenues as projected by the Fiscal Consultant. See the caption "THE PROJECT AREAS" for further information with respect to reductions in assessed value within the Project Areas in the last five Fiscal Years. See also Section E of Appendix A.

The vast majority of currently pending and closed appeals of assessed valuations are Proposition 8 appeals, which apply only to a single year. See Part E of Appendix A for further information with respect to Proposition 8 appeals.

Propositions 218 and 26

On November 5, 1996, State voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIC and XIID to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the "Supermajority Vote to Pass New Taxes and Fees Act." Proposition 26 amended Article XIIC of the State Constitution by adding an expansive definition for the term "tax," which previously was not defined under the State Constitution. Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and outside of the scope of taxes which are limited by Proposition 26.

Future Initiatives

Articles XIII A, XIII B, XIIC and Article XIID to the State Constitution and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

BOND INSURANCE

The information under this caption has been prepared by the Insurer for inclusion in this Official Statement. None of the Agency, the City or the Underwriters have reviewed this information, nor do the Agency, the City or the Underwriters make any representation with respect to the accuracy or completeness thereof.

[TO COME]

THE AGENCY

The Prior Agency was established by the City Council of the City and was activated by Ordinance No. 3320 adopted by the City Council on September 27, 1950 pursuant to the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted as Chapter 5, Statutes of 2011, together with a companion bill, AB X1 27. A lawsuit entitled *California Redevelopment Association, et al. v. Matosantos, et al.*, was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231 (December 29, 2011)), the State Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Prior Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

On January 31, 2012, pursuant to Resolution No. 2012-018 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the Successor Agency to the Redevelopment Agency of the City of Sacramento. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Agency is a separate public entity from the City, that the two entities shall not merge and that the liabilities of the Prior Agency will not be transferred to the City nor will the assets of the Prior Agency become assets of the City.

The Agency is governed by a nine-member Board of Directors (the "Board"), which consists of the Mayor and members of the City Council of the City of Sacramento. One Board seat is currently vacant. The Mayor acts as the Chair of the Board, the City Manager as its executive director, the City Clerk as its secretary and the Finance Director of the City its chief financial officer.

Agency Powers

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

Previously, Section 33675 of the Redevelopment Law required the Prior Agency to file with the County Auditor of a statement of indebtedness containing the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness of the Prior Agency which was payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Prior Agency could not exceed the amounts shown on the Prior Agency's statement of indebtedness. The Dissolution Act eliminates this requirement and provides that

the Recognized Obligation Payment Schedule supersedes the statement of indebtedness. See the caption “SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule.”

Due Diligence Reviews

[DISCUSS] [Pursuant to the requirements of the Dissolution Act, the Agency retained independent accountants to conduct two reviews, known as due diligence reviews (each, a “DDR”): one for the Housing Fund and the other for all of the other funds and accounts (the “Other Funds”). The purpose of the DDRs was to determine the unobligated balance (the “Unobligated Balance”), if any, of the Housing Fund and the Other Funds, as of June 30, 2012, so that such Unobligated Balance would be distributed to taxing agencies. Pursuant to the general procedure for determining the Unobligated Balance set forth in the Dissolution Act, legally restricted funds (including bond proceeds), the value of assets that are not cash or cash equivalents (such as land and equipment) and amounts that are needed to satisfy obligations listed on an approved Recognized Obligation Payment Schedule were excluded from the Unobligated Balance.

The Agency was required to submit each DDR, after review and approval by the Oversight Board, to the DOF. The DOF was authorized to modify the conclusions set forth in the DDR based on the DOF’s review. After receipt of the DOF’s determination letter, the Agency had one opportunity to request a meet and confer session with the DOF and present the Agency’s arguments regarding disputed items. Thereafter, the DOF issued its final determination letter, indicating the Unobligated Balance that the Agency must transmit to the County Auditor-Controller or risk possible penalties prescribed by the Dissolution Act. Such possible penalties include an offset against the City’s sales and use tax revenues or a reduction of the property tax allocations to the City.

[DISCUSS] [The Prior Agency’s operating budget for Fiscal Year 2011-12 was \$[] million, which included allocated costs for City [SHRA?] staff, related non-personnel expenses, and internal service costs related to the operations of the Prior Agency. Previously, the Prior Agency’s practice was to reimburse the City for these amounts annually with tax increment funds. The City historically loaned funds to the Prior Agency for various capital projects and land acquisitions. Several of these loans remain outstanding. The City believes such loans to be enforceable obligations (as described under the caption “SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule”) because each has a valid loan agreement executed prior to the enactment of the Dissolution Act.]

As of the date of this Official Statement, the City and the State disagree as to whether approximately \$[] million in loans between the City and the Prior Agency are enforceable obligations. In the event that the State’s position is accepted, AB 1484 (the “clean up” legislation approved to clarify certain provisions of the Dissolution Act) would require the Agency to pay 80% of the principal due on the outstanding loans, without interest. The remaining 20% of the principal due on the outstanding loans would be devoted to low and moderate income housing programs in accordance with the Dissolution Act. Whether or not the City’s loans to the Prior Agency are ultimately determined to be enforceable obligations of the Agency, all repayments, including those subject to appeal by the State, would be payable on a subordinate basis to the payment of debt service on the Bonds.

The DOF issued its final determination regarding the Agency’s DDR for the Housing Fund on ____ - __, 201__, having determined that the Agency’s Housing Fund Unobligated Balance available for distribution to the taxing agencies was \$ _____. The DOF issued its final determination regarding the DDR for the Other Funds on _____, 201__, having determined that the Agency’s Non-Housing Funds Unobligated Balance available for distribution to the taxing agencies was \$ _____. The Agency has remitted such sums to the County Auditor-Controller.

Because the Agency has made the remittances required by the DOF’s final determination concerning the DDRs, as well as certain other amounts previously required to be remitted pursuant to the Dissolution Act, the DOF issued a “Finding of Completion” to the Agency on _____, 201__. Upon receipt of such Finding of

Completion, the Agency is permitted to proceed with actions permitted under certain provisions of the Dissolution Act.

[DISCUSS ANY CURRENT DISPUTES WITH COUNTY/DOF]

THE PROJECT AREAS

General

The Prior Agency was established pursuant to the Redevelopment Law and was activated by Ordinance No. 3320 adopted by the City Council on September 27, 1950, at which time the City Council declared itself to be the governing board of the Prior Agency. The Prior Agency was charged with redeveloping and upgrading blighted areas of the City.

Under the Redevelopment Law, a city or county that activated a redevelopment agency was required to adopt, by ordinance, a redevelopment plan for each redevelopment project to be undertaken by the redevelopment agency. A redevelopment agency could only undertake those activities within a redevelopment project specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law, rather than a “plan” in the customary sense of the word.

As discussed under the caption “SECURITY FOR THE BONDS—Tax Increment Financing,” the Bonds are secured by Tax Revenues from all eleven Project Areas. A summary of the Project Areas is set forth below.

Table 1
REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
Project Area Summary

<i>Project Area</i>	<i>Acreage</i>	<i>Primary Land Use</i>	<i>Bonded Debt Limit</i>	<i>Percentage of Fiscal Year 2015-16 Tax Increment⁽¹⁾</i>
Merged Downtown	430	Commercial/Residential/Retail	\$886,000,000	54%
Alkali Flat	79	Residential/Commercial	24,000,000	2
Army Depot	2,817	Residential/Industrial/Commercial	167,000,000	7
Del Paso Heights	1,071	Residential	41,000,000	7
Franklin Boulevard	1,443	[]	43,000,000	3
North Sacramento	1,186	Residential	84,000,000	6
Oak Park	1,305	Residential	59,000,000	10
Railyards	298	Industrial	500,000,000	1
River District	1,368	Residential/Industrial/Commercial	187,000,000	4
65th Street	654	[]	50,000,000	3
Stockton Boulevard	<u>925</u>	Residential/Commercial	43,000,000	<u>4</u>
TOTAL	11,576			100%

⁽¹⁾ May not total 100% due to rounding.
Source: County Assessment Records; City.

Detailed information with respect to each Project Area is set forth below.

The assessed valuation of the Project Areas for the current Fiscal Year by land use category is set forth in the below table.

Table 2
REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
Assessed Valuations by Land Uses (Fiscal Year 2015-16)

<i>Category of Value</i>	<i>Number of Properties Levied</i>	<i>Total Value</i>	<i>Percentage of Total Value⁽²⁾</i>
Residential	18,101	\$2,344,524,408	34.13%
Commercial	1,292	2,865,667,759	41.72
Industrial	1,276	989,096,155	14.40
Vacant Land	1,894	178,158,447	2.59
Other	<u>1,459</u>	<u>71,034,363</u>	<u>1.03</u>
Total Secured	24,022	\$6,448,481,132	93.88%
Unsecured/State Assessed ⁽¹⁾	N/A	\$ 420,392,576	6.12%
Total		\$6,868,873,708	100.00%

⁽¹⁾ Non-unitary property assessed by the State Board of Equalization.

⁽²⁾ May not total 100.00% due to rounding.

Source: County Assessment Records; City.

Historical taxable values for the Project Areas as a whole for current and nine prior Fiscal Years are set forth in the below table.

Table 3
REDEVELOPMENT SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
Historical Taxable Value⁽¹⁾

<i>Fiscal Year</i>	<i>Total Taxable Value</i>	<i>Percentage Change</i>	<i>Total Incremental Value⁽²⁾</i>
2006-07	\$6,646,899,170	N/A	\$4,336,725,023
2007-08	7,148,614,081	7.55%	4,838,439,934
2008-09	7,653,409,878	7.06	5,343,235,731
2009-10	7,285,101,996	(4.81)	4,974,927,849
2010-11	6,964,569,563	(4.40)	4,654,395,416
2011-12	6,714,916,080	(3.58)	4,404,741,933
2012-13	6,566,869,296	(2.20)	4,256,695,149
2013-14	6,577,043,257	0.15	4,266,869,110
2014-15	6,686,411,280	1.66	4,376,237,133
2015-16	6,868,873,708	2.73	4,558,699,561
Total Percentage Change		3.34%	
Average Percentage Change		0.37	

⁽¹⁾ Excludes the taxable value of a portion of the Merged Downtown Redevelopment Project Area Capitol Mall Riverfront Redevelopment Project 4 (known as Project 4A – Amendment Area) that is below its base year value. See the caption “—The Merged Downtown Redevelopment Project Area.”

⁽²⁾ Taxable value above the base year value of \$2,310,174,147.

Source: Fiscal Consultant.

Historical taxable values for each Project Area for the last ten Fiscal Years are set forth in the below table.

Table 4
REDEVELOPMENT SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
Historical Taxable Value by Project Area

	<i>Fiscal Year</i>									
	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>
Downtown	\$2,098,062,349	\$2,248,630,514	\$ 2,352,309,671	\$2,724,520,711	\$2,874,251,821	\$2,666,198,815	\$2,574,741,285	\$2,505,229,443	\$ 2,435,070,345	\$2,483,683,285
Alkali Flat	110,626,514	120,268,346	127,360,715	131,165,855	137,146,006	132,508,704	124,884,594	124,425,632	116,351,073	123,837,503
Army Depot	500,194,428	1,018,952,618	1,158,029,453	1,147,565,656	973,270,741	963,224,814	942,703,962	923,746,374	990,183,171	1,019,364,358
Del Paso Heights	276,953,984	355,780,530	411,498,616	435,302,464	361,154,074	328,612,264	302,488,200	292,489,146	308,288,402	331,552,712
Franklin Boulevard	557,601,800	614,739,480	646,875,734	668,611,135	621,318,582	622,825,353	598,407,556	598,002,631	598,997,127	519,527,286
North Sacramento	509,849,546	566,435,427	615,331,838	650,265,307	600,575,803	601,046,056	565,314,506	549,216,540	537,973,493	552,990,477
Oak Park	461,611,124	570,417,558	638,672,007	632,594,860	500,004,339	462,761,088	446,277,937	446,341,143	484,303,210	494,431,996
Railyards	34,950,560	34,793,372	4,237,723	10,740,542	50,576,848	72,704,097	85,216,151	89,510,141	84,653,774	81,218,346
River District	422,798,786	430,159,531	443,484,218	483,934,701	504,520,444	451,786,057	440,053,362	434,824,014	410,426,572	443,897,499
65th Street	204,429,305	251,666,945	266,544,229	269,797,056	249,901,091	268,069,199	256,543,331	246,913,977	243,409,991	249,313,316
Stockton Boulevard	<u>389,535,443</u>	<u>435,054,849</u>	<u>484,269,877</u>	<u>498,911,591</u>	<u>412,382,247</u>	<u>394,833,116</u>	<u>378,285,196</u>	<u>356,170,255</u>	<u>367,386,099</u>	<u>386,594,502</u>
Grand Total	\$5,566,613,839	\$6,646,899,170	\$7,148,614,081	\$7,653,409,878	\$7,285,101,996	\$6,964,569,563	\$6,714,916,080	\$6,566,869,296	\$6,577,043,257	\$6,686,411,280
Annual Percent Change		19.41%	7.55%	7.06%	(4.81)%	(4.40)%	(3.58)%	(2.20)%	0.15%	1.66%

Source: Sacramento County Auditor-Controller.

Historical tax revenues for the Project Areas as a whole for Fiscal Years 2009-10 through 2014-15 are set forth in the below table.

Table 5
REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
Historical Tax Revenue

	<i>Fiscal Year</i>					
	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>
Tax Increment	\$ 48,838,333	\$ 42,028,691	\$ 40,995,178	\$ 39,851,438	\$ 40,652,599	\$ 40,300,124
Unitary	1,900,080	1,823,832	1,808,358	1,810,962	1,871,785	1,882,318
Supplemental	641,190	(356,461)	(138,976)	(216,822)	144,727	570,300
Interest / Other	<u>41,147</u>	<u>(36,557)</u>	<u>(5,008)</u>	<u>19,184</u>	<u>17,676</u>	<u>20,141</u>
Total ⁽¹⁾	51,420,750	43,459,505	42,659,552	41,464,762	42,686,787	42,772,873
Reductions for Liens ⁽²⁾ :						
Property Tax Administrative Charge	780,742	727,849	795,699	746,147	715,241	680,897
Statutory Tax Sharing Payments	<u>3,308,023</u>	<u>2,983,455</u>	<u>2,605,664</u>	<u>2,228,153</u>	<u>2,510,837</u>	<u>3,391,447</u>
Total Liens	4,088,765	3,711,304	3,401,363	2,974,300	3,226,078	4,072,344
Tax Revenue	47,331,985	39,748,201	39,258,189	38,490,462	39,460,709	38,700,539

⁽¹⁾ Reflects actual revenues as reported by the Agency and the County.

⁽²⁾ Excludes payments made under Senior Obligations. See the caption "SECURITY FOR THE BONDS—Senior Obligations."

Source: Fiscal Consultant.

The top ten taxpayers for all Project Areas in the current Fiscal Year are set forth in the below table.

Table 6
REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
Top Ten Taxpayers (Fiscal Year 2015-16)

<i>Assessee</i>	<i>Project</i>	<i>Type of Use</i>	<i>Secured Value⁽¹⁾</i>	<i>Unsecured Value⁽²⁾</i>	<i>Total</i>	<i>% of Total Value⁽¹⁾</i>	<i>% of Incremental Value⁽³⁾</i>
1) Hine Sacramento Wells Fargo Center	Downtown	Wells Fargo – Office	\$ 172,000,000	\$ 0	\$ 172,000,000	2.50%	3.77%
2) 621 Capitol Mall LLC	Downtown	High Rise Office	127,877,952	0	127,877,952	1.86	2.81
3) 500 Capitol Mall LLC	Downtown	High Rise Office	123,977,782	0	123,977,782	1.80	2.72
4) 300 Capitol Associates NF LP	Downtown	300 Capitol Mall – Office	102,000,000	0	102,000,000	1.48	2.24
5) CIM 980 9th Street Sacramento LP	Downtown	High Rise Office	100,959,001	50,657	101,009,658	1.47	2.22
6) CIM J Street Hotel Sacramento LP	Downtown	Sheraton Grand Hotel	94,246,182	29,126	94,275,308	1.37	2.07
7) Capitol Regency LLC	Downtown	Hyatt Hotel	75,226,201	0	75,226,201	1.10	1.65
8) California Almond Growers Exchange	River District	Blue Diamond Almond	74,123,680	124,354	74,248,034	1.08	1.63
9) GSA Sacramento California LLC	Downtown	High Rise Office	69,646,621	0	69,646,621	1.01	1.53
10) CA Association Hospitals Health Sys	Downtown	Esquire Plaza	<u>\$ 67,360,444</u>	<u>\$ 919,850</u>	<u>\$ 68,280,294</u>	<u>0.99</u>	<u>1.50</u>
Total Valuation of Top 10			\$1,007,417,863	\$ 1,123,987	\$ 1,008,541,850	14.68%	22.12%
Total Combined Project Values			\$6,454,326,790	\$414,546,918	\$ 6,868,873,708		

⁽¹⁾ Based on ownership of locally-assessed property.
⁽²⁾ Reflects Fiscal Year 2014-15 unsecured value.
⁽³⁾ Taxable value above the base year value of \$2,310,174,147.
Source: Fiscal Consultant.

As shown above, nine of the top ten taxpayers within the Project Areas are located in Merged Downtown.

Specific information about each Project Area and its redevelopment plan is set forth below.

The Merged Downtown Sacramento Redevelopment Project Area

General. The Merged Downtown Sacramento Redevelopment Project Area (“Merged Downtown”), which contains a total of approximately 430 acres located in the core of downtown Sacramento, is the result of a merger of four project areas in 1986: (i) Capitol Mall Project 2A, which was formed in 1955; (ii) Capitol Mall Extension Project 3, which was formed in 1960; (iii) Capitol Mall Riverfront Redevelopment Project 4, which was formed in 1966; and (iv) Uptown Development Redevelopment Project 8, which was formed in 1972. Merged Downtown is primarily composed of commercial office, residential and retail land uses.

Major landowners in Merged Downtown are show in Table 6 under the caption “—General.”

The land within Merged Downtown is substantially developed.

Redevelopment Plan; Redevelopment Plan Limitations.

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Merged Downtown. See the “Financial and Time Limits” set forth in Appendix A for detailed historical information with respect to the below limits.

**REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
MERGED DOWNTOWN REDEVELOPMENT PROJECT AREA
Plan Limits⁽¹⁾**

<i>Incur Debt</i>	<i>Plan Term</i>	<i>Receive Tax Increment</i>	<i>Tax Increment Limit⁽²⁾</i>	<i>Bonded Debt Limit</i>
Eliminated	01/01/2022 ⁽³⁾	01/01/2032 ⁽⁴⁾	\$2,278,000,000	\$886,000,000

⁽¹⁾ For more information regarding time limits applicable to redevelopment areas, see the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.”

⁽²⁾ The tax increment dollar limit shown applies to gross tax increment revenues.

⁽³⁾ 07/20/2025 for Uptown Development Redevelopment Project 8, which comprises approximately __% of the total acreage of Merged Downtown.

⁽⁴⁾ 07/20/2035 for Uptown Development Redevelopment Project 8, which comprises approximately __% of the total acreage of Merged Downtown.

Redevelopment Plan Limitations. The redevelopment plan for Merged Downtown establishes a gross tax increment limit of \$2,278,000,000. In addition, the redevelopment plan for Merged Downtown establishes the final date to collect Tax Revenues as January 1, 2032 for the Capitol Mall Project 2A, the Capitol Mall Extension Project 3 and the Capitol Mall Riverfront Redevelopment Project 4 (representing approximately __% of the total acreage of Merged Downtown) and July 20, 2035 for the Uptown Development Redevelopment Project 8. The Prior Agency and the Agency had cumulatively received approximately \$536,689,000 in gross tax increment as of June 30, 2015.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 2% per annum beginning in Fiscal Year 2015-16. However, if assessed values were to grow at a future rate of 12% per annum, Merged Downtown would reach the cumulative tax increment limit in Fiscal Year 2035-36. Between Fiscal Years 2006-07 and 2014-15, assessed values in Merged Downtown grew by an average of approximately 1.25% per annum.

Tax Sharing Obligations.

No Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to Merged Downtown.

Statutory Pass-Through Amounts. All areas of Merged Downtown are subject to statutory tax sharing under AB 1290. See the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.” [DISCUSS] [The Agency has completed proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds.] See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs.”

The Alkali Flat Redevelopment Project Area

General. The Alkali Flat Redevelopment Project Area (“Alkali Flat”), which contains a total of approximately 79 acres, was originally formed in 1972 and is primarily composed of a mix of residential and commercial land uses. [Description of general location].

Major landowners in Alkali Flat include Hearst-Argyle Stations (a broadcasting company that represents approximately 16% of the total assessed valuation in Alkali Flat) and City Park Apartment Homes (a multifamily residential complex which represents approximately 14% of total assessed valuation in Alkali Flat).

The land within Alkali Flat is substantially developed.

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Alkali Flat. See the “Financial and Time Limits” set forth in Appendix A for detailed historical information with respect to the below limits.

**REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
ALKALI FLAT REDEVELOPMENT PROJECT AREA
Plan Limits⁽¹⁾**

<i>Incur Debt</i>	<i>Plan Term</i>	<i>Receive Tax Increment</i>	<i>Tax Increment Limit⁽²⁾</i>	<i>Bonded Debt Limit</i>
02/09/2012	02/09/2015	02/09/2025	\$79,000,000	\$24,000,000

⁽¹⁾ For more information regarding time limits applicable to redevelopment areas, see the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.”

⁽²⁾ The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for Alkali Flat establishes a gross tax increment limit of \$79,000,000. In addition, the redevelopment plan for Alkali Flat establishes the final date to collect Tax Revenues as February 9, 2025. The Prior Agency and the Agency had cumulatively received approximately \$26,807,000 in gross tax increment as of June 30, 2015.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 2% per annum beginning in Fiscal Year 2015-16. However, if assessed values were to grow at a future rate of 40% per annum, Alkali Flat would reach the cumulative tax increment limit in Fiscal Year 2024-25. Between Fiscal Years 2006-07 and 2014-15, assessed values in Alkali Flat grew by an average of approximately 0.37% per annum.

Tax Sharing Obligations.

No Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to Alkali Flat.

Statutory Pass-Through Amounts. Alkali Flat is subject to statutory tax sharing under AB 1290. See the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.” [DISCUSS] [The Agency has completed proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds.] See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs.”

The Army Depot Redevelopment Project Area

General. The Army Depot Redevelopment Project Area (“Army Depot”), which contains a total of approximately 2,817 acres, was originally formed in 1995 and is composed of a mix of residential, commercial and industrial land uses. [Description of general location]. Army Depot consists of an original area of 1,290 acres formed in 1995 and an amendment area of 1,527 acres formed in 2004. Army Depot is primarily composed of commercial land uses.

Major landowners in Army Depot include R/G Hayward LLC (a commercial entity that represents approximately 1.6% of the total assessed valuation of Army Depot) and Engineered Polymer Solutions Inc. (an industrial entity that represents approximately 1.5% of the total assessed valuation of Army Depot).

[The land within Army Depot is substantially developed.]

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Army Depot. See the “Financial and Time Limits” set forth in Appendix A for detailed historical information with respect to the below limits.

**REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
ARMY DEPOT REDEVELOPMENT PROJECT AREA
Plan Limits⁽¹⁾**

<i>Incur Debt</i>	<i>Plan Term</i>	<i>Receive Tax Increment</i>	<i>Tax Increment Limit⁽²⁾</i>	<i>Bonded Debt Limit</i>
06/15/2015 ⁽³⁾	06/15/2026 ⁽⁴⁾	06/15/2041 ⁽⁵⁾	None	\$167,000,000

⁽¹⁾ For more information regarding time limits applicable to redevelopment areas, see the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.”

⁽²⁾ The tax increment dollar limit shown applies to gross tax increment revenues.

⁽³⁾ 06/29/2024 for Army Depot amendment area, which comprises approximately 54% of the total acreage of Army Depot.

⁽⁴⁾ 06/29/2034 for Army Depot amendment area, which comprises approximately 54% of the total acreage of Army Depot.

⁽⁵⁾ 06/29/2049 for Army Depot amendment area, which comprises approximately 54% of the total acreage of Army Depot.

Redevelopment Plan Limitations. The redevelopment plan for Army Depot is not subject to a cumulative tax increment limit.

Tax Sharing Obligations.

No Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to Army Depot.

Statutory Pass-Through Amounts. All areas of Army Depot are subject to statutory tax sharing under AB 1290. See the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment

Time Limits.” [DISCUSS] [The Agency has completed proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds. See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs.”]

The Del Paso Heights Redevelopment Project Area

General. The Del Paso Heights Redevelopment Project Area (“Del Paso Heights”), which contains a total of approximately 1,071 acres, was originally formed in 1970 and is primarily composed of residential land uses. [Description of general location].

Major landowners in Del Paso Heights include the Greater Sacramento Urban League (a social organization representing approximately 2% of the total assessed valuation of Del Paso Heights) and Research Properties (a commercial entity representing approximately 1.75% of the total assessed valuation of Del Paso Heights).

[The land within Del Paso Heights is substantially developed.]

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Del Paso Heights. See the “Financial and Time Limits” set forth in Appendix A for detailed historical information with respect to the below limits.

**REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
DEL PASO HEIGHTS REDEVELOPMENT PROJECT AREA
Plan Limits⁽¹⁾**

<i>Incur Debt</i>	<i>Plan Term</i>	<i>Receive Tax Increment</i>	<i>Tax Increment Limit⁽²⁾</i>	<i>Bonded Debt Limit</i>
05/11/2010	05/22/2023	05/11/2033	\$131,000,000	\$41,000,000

⁽¹⁾ For more information regarding time limits applicable to redevelopment areas, see the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.”

⁽²⁾ The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for Del Paso Heights establishes a gross tax increment limit of \$131,000,000. In addition, the redevelopment plan for Del Paso Heights establishes the final date to collect Tax Revenues as May 11, 2033. The Prior Agency and the Agency had cumulatively received approximately \$55,735,000 in gross tax increment as of June 30, 2015.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 2% per annum beginning in Fiscal Year 2015-16. However, if assessed values were to grow at a future rate of 5% per annum, Del Paso Heights would reach the cumulative tax increment limit in Fiscal Year 2032-33. Between Fiscal Years 2006-07 and 2014-15, assessed values in Del Paso Heights declined by an average of approximately 1% per annum.

Tax Sharing Obligations.

Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to Del Paso Heights.

Statutory Pass-Through Amounts. All areas of Del Paso Heights are subject to statutory tax sharing under AB 1290. See the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.” [DISCUSS] [The Agency has completed proceedings for the subordination of the Statutory

Pass-Through payments to the payment of debt service on the Bonds.] See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs.”

The Franklin Boulevard Redevelopment Project Area

General. The Franklin Boulevard Redevelopment Project Area (“Franklin Boulevard”), which contains a total of approximately 1,443 acres, was originally formed in 1993 and is primarily composed of [] land uses. [Description of general location].

Major landowners in Franklin Boulevard include 6200 Franklin LLC (a _____ that represents approximately 7.7% of the total assessed valuation of Franklin Boulevard) and Western Village LP (a _____ that represents approximately 1.6% of the total assessed valuation of Franklin Boulevard).

The land within Franklin Boulevard is substantially developed.

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Franklin Boulevard. See the “Financial and Time Limits” set forth in Appendix A for detailed historical information with respect to the below limits.

**REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
FRANKLIN BOULEVARD REDEVELOPMENT PROJECT AREA
Plan Limits⁽¹⁾**

<i>Incur Debt</i>	<i>Plan Term</i>	<i>Receive Tax Increment</i>	<i>Tax Increment Limit⁽²⁾</i>	<i>Bonded Debt Limit</i>
None	12/13/2028	12/13/2038	\$201,000,000	\$43,000,000

⁽¹⁾ For more information regarding time limits applicable to redevelopment areas, see the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.”

⁽²⁾ The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for Franklin Boulevard establishes a gross tax increment limit of \$201,000,000. In addition, the redevelopment plan for Franklin Boulevard establishes the final date to collect Tax Revenues as December 13, 2038. The Prior Agency and the Agency had cumulatively received approximately \$30,352,000 in gross tax increment as of June 30, 2015.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 2% per annum beginning in Fiscal Year 2015-16. However, if assessed values were to grow at a future rate of 8% per annum, Franklin Boulevard would reach the cumulative tax increment limit in Fiscal Year 2035-36. Between Fiscal Years 2006-07 and 2014-15, assessed values in Franklin Boulevard declined by an average of approximately 2% per annum.

Tax Sharing Obligations.

Pass-Through Agreements. The Prior Agency is a party to the following negotiated Pass-Through Agreements with respect to Franklin Boulevard: (i) a 1993 agreement with the Sacramento Yolo Mosquito and Vector Control District and the Redevelopment Agency of the County of Sacramento; (ii) a 1993 agreement with the Southgate Recreation and Park District and the Redevelopment Agency of the County of Sacramento (the “County RDA”); (iii) an agreement dated December 21, 1993 with the Los Rios Community College District and the County RDA; (iv) an agreement dated December 21, 1993 with the Sacramento City Unified School and County RDA; and (v) an agreement dated December 21, 1993 with the Sacramento County Office of Education and the County RDA. All obligations under the Prior Agency’s

negotiated Pass-Through Agreements applicable to Franklin Boulevard are payable on a subordinate basis to the Bonds.

Statutory Pass-Through Amounts. All areas of Franklin Boulevard are subject to statutory tax sharing under AB 1290. See the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.” [DISCUSS] [The Agency has completed proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds.] See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs.”

The North Sacramento Redevelopment Project Area

General. The North Sacramento Redevelopment Project Area (“North Sacramento”), which contains a total of approximately 1,186 acres, was originally formed in 1992 and is primarily composed of residential land uses, with small amounts of commercial and industrial development. [Description of general location].

Major landowners in North Sacramento include Westcore Delta LLC (a ___ representing approximately 6.5% of the total assessed valuation of North Sacramento and Seven Up Bottling Company, which represents approximately 6% of the total assessed valuation of North Sacramento.

The land within North Sacramento is substantially developed.

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to North Sacramento. See the “Financial and Time Limits” set forth in Appendix A for detailed historical information with respect to the below limits.

**REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
NORTH SACRAMENTO REDEVELOPMENT PROJECT AREA
Plan Limits⁽¹⁾**

<i>Incur Debt</i>	<i>Plan Term</i>	<i>Receive Tax Increment</i>	<i>Tax Increment Limit⁽²⁾</i>	<i>Bonded Debt Limit</i>
06/30/2012	06/30/2028	06/30/2038	\$268,000,000	\$84,000,000

⁽¹⁾ For more information regarding time limits applicable to redevelopment areas, see the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.”

⁽²⁾ The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for North Sacramento establishes a gross tax increment limit of \$268,000,000. In addition, the redevelopment plan for North Sacramento establishes the final date to collect Tax Revenues as June 30, 2038. The Prior Agency and the Agency had cumulatively received approximately \$33,862,000 in gross tax increment as of June 30, 2015.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 2% per annum beginning in Fiscal Year 2015-16. However, if assessed values were to grow at a future rate of 9% per annum, North Sacramento would reach the cumulative tax increment limit in Fiscal Year 2035-36. Between Fiscal Years 2006-07 and 2014-15, assessed values in North Sacramento declined by an average of approximately 0.3% per annum.

Tax Sharing Obligations.

Pass-Through Agreements. The Prior Agency is a party to the following negotiated Pass-Through Agreements with respect to North Sacramento: (i) an agreement dated June 16, 1992 with the Sacramento Yolo Mosquito and Vector Control District; (ii) an agreement dated December 16, 1993 with the

Sacramento County Superintendent of Schools; (iii) an agreement dated December 17, 1993 with the North Sacramento Elementary School District; (iv) an agreement dated December 17, 1993 with the Los Rios Community College District; and (v) an agreement dated December 20, 1993 with the Grant Joint Union High School District. All obligations under the Prior Agency’s negotiated Pass-Through Agreements applicable to North Sacramento are payable on a subordinate basis to the Bonds.

Statutory Pass-Through Amounts. All areas of North Sacramento are subject to statutory tax sharing under AB 1290. See the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.” [DISCUSS] [The Agency has completed proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds.] See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs.”

The Oak Park Redevelopment Project Area

General. The Oak Park Redevelopment Project Area (“Oak Park”), which contains a total of approximately 1,305 acres, was originally formed in 1973 and is primarily composed of residential land uses, with a small amount of commercial land uses. [Description of general location].

Major landowners in Oak Park include Rainbow Baking Company of Sacramento Valley, representing approximately 5.6% of the total assessed valuation of Oak Park, and Regents University, representing approximately 2% of the total assessed valuation of Oak Park.

The land within Oak Park is substantially developed.

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Oak Park. See the “Financial and Time Limits” set forth in Appendix A for detailed historical information with respect to the below limits.

**REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
OAK PARK REDEVELOPMENT PROJECT AREA
Plan Limits⁽¹⁾**

<i>Incur Debt</i>	<i>Plan Term</i>	<i>Receive Tax Increment</i>	<i>Tax Increment Limit⁽²⁾</i>	<i>Bonded Debt Limit</i>
05/30/2013	05/30/2016	05/30/2026	\$172,000,000	\$59,000,000

⁽¹⁾ For more information regarding time limits applicable to redevelopment areas, see the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.”

⁽²⁾ The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for Oak Park establishes a gross tax increment limit of \$172,000,000. In addition, the redevelopment plan for Oak Park establishes the final date to collect Tax Revenues as May 30, 2026. The Prior Agency and the Agency had cumulatively received approximately \$83,541,000 in gross tax increment as of June 30, 2015.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 2% per annum beginning in Fiscal Year 2015-16. However, if assessed values were to grow at a future rate of 13% per annum, Oak Park would reach the cumulative tax increment limit in Fiscal Year 2025-26. Between Fiscal Years 2006-07 and 2014-15, assessed values in Oak Park declined by an average of approximately 1.7% per annum.

Tax Sharing Obligations.

No Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to Oak Park.

Statutory Pass-Through Amounts. All areas of Oak Park are subject to statutory tax sharing under AB 1290. See the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.” [DISCUSS] [The Agency has completed proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds.] See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs.”

The Railyards Redevelopment Project Area

General. The Railyards Redevelopment Project Area (“Railyards”), which contains a total of approximately 298 acres, was originally formed in 2008. Railyards was originally part of the River District Redevelopment Project Area (discussed below under the caption “—The River District Redevelopment Project Area”), but was established as a separate redevelopment project area in 2008 in order to [____]. Railyards is primarily composed of land that was the site of a former Union Pacific railyard. The Project Area includes industrial buildings that were previously used for rail operations, and vacant land. The site contained significant amounts of toxic materials that have since been remediated. See the caption “RISK FACTORS—Hazardous Substances” for a discussion of the risks associated with the presence of toxins on a Project Area site. [Description of general location].

Major landowners in Railyards include Sacramento Development LLC (a ____ representing approximately 39% of the total assessed valuation of Railyards) and CCAA Partners LLC (a ____ representing approximately 14% of the total assessed valuation of Railyards).

The land within Railyards is substantially developed.

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Railyards. See the “Financial and Time Limits” set forth in Appendix A for detailed historical information with respect to the below limits.

**REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
RAILYARDS REDEVELOPMENT PROJECT AREA
Plan Limits⁽¹⁾**

<i>Incur Debt</i>	<i>Plan Term</i>	<i>Receive Tax Increment</i>	<i>Tax Increment Limit⁽²⁾</i>	<i>Bonded Debt Limit</i>
0513/2028	05/13/2038	05/13/2053	None	\$500,000,000

⁽¹⁾ For more information regarding time limits applicable to redevelopment areas, see the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.”

⁽²⁾ The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for Railyards is not subject to a cumulative tax increment limit.

Tax Sharing Obligations.

No Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to Railyards.

Statutory Pass-Through Amounts. All areas of Railyards are subject to statutory tax sharing under AB 1290. See the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.” [DISCUSS] [The Agency has completed proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds.] See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs.”

The River District Redevelopment Project Area

General. The River District Redevelopment Project Area (“River District”), which contains a total of approximately 1,368 acres, was originally formed in 1990 and is primarily composed of a mix of residential, commercial and industrial land uses. In 2008, a portion of River District was reconstituted as a separate redevelopment project area. See the caption “—The Railyards Redevelopment Project Area.” [Description of general location].

River District was previously known as the Richards Redevelopment Project Area. River District consists of an original area of ___ acres formed in 1990 and an amendment area of ___ acres formed in 1996. River District is primarily composed of [commercial] land uses.

Major landowners in River District include California Almond Growers (described in Table 6 under the caption “—General”) and Grove River District LLC (a ___ representing approximately 8% of the total assessed valuation of River District.

[The land within River District is substantially developed.]

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to River District. See the “Financial and Time Limits” set forth in Appendix A for detailed historical information with respect to the below limits.

**REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
RIVER DISTRICT REDEVELOPMENT PROJECT AREA
Plan Limits⁽¹⁾**

<i>Incur Debt</i>	<i>Plan Term</i>	<i>Receive Tax Increment</i>	<i>Tax Increment Limit⁽²⁾</i>	<i>Bonded Debt Limit</i>
None ⁽³⁾	07/17/2026 ⁽⁴⁾	07/30/2036 ⁽⁵⁾	\$535,000,000 ⁽⁶⁾	\$187,000,000

⁽¹⁾ For more information regarding time limits applicable to redevelopment areas, see the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.”

⁽²⁾ The tax increment dollar limit shown applies to gross tax increment revenues.

⁽³⁾ 07/02/2016 for River District amendment area, which comprises approximately ___% of the total acreage of River District.

⁽⁴⁾ 07/02/2026 for River District amendment area, which comprises approximately ___% of the total acreage of River District.

⁽⁵⁾ 07/02/2041 for River District amendment area, which comprises approximately ___% of the total acreage of River District.

⁽⁶⁾ Not applicable to River District amendment area.

Redevelopment Plan Limitations. The redevelopment plan for River District establishes a gross tax increment limit of \$535,000,000. In addition, the redevelopment plan for River District establishes the final date to collect Tax Revenues as July 30, 2036 for the original area and July 2, 2041 for the amendment area. The Prior Agency and the Agency had cumulatively received approximately \$15,828,000 in gross tax increment as of June 30, 2015.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 2% per annum beginning in Fiscal Year 2015-16. However, if assessed values were to grow at a future rate of 13% per annum, River District would reach the cumulative tax increment limit in

Fiscal Year 2035-36. Between Fiscal Years 2006-07 and 2014-15, assessed values in River District grew by an average of approximately 0.39% per annum.

Tax Sharing Obligations.

Pass-Through Agreements. The Prior Agency is a party to the following negotiated Pass-Through Agreement with respect to River District: an agreement dated October 5, 1993 with the North Sacramento School District, the Grant Joint Union High School District, the Sacramento City Unified School District, the Los Rios Community College District and the Sacramento County Superintendent of Schools. All obligations under the Prior Agency’s negotiated Pass-Through Agreement applicable to River District are payable on a subordinate basis to the Bonds.

Statutory Pass-Through Amounts. All areas of River District are subject to statutory tax sharing under AB 1290. See the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.” [DISCUSS] [The Agency has completed proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds.] See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs.”

The 65th Street Redevelopment Project Area

General. The 65th Street Redevelopment Project Area (“65th Street”), which contains a total of approximately 654 acres, was originally formed in 2004 and is primarily composed of [] land uses. [Description of general location].

Major landowners in 65th Street include HRA Element LLC (a _____ representing approximately 15% of the total assessed valuation of 65th Street) and Target Corporation, representing approximately 11% of the total assessed valuation of 65th Street.

[The land within 65th Street is substantially developed.]

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to 65th Street. See the “Financial and Time Limits” set forth in Appendix A for detailed historical information with respect to the below limits.

**REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
65TH STREET REDEVELOPMENT PROJECT AREA
Plan Limits⁽¹⁾**

<i>Incur Debt</i>	<i>Plan Term</i>	<i>Receive Tax Increment</i>	<i>Tax Increment Limit⁽²⁾</i>	<i>Bonded Debt Limit</i>
06/29/2024	06/29/2034	06/29/2049	None	\$50,000,000

⁽¹⁾ For more information regarding time limits applicable to redevelopment areas, see the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.”

⁽²⁾ The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for 65th Street is not subject to a cumulative tax increment limit.

Tax Sharing Obligations.

No Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to 65th Street.

Statutory Pass-Through Amounts. 65th Street is subject to statutory tax sharing under AB 1290. See the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.” [DISCUSS] [The Agency has completed proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds. See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs.”]

The Stockton Boulevard Redevelopment Project Area

General. The Stockton Boulevard Redevelopment Project Area (“Stockton Boulevard”), which contains a total of approximately 925 acres, was originally formed in 1994 and is primarily composed of residential land uses, with areas of commercial development along major streets. [Description of Joint City/County Area] [Description of general location].

Major landowners in Stockton Boulevard include Stockton Plaza Partners (a ____ representing approximately 3% of the total assessed valuation of Stockton Boulevard) and EKG Investors (a ____ representing approximately 3% of the total assessed valuation of Stockton Boulevard).

[The land within Stockton Boulevard is substantially developed.]

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Stockton Boulevard. See the “Financial and Time Limits” set forth in Appendix A for detailed historical information with respect to the below limits.

**REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
STOCKTON BOULEVARD REDEVELOPMENT PROJECT AREA
Plan Limits⁽¹⁾**

<i>Incur Debt</i>	<i>Plan Term</i>	<i>Receive Tax Increment</i>	<i>Tax Increment Limit⁽²⁾</i>	<i>Bonded Debt Limit</i>
06/05/2014	06/15/2027	06/15/2042	None	\$43,000,000

⁽¹⁾ For more information regarding time limits applicable to redevelopment areas, see the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.”
⁽²⁾ The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for Stockton Boulevard is not subject to a cumulative tax increment limit.

Tax Sharing Obligations.

No Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to Stockton Boulevard.

Statutory Pass-Through Amounts. Stockton Boulevard is subject to statutory tax sharing under AB 1290. See the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits.” [DISCUSS] [The Agency has completed proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds. See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs.”]

TAX REVENUES

Tax Revenues are to be deposited in the Redevelopment Obligation Retirement Fund, and thereafter and after transfers have been made by the Agency to the Tax Increment Fund, administered by the Trustee and applied to the payment of the principal of and interest on the Bonds.

Projected Tax Revenues and Debt Service Coverage

The Agency has retained the Fiscal Consultant to provide projections of taxable valuation and Tax Revenues from developments in the Project Areas. The below projections reflect the existing redevelopment plan limitations for the Project Areas described under the caption “THE PROJECT AREAS.” Table 8 below assumes approximately 2% growth per annum in tax increment revenues beginning in Fiscal Year 2016-17 through the maturity of the Bonds.

Growth has also been assumed for new development activity that is currently under construction and recent changes of ownership. Current development activity includes a new entertainment and sports complex under construction in Merged Downtown. The complex will consist of a 779,000 square foot, 17,500 seat capacity indoor arena and practice court facility that will house the Sacramento Kings basketball franchise. The complex is scheduled to open in September 2016. See Section F of Appendix A for further information with respect to the complex and other development activity. See also the caption “RISK FACTORS—Development Risks” for a discussion of the risks associated with new developments.

At assumed growth rates of 2% per annum, none of the Project Areas are projected to reach their cumulative tax increment limits prior to maturity of the Bonds. However, the time limits to receive tax increment revenues will elapse prior to the maturity of the Bonds for certain Project Areas or sub-areas. See the caption “THE PROJECT AREAS.”

The Agency believes that the assumptions (set forth in the footnotes below and in Appendix A) upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur. See the caption “RISK FACTORS.” Therefore, the actual Tax Revenues received during the forecast period may vary from the projections and the variations may be material. A summary of the projected total taxable valuation and Tax Revenues for all Project Areas is set forth in the below table:

Table 7
REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
Estimated Fiscal Year 2015-16 Tax Increment⁽¹⁾

	<i>Merged Downtown</i>	<i>Alkali Flat</i>	<i>Army Depot</i>	<i>Del Paso Heights</i>	<i>Franklin Boulevard</i>	<i>North Sacramento</i>	<i>Oak Park</i>	<i>Railyards</i>	<i>River District</i>	<i>65th Street</i>	<i>Stockton Boulevard</i>	<i>Total</i>
Secured												
Land and Improvements	\$ 2,474,529,234	\$ 150,217,592	\$ 925,168,714	\$ 360,233,193	\$ 519,713,489	\$ 548,865,140	\$ 800,816,848	\$ 71,307,350	\$ 400,457,690	\$ 318,285,285	\$ 443,524,698	\$ 7,013,119,233
Personal Property	28,792,520	3,198,993	3,614,567	377,412	2,331,063	10,351,571	145,247	0	20,933,603	8,495,855	453,978	78,694,809
Gross Secured	2,503,321,754	153,416,585	928,783,281	360,610,605	522,044,552	559,216,711	800,962,095	71,307,350	421,391,293	326,781,140	443,978,676	7,091,814,042
Less: Exemptions	63,103,815	29,920,591	18,553,381	37,652,741	42,108,251	32,761,498	291,553,261	3,391,900	\$10,846,988	58,076,597	55,363,887	643,332,910
Total Secured	2,440,217,939	123,495,994	910,229,900	322,957,864	479,936,301	526,455,213	509,408,834	67,915,450	410,544,305	268,704,543	388,614,789	6,448,481,132
SBE Total Value	73,348	0	942,865	1,392	0	0	0	0	4,779,048	49,005	0	5,845,658
Unsecured												
Land and Improvements	52,676,799	1,634,636	63,825,488	1,598,922	17,170,742	13,207,490	29,004,645	7,685,175	21,701,177	6,352,462	7,904,566	222,762,102
Personal Property	77,485,173	1,565,035	46,265,770	11,070,757	15,493,527	23,024,782	28,108,851	4,350,288	16,054,182	11,585,117	8,542,160	243,545,642
Gross Unsecured	130,161,972	3,199,671	110,091,258	12,669,679	32,664,269	36,232,272	57,113,496	12,035,463	37,755,359	17,937,579	16,446,726	466,307,744
Less: Exemptions	6,666,568	456,378	1,517,166	100,339	2,195,179	354,452	33,636,956	574,149	1,128,651	4,200,995	929,993	51,760,826
Total Unsecured	123,495,404	2,743,293	108,574,092	12,569,340	30,469,090	35,877,820	23,476,540	10,906,812	37,181,210	13,736,584	15,516,733	414,546,918
Total Values⁽²⁾	\$ 2,563,786,691	\$ 126,239,287	\$ 1,019,746,857	\$ 335,528,596	\$ 510,405,391	\$ 562,333,033	\$ 532,885,374	\$ 78,822,262	\$ 452,504,563	\$ 282,490,132	\$ 404,131,522	\$ 6,868,873,708
Less: Base Year Value	190,821,456	13,594,172	669,726,850	27,058,638	354,324,447	290,861,186	60,326,228	54,805,723	281,976,802	151,473,728	215,204,917	2,310,174,147
Incremental Value	\$ 2,372,965,235	\$ 112,645,115	\$ 350,020,007	\$ 308,469,958	\$ 156,080,944	\$ 271,471,847	\$ 472,559,146	\$ 24,016,539	\$ 170,527,761	\$ 131,016,404	\$ 188,926,605	\$ 4,558,699,561
Tax Increment Revenue ⁽³⁾	23,729,652	1,126,451	3,500,200	3,084,700	1,559,020	2,714,718	4,725,591	240,165	1,705,278	1,310,164	1,889,266	45,585,207
Unitary Revenue ⁽⁴⁾	1,693,729	23,331	4,915	36,373	6,769	7,070	75,865	0	3,530	1,490	4,205	1,857,277
Total Tax Increment Revenues	\$ 25,423,381	\$ 1,149,782	\$ 3,505,115	\$ 3,121,073	\$ 1,565,789	\$ 2,721,788	\$ 4,801,456	\$ 240,165	\$ 1,708,808	\$ 1,311,654	\$ 1,893,471	\$ 47,442,484
% of Total	54%	2%	7%	7%	3%	6%	10%	1%	4%	3%	4%	100%
Adjustments / Liens on Revenue												
Property Tax Administrative Charge ⁽⁵⁾	361,666	16,357	49,862	44,399	13,253	38,719	68,304	3,416	24,399	18,659	26,936	665,971
Estimated Refunds	367,000	0	0	0	0	104,000	0	0	0	74,663	0	545,663
Statutory Tax Sharing Payments ⁽⁶⁾	1,520,009	56,056	701,023	388,628	0	0	587,590	47,350	161,057	262,331	407,886	4,131,929
Existing Obligations												13,058,655
Other Senior Obligations	312,942	460,033	0	307,344	0	0	0	0	0	0	0	1,080,319
Tax Revenues	\$ 22,861,764	\$ 617,337	\$ 2,754,230	\$ 2,380,701	\$ 1,552,536	\$ 2,579,069	\$ 4,145,563	\$ 189,399	\$ 1,523,352	\$ 956,001	\$ 1,458,649	\$ 27,959,946

(1) Based on taxable value information in County records.

(2) Excludes the taxable value of a portion of the Merged Downtown Redevelopment Project Area Capitol Mall Riverfront Redevelopment Project 4 (known as Project 4A – Amendment Area) that is below its base year value. See the caption “THE PROJECT AREAS—The Merged Downtown Redevelopment Project Area.”

(3) Calculated based on the application of the 1% *ad valorem* tax rate. See the caption “PROPERTY TAXATION IN CALIFORNIA—Article XIII A of the State Constitution.”

(4) Based on estimated Fiscal Year 2014-15 unitary revenue provided by the County.

(5) Estimated at 1.42% of total Tax Revenues. See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs.”

(6) Reflects Statutory Pass-Through Amounts. See the caption “SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing.”

Source: Fiscal Consultant.

Table 8
REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
Projected Tax Increment Revenues (2% Growth Assumption)
(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Real Property</i> ⁽¹⁾	<i>New Development</i> ⁽²⁾	<i>Other Property</i> ⁽³⁾	<i>Total Value</i>	<i>Incremental Value Over Base</i>	<i>Tax Increment</i> ⁽⁴⁾	<i>Unitary Revenue</i> ⁽⁵⁾	<i>Total Tax Increment Revenue</i>	<i>Property Tax Administrative Fee</i> ⁽⁶⁾	<i>Estimated Refunds</i>	<i>Statutory Pass-Through Amounts</i> ⁽⁷⁾	<i>Senior Bond Debt Service</i> ^{(8)*}	<i>Other Senior Obligations</i> ⁽⁹⁾	<i>Tax Revenues</i> [*]
2015-16	\$ 6,592,548	\$ N/A	\$276,325	\$6,868,874	\$4,558,521	\$ 45,585	\$ 1,857	\$ 47,442	\$ 666	\$ 546	\$ 4,132	\$ 13,059	\$ 1,080	\$ 27,960
2016-17	6,680,699	253,166	276,325	6,957,024	4,899,837	48,998	1,857	50,856	714	0	5,286	13,059	1,037	30,759
2017-18	7,038,338	230,931	276,325	7,314,664	5,235,241	52,352	1,857	54,210	762	0	6,484	1,688	1,042	44,234
2018-19	7,414,654	0	276,325	7,690,980	5,380,627	53,806	1,857	55,664	782	0	6,923	11,707	945	35,307
2019-20	7,562,948	0	276,325	7,839,273	5,528,920	55,289	1,857	57,146	802	0	7,391	1,945	948	46,059
2020-21	7,714,207	0	276,325	7,990,532	5,680,179	56,802	1,857	58,659	823	0	7,869	19,397	953	29,618
2021-22	7,868,491	0	276,325	8,144,816	5,834,463	58,345	1,857	60,202	845	0	8,364	19,553	957	30,483
2022-23	8,025,860	0	276,325	8,302,186	5,991,833	59,918	1,857	61,776	866	0	8,870	18,629	961	32,449
2023-24	8,186,378	0	276,325	8,462,703	6,152,350	61,523	1,857	63,381	889	0	9,419	18,379	966	33,728
2024-25 ⁽¹⁰⁾	8,207,733	0	272,018	8,479,750	6,182,991	61,830	1,834	63,664	892	0	9,866	20,688	487	31,731
2025-26 ⁽¹⁰⁾	7,730,318	0	277,400	8,007,719	5,771,286	57,713	1,758	59,471	832	0	9,480	18,379	313	30,467
2026-27	7,884,925	0	277,400	8,162,325	5,925,893	59,259	1,758	61,017	853	0	10,032	18,383	313	31,436
2027-28	8,042,623	0	277,400	8,320,024	6,083,591	60,836	1,758	62,594	875	0	10,594	18,380	313	32,432
2028-29	8,203,476	0	277,400	8,480,876	6,244,444	62,444	1,758	64,203	897	0	11,171	18,380	313	33,441
2029-30	8,367,545	0	277,400	8,644,946	6,408,513	64,085	1,758	65,843	919	0	11,760	18,383	313	34,468
2030-31	8,534,896	0	277,400	8,812,297	6,575,864	65,759	1,758	67,517	943	0	12,361	16,002	313	37,897
2031-32 ⁽¹⁰⁾	6,982,585	0	240,812	7,223,397	5,023,974	50,240	1,758	51,998	721	0	9,152	8,385	313	33,427
2032-33 ⁽¹⁰⁾	6,668,555	0	229,463	6,898,018	4,725,653	47,257	1,722	48,978	677	0	8,833	8,146	0	31,321
2033-34	6,801,926	0	229,463	7,031,389	4,859,024	48,590	1,722	50,312	696	0	9,277	7,356	0	32,984
2034-35	6,937,965	0	229,463	7,167,428	4,995,063	49,951	1,722	51,672	714	0	9,730	1,559	0	39,670
2035-36 ⁽¹⁰⁾	4,617,773	0	166,367	4,784,140	2,765,587	\$ 27,656	\$ 28	\$ 27,684	\$ 372	\$ 0	\$ 6,308	\$ 1,129	\$ 0	\$ 19,875
Cumulative Total						\$1,148,239	\$ 36,049	\$ 1,184,288	\$ 16,538	\$ 546	\$183,302	\$ 272,586	\$ 11,571	\$ 699,745

(1) Reflects assessed valuations for Fiscal Year 2015-16, increasing by 2% per annum thereafter. The values for Fiscal Year 2016-17 have also been reduced for pending tax valuation appeals. See Table 5 in Appendix A for information with respect to pending appeals.

(2) See Table 9 in Appendix A for information with respect to pending developments.

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

(4) Based on the application of 1% *ad valorem* tax rates to the total incremental taxable value. See the caption “PROPERTY TAXATION IN CALIFORNIA—Article XIII A of the State Constitution.”

(5) Reflects unitary revenues for Fiscal Year 2014-15, as reported by the County, declining beginning in Fiscal Year 2024-25.

(6) Estimated at 1.42% of total Tax Revenues. See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs.”

(7) Reflects Statutory Pass-Through Amounts. See the caption “SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing.”

(8) Reflects debt service on Senior Bonds after the refunding of the Defeased Obligations. See the captions “REFUNDING PLAN” and “SECURITY FOR THE BONDS—Senior Obligations—Senior Bonds.”

(9) See the captions “SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing” and “SECURITY FOR THE BONDS—Senior Obligations—Other Senior Obligations.”

(10) Final Fiscal Year to collect tax increment: (i) Alkali Flat – Fiscal Year 2023-24; (ii) Oak Park – Fiscal Year 2024-25; (iii) Merged Downtown (except Uptown Development Redevelopment Project) – Fiscal Year 2030-31; (iv) Merged Downtown Uptown Development Redevelopment Project 8 – Fiscal Year 2034-35; and (v) Del Paso Heights – Fiscal Year 2031-32.

Source: Fiscal Consultant.

As described under the caption “THE PROJECT AREAS,” the final date to collect tax increment revenues for certain Project Areas or portions thereof will occur prior to the maturity of the Bonds.

* Preliminary, subject to change.

Debt Service Coverage

Set forth below is the estimated debt service coverage for the Bonds using Fiscal Year 2014-15 Tax Revenues assuming approximately 2% growth per annum in tax increment revenues beginning in Fiscal Year 2015-16 through maturity.

Table 9
REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
Projected Tax Revenues by Project Area and Estimated Debt Service on the Bonds [DISCUSS]

Tax Revenues Generated in each Project Area⁽¹⁾

<i>Fiscal Year</i>			<i>Total Tax Revenues</i>	<i>Bond Debt Service^{(2)*}</i>
2015-16				
2016-17				
2017-18				
2018-19				
2019-20				
2020-21				
2021-22				
2022-23				
2023-24				
2024-25				
2025-26				
2026-27				
2027-28				
2028-29				
2029-30				
2030-31				
2031-32				
2032-33				
2033-34				
2034-35				
2035-36				

⁽¹⁾ Tax Revenues consist of the amounts deposited in the Redevelopment Property Tax Trust Fund, excluding: (i) amounts required to make payments on the Senior Obligations described under the caption “SECURITY FOR THE BONDS—Senior Obligations;” and (ii) statutory pass-through amounts payable to other taxing agencies pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law (except and to the extent that any such amounts are payable on a basis subordinate to payment of the Bonds). See the caption “SECURITY FOR THE BONDS—Tax Increment Financing.”

⁽²⁾ Reflects debt service on 2015A Bonds and 2015B Bonds payable in calendar year that begins in such Fiscal Year.

Source: Fiscal Consultant.

* Preliminary, subject to change.

Table 10
REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
Estimated All-In Debt Service Coverage (Senior Bonds and Bonds) [DISCUSS]

<i>Fiscal Year</i>	<i>Tax Increment Revenues Available for Debt Service on Senior Bonds and Bonds⁽¹⁾</i>	<i>Senior Bonds⁽²⁾</i>	<i>Other Senior Obligations⁽³⁾</i>	<i>Tax Revenues Generated from Project Areas⁽⁴⁾</i>	<i>Bonds^{(5)*}</i>	<i>Total Payments For All-In Debt Service Coverage Calculation^{(6)*}</i>	<i>All-In Debt Service Coverage^{(7)*}</i>
2014-15							
2015-16							
2016-17							
2017-18							
2018-19							
2019-20							
2020-21							
2021-22							
2022-23							
2023-24							
2024-25							
2025-26							
2026-27							
2027-28							
2028-29							
2029-30							
2030-31							
2031-32							
2032-33							
2033-34							
2034-35							
2035-36							

⁽¹⁾ Reflects moneys deposited into Redevelopment Property Tax Trust Fund, less County administrative charges. See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs”

⁽²⁾ Reflects debt service on Senior Bonds. See the caption “SECURITY FOR THE BONDS—Senior Obligations—Senior Bonds.”

⁽³⁾ Reflects payments on other Senior Obligations. See the caption “SECURITY FOR THE BONDS—Senior Obligations—Other Senior Obligations.”

⁽⁴⁾ Reflects Tax Increment Revenues Available for Debt Service on Senior Bonds and Bonds (as described in Footnote 1) less debt service on Senior Bonds and less payments on other Senior Obligations.

⁽⁵⁾ Reflects debt service on 2015A Bonds and 2015B Bonds payable in calendar year that begins in such Fiscal Year.

⁽⁶⁾ Reflects sum of debt service on Senior Bonds, payments on other Senior Obligations and debt service on 2015A Bonds and 2015B Bonds.

⁽⁷⁾ Tax Increment Revenues Available for Debt Service on Senior Bonds and Bonds divided by Total Payments For All-In Debt Service Coverage Calculation.

Source: _____.

* 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.

Plan Limits

Merged Downtown, Alkali Flat, Del Paso Heights, Franklin Boulevard, North Sacramento, Oak Park and River District are subject to time period limits on the receipt of tax increment revenues. For certain areas within such Project Areas, the last date to receive tax increment revenues occurs before the maturity of the Bonds. Bonds that mature after such date will not be secured by tax increment revenues derived from areas within such Project Areas for which the time period to receive tax increment revenues has passed.

Additionally, certain Project Areas (or sub-areas therein) have cumulative limits on the amount of tax increment revenues that can be allocated to the Agency under the respective redevelopment plans. Based on the inflationary assumptions used, the Fiscal Consultant does not project that any of the cumulative tax increment limits will be reached prior to the final maturity of the Bonds. However, as described under the caption "THE PROJECT AREAS," certain cumulative tax increment limits may be reached if growth rates are in excess of those assumed by the Fiscal Consultant.

See the captions "THE PROJECT AREAS—The Merged Downtown Redevelopment Project Area—Redevelopment Plan; Redevelopment Plan Limitations," "THE PROJECT AREAS—The Alkali Flat Redevelopment Project Area—Redevelopment Plan; Redevelopment Plan Limitations," "THE PROJECT AREAS—The Del Paso Heights Redevelopment Project Area—Redevelopment Plan; Redevelopment Plan Limitations," "THE PROJECT AREAS—The Franklin Boulevard Redevelopment Project Area—Redevelopment Plan; Redevelopment Plan Limitations," "THE PROJECT AREAS—The North Sacramento Redevelopment Project Area—Redevelopment Plan; Redevelopment Plan Limitations," "THE PROJECT AREAS—The Oak Park Redevelopment Project Area—Redevelopment Plan; Redevelopment Plan Limitations" and "THE PROJECT AREAS—The River District Redevelopment Project Area—Redevelopment Plan; Redevelopment Plan Limitations."

The Agency currently estimates that it will have sufficient tax increment revenues to pay the principal of and interest on the Bonds. However, there can be no assurance that the actual amount of tax increment revenues received will be as set forth in the Agency's projections. See the caption "TAX REVENUES" and Appendix A.

Reduction in Taxable Value

Tax Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Project Areas and the current rate or rates at which property in the Project Areas is taxed. The reduction of taxable values of property in the Project Areas caused by economic factors beyond the Agency's control, such as relocation out of the Project Areas 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, flood, drought, windstorm, wildfire or other natural disaster, could cause a reduction in the Tax Revenues that provide for the repayment

of and secure the Bonds. Such reduction in Tax Revenues could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the Bonds.

As described in greater detail under the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIII A of the State Constitution," Article XIII A 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 2% 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 Revenues securing 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, as described in this Official Statement, the State electorate or State 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 Agency. Although the federal and State Constitutions include clauses generally prohibiting the State Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or State Legislature will not at some future time approve additional limitations that could reduce the Tax Revenues and adversely affect the source of repayment and security of the Bonds.

Risks to Real Estate Market

The Agency's ability to make payments on the Bonds is dependent upon the economic strength of the Project Areas. The general economy of the Project Areas is 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, the supply of or demand for competitive properties in such area, the market value of property in the event of sale or foreclosure and other similar factors. Furthermore, real estate development within the Project Areas could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development, changes in real estate tax rates and other operating expenses, zoning laws and laws relating to threatened and endangered species and hazardous materials and fiscal policies, as well as natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses. In addition, if there is a decline in the general economy of the Project Areas, the owners of property within the Project Areas may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation, which could cause a delay or interruption in the receipt of Tax Revenues by the Agency from the Project Areas.

Because assessed values do not necessarily indicate fair market values, the declines in fair market values in recent years may have been even greater than the declines in assessed valuations, although it is also possible that market values could be greater than assessed valuations at any given time. No assurance can be given that the individual parcel owners will pay property taxes in the future or that they will be able to pay such taxes on a timely basis. See the caption "—Bankruptcy and Legal Delays" for a discussion of certain limitations on the City's ability to pursue judicial proceedings with respect to delinquent parcels.

Reduction in Inflation Rate

Article XIII A 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 rate of inflation, 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 XIII A 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%. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2% limitation several times, and in Fiscal Year 2010-11 the inflationary value adjustment was negative for the first time at -0.237%. In Fiscal Year 2011-12, the inflationary value adjustment was 0.753%, which also is below the 2% limitation. The Agency is unable to predict if any adjustments to the full cash value of real property within the Project Areas, whether an increase or a reduction, will be realized in the future.

Development Risks

Although the majority of the Project Areas are substantially developed, there remain undeveloped areas within certain Project Areas, particularly within the [] Redevelopment Project Area. See Table 2 entitled “Assessed Valuations by Land Uses (Fiscal Year 2014-15)” under the caption “THE PROJECT AREAS—General” and the caption “THE PROJECT AREAS— Redevelopment Project Area—General.” Section F of Appendix A also includes a discussion of significant new developments that are currently under construction within the Project Areas.

The remaining developments within the Project Areas will be subject to all the risks generally associated with real estate development. Projected development within the Project Areas may be subject to unexpected delays, disruptions and changes. Real estate development operations 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 operations within the Project Areas could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Areas is delayed or halted, the economy of the Project Areas could be affected. If such events lead to a decline in assessed values, they could cause a reduction in Tax Revenues. In addition, if there is a decline in the general economy of the Project Areas, the owners of property within the Project Areas may be less able or less willing to make timely payments of property taxes, causing a delay or stoppage of the Tax Revenues received by the Agency from the Project Areas. In addition, the insolvency or bankruptcy of one or more large owners of property within the Project Areas could delay or impair the receipt of Tax Revenues by the Agency.

The projected Tax Revenues set forth in the Fiscal Consultant Report and under the caption “TAX REVENUES” include projections of Tax Revenues from developments that are currently under construction, but do not assume other future development within the Project Areas.

Levy and Collection of Taxes

The 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 Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Agency to repay the Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Project Areas, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Agency’s ability to make timely payments on the Bonds. As discussed under the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Delinquencies,” under its current policies, the County Auditor-Controller distributes 100% of secured tax increment revenues allocated to each redevelopment successor agency in the County without regard to delinquencies in the payment of property taxes. However, there can be no assurance that such policies will not be changed in the future. Any reduction in Tax Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the Agency’s ability to pay the principal of and interest on the Bonds.

State Budget Issues

AB X1 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its fiscal years 2011-12 and 2012-13, respectively, as efforts to address structural deficits in the State general fund budget. In general terms, these bills implemented a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (then projected savings of \$1.5 billion). There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Tax Revenues.

Budget for State Fiscal Year 2015-16. Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the DOF, <http://www.dof.ca.gov>, under the heading "California Budget." An impartial analysis of the budget is posted by the Legislative Analyst's Office (the "LAO") at <http://www.lao.ca.gov>. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, <http://www.treasurer.ca.gov>. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and the City can take no responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

On June 24, 2015, the Governor signed into law the State budget for fiscal year 2015-16 (the "2015-16 Budget"). The following information is drawn from the DOF's summary of the 2015-16 Budget, as well as a summary prepared by the LAO. The City can take no responsibility for the accuracy, completeness or timeliness of information in such summaries.

For fiscal year 2014-15, the 2015-16 Budget projects total State general fund revenues of approximately \$111.3 billion and total State general fund expenditures of approximately \$114.5 billion. The 2015-16 Budget projects that the State will end fiscal year 2014-15 with a general fund ending balance of approximately \$2.4 billion and total reserves of approximately \$3 billion (including approximately \$1.5 billion in the traditional general reserve and approximately \$1.6 billion in the Budget Stabilization Account (the "BSA"), the State's basic reserve fund). For fiscal year 2015-16, the 2015-16 Budget projects total State general fund revenues of approximately \$115 billion and total expenditures of approximately \$115.4 billion, leaving the State with a year-end general fund balance of approximately \$2 billion. The 2015-16 Budget projects total year-end reserves of approximately \$4.6 billion, including approximately \$1.1 billion in the traditional general fund reserve and approximately \$3.5 billion in the BSA.

As a result of higher than anticipated State revenues, the 2015-16 Budget includes revised estimates to the Proposition 98 minimum funding guarantees for schools for fiscal years 2013-14 and 2014-15. The fiscal year 2013-14 minimum guarantee is revised upward to approximately \$58.9 billion, an increase of approximately \$612 million over the estimate included in the fiscal year 2014-15 State budget. For fiscal year 2014-15, the 2015-16 Budget revises the minimum guarantee upward to approximately \$66.3 billion, an increase of approximately \$5.4 billion over the estimate included in the fiscal year 2014-15 State budget.

The 2015-16 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2015-16 at approximately \$68.4 billion, including approximately \$49.4 billion of support from the State general fund. This represents a year-to-year increase of approximately \$2.1 billion over the revised level for fiscal year 2014-15. For K-12 education, the 2015-16 Budget provides total Proposition 98 funding of approximately \$59.5 billion, including approximately \$43.2 billion from the State general fund. Under the 2015-16 Budget, K-12 per-pupil spending in fiscal year 2015-16 is \$9,942, an increase of \$1,011 (or approximately 11%) from the prior year.

Significant proposals or adjustments set forth in the 2015-16 Budget affecting public agencies in the State include the following:

- Law Enforcement. The 2015-16 Budget continues a \$40 million general fund allocation to “front line” law enforcement activities. The Board of State and Community Corrections allocates funds to individual cities acting as the fiduciary agent within each county receiving the funds.
- Transportation. The 2015-16 Budget includes total funding of approximately \$15.9 billion (approximately \$261 million from the general fund and \$15.7 billion from other funds) for all programs administered within the State Transportation Agency. In addition, the shared revenues budget allocates over \$1.4 billion in fuel excise tax to cities and counties for local streets and roads.
- Elimination of Redevelopment Agencies. The Proposed 2014-15 Budget anticipates that in State fiscal years 2014-15 and 2015-16 combined, cities will receive approximately \$580 million, approximately \$660 million, and special districts approximately \$200 million.
- Property Taxes. The 2015-16 Budget anticipates ongoing property tax revenues of more than \$900 million annually to be distributed to cities, counties, and special districts that can be used by local governments to fund police, fire, and other critical public services.
- State Mandate Reimbursements. The 2015-16 Budget continues the suspension of most mandates not related to law enforcement or property taxes. After satisfying the State Constitutional funding guarantee, additional revenues of up to \$800 million are proposed to pay down the remainder of the State’s pre-2004 mandate debt. The 2015-16 Budget estimates that a trigger mechanism will result in a \$533 million payment toward this mandate debt. These funds will provide counties, cities, and special districts with general purpose revenue.
- Deferred Maintenance. The 2015-16 Budget includes approximately \$478 million (approximately \$125 million from the general fund) for critical deferred maintenance at universities, community colleges and in State parks, prisons, State hospitals and other State facilities.
- Education. The 2015-16 Budget provides over \$1.2 billion in funding to support a coordinated framework for adult education, career technical education, workforce investment, and apprenticeships intended to provide training and education to workers in California.
- Drought Response. The State has experienced four consecutive years of below-average rain and snow, and is currently facing severe drought conditions in all 58 counties. The 2015-16 Budget includes the amount of approximately \$1.8 billion (in addition to approximately \$1.9 billion that was previously appropriated) of one-time resources to continue the State’s response to drought impacts. The funds will protect and expand local water supplies, conserve water and respond to emergency conditions.

The Governor’s Budget Summary for the Proposed Budget (the “2015-16 Proposed Budget Summary”), which was released in January 2015, cautioned that, since 2000, the State’s short periods of balanced budgets have been followed by massive budget shortfalls. The 2015-16 Proposed Budget Summary also noted that commitments made by the State in the past two years are already straining the State’s finances. Under a projection of current policies, the 2015-16 Proposed Budget Summary anticipated that the State would begin to spend more than it receives in annual revenues by State fiscal year 2018-19, by an amount of approximately \$1 billion. The Agency cannot predict whether the State will take steps, in response to a future budget shortfall, which would result in a reduction in the amount of Tax Revenues available to the Agency. The State budget will be affected by national and State economic conditions and other factors over which the Agency will have no control. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the City.

The 2015-16 Budget also includes an update of the trigger mechanism payment discussed in the bullet point “State Mandate Reimbursements.” The 2015-16 Budget estimates that the trigger mechanism calculation will result in a \$765 million payment toward pre-2004 mandate debt (an increase of approximately \$232 million from the proposed fiscal year 2015-16 budget) owed by the State to cities, counties and special districts.

For additional information regarding the 2015-16 Budget, see the DOF website at www.dof.ca.gov. The information presented on such website is not incorporated herein by reference.

Other Proposals. With respect to redevelopment, the Governor proposed the following amendments to the Dissolution Law when the fiscal year 2015-16 budget was proposed: (1) redevelopment successor agencies that enter into a written agreement with the DOF to remit unencumbered cash to the county auditor-controller will receive a finding of completion, which provides successor agencies with additional fiscal tools and reduced State oversight; (2) successor agencies that receive a finding of completion may expend a portion of proceeds of bonds issued in 2011, which proceeds are currently frozen; (3) pension or State Water Project override revenues that are not pledged to or not needed for redevelopment bond debt service will be returned to the entity that levies the override; (4) agreements relating to State highway improvements and money loaned to successor agencies to pay costs associated with redevelopment dissolution litigation will be considered enforceable obligations; and (5) reentered agreements entered into after the passage of AB 1484 are unenforceable unless entered into for the purpose of providing administrative support. Such proposals are subject to approval by the State Legislature and there can be no assurance that any of such proposals will be adopted.

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

Certain litigation is challenging some of the terms of the Dissolution Act, and it is anticipated that there will be additional future legislation in this area. The Agency cannot predict what measures may be proposed or implemented for the current fiscal year or in the future.

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

Recognized Obligation Payment Schedule

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, only those obligations listed in the Recognized Obligation Payment Schedule may be paid by the Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency’s oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as described under the caption “SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule”) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Agency’s Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See the captions “SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule” and “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Recognized Obligation Payment Schedule.” In the event that the Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a six-month period, the availability of Tax Revenues to the Agency could be adversely affected for such period.

On and after July 1, 2016, the oversight board's functions will be assumed by a county oversight board established pursuant to Section 34179(j) of Dissolution Act. [UPDATE] In addition, [the Governor has proposed] legislation: (i) to require the preparation of a Recognized Obligation Payment Schedule process once a year beginning January 1, 2016 (rather than twice a year under current law); (ii) to establish an optional "Last and Final" Recognized Obligation Payment Schedule process beginning in September 2015. This procedure will be available only to successor agencies that have a Finding of Completion and DOF concurrence as to the items that qualify for payment, among other conditions. The Last and Final Recognized Obligation Payment Schedule will be binding on all parties and the successor agency will no longer submit a Recognized Obligation Payment Schedule. The county auditor-controller will remit the authorized funds to the successor agency in accordance with the approved Last and Final ROPS until each remaining enforceable obligation has been fully paid; and (iii) to clarify that former tax increment caps and plan limits do not apply for the purposes of paying approved enforceable obligations.

In the event that a successor agency fails to submit to the DOF an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to clause (iv) below, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by the DOF to the county auditor-controller of an amount to be withheld from allocations to taxing entities, the county auditor-controller must distribute to taxing entities any moneys in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule when and as approved by the DOF.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, county auditor-controllers 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 (as described under the caption "SECURITY FOR THE BONDS—Tax Increment Financing") and no later than each January 2 and June 1, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments that such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including pursuant to any senior Pass-Through Agreements (of which the Agency has none) and Statutory Pass-Through Amounts;

(ii) second, on each January 2 and June 1, to the 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 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 such fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

If the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the DOF does not provide a notice to the

County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above. However, the Agency has covenanted to take all actions required under the Dissolution Act to include on its Recognized Obligation Payment Schedule for each ROPS Period all payments expected to be made to the Trustee in order to satisfy the requirements of the Indenture, including any amounts required to pay principal and interest payments due on the Outstanding Bonds, any deficiency in the Reserve Account of the Tax Increment Fund to the full amount of the Reserve Account Requirement, and any Compliance Costs (as such term is defined in the Indenture). The Agency will include in its Recognized Obligation Payment Schedule the amounts described in the Indenture to be transmitted to the Trustee for the applicable ROPS Period. The Agency will submit an Oversight Board-approved Recognized Obligation Payment Schedule to the County Auditor-Controller and the DOF at least 90 days prior to each ROPS Period. See Appendix B.

AB 1484 also adds new provisions to the Dissolution Act implementing certain penalties in the event that the Agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller no later than 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each subsequent six-month period. If the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day that the schedule is not submitted to the DOF. Additionally, the Agency's administrative cost allowance is reduced by 25% if the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods.

The estimated cash flow under the Fall 2015 and Spring 2016 Recognized Obligation Payment Schedules is set forth below. The subordinate obligation debt service shown in the below table assumes the refunding of the Defeased Obligations and the issuance of the Bonds prior to _____ 1, 2015, while the actual Recognized Obligation Payment Schedule submitted to the Oversight Board for approval on _____, 2015 includes scheduled debt service on the Defeased Obligations rather than on the Bonds.

[DISCUSS INSERTION OF ROPS TABLE]

Table 11
REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
ESTIMATED RECOGNIZED OBLIGATION PAYMENT SCHEDULES
FALL 2015 AND SPRING 2016

<i>Fiscal Year</i>	<i>Total</i>	<i>Fall</i> <i>(2015-2016A)</i> <i>6/1/2015</i>	<i>Spring</i> <i>(2015-2016B)</i> <i>1/2/2016</i>
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⁽¹⁾ Constitutes a Senior Obligation. See the caption “SECURITY FOR THE BONDS—Senior Obligations.”
Source: _____.

Santa Ana Unified School District Case

The California Court of Appeal, Fourth District (the “Court of Appeal”) has rendered a decision in Santa Ana Unified School District vs. Orange County Development Agency (the “Santa Ana USD Case”) which involves the allocation of tax increment revenues pursuant to Section 33676(a) of the Redevelopment Law as it existed before the passage of AB 1290 (which is discussed under the caption “PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits”). Generally, before AB 1290, Section 33676(a) provided that, prior to the adoption of a redevelopment plan (or an amendment adding territory to a project area), under certain conditions, “any affected taxing agency may elect, and every school and community college district shall elect, to be allocated all or any portion of the tax revenues” derived based on an annual adjustment of the base year assessed value of real properties in the project area (or the added territory). The words “every school and community college district shall elect” were added pursuant to a 1984

amendment. The amount of property taxes that a taxing entity may receive under the former Section 33676(a) is derived by increasing the base year value of taxable real property in the project area (or the added territory) by an inflationary factor of not greater than 2% per year (the “2% Allocation”). In effect, the 2% Allocation reduced the tax increment revenues that a redevelopment agency received from the project area (or, if applicable, an added area to the project area).

In the Santa Ana USD Case, the redevelopment plan at issue was adopted in 1986. In 1996, the Santa Ana Unified School District (“Santa Ana USD”) adopted a resolution electing to be paid its share of the 2% Allocation. The Orange County Development Agency took the position that Santa Ana USD was not entitled to the 2% Allocation because the election to receive such allocation should have been made before the adoption of the redevelopment plan for the project area. In turn, Santa Ana USD argued that the mandatory nature of the words “shall elect” in the statute made the allocation mandatory with respect to a school district. The lower court ruled in favor of Santa Ana USD. In an opinion published on June 29, 2001, the Court of Appeal affirmed. As a result, Santa Ana USD received the award it had requested, i.e., its share of the 2% Allocation from 1996, the year that Santa Ana USD made the Section 33676 election. The State Supreme Court denied review of the Santa Ana USD Case on September 19, 2001. The case affects redevelopment agencies, such as the Agency, which amended or added territory between the years 1983 to 1994. For the Agency, the affected Project Areas are Franklin Boulevard, North Sacramento and River District. See the caption “THE PROJECT AREAS—The Franklin Boulevard Redevelopment Project Area,” THE PROJECT AREAS—The North Sacramento Redevelopment Project Area” and “THE PROJECT AREAS—The River District Redevelopment Project Area.” The Agency has entered into Pass-Through Agreements (in each case on a subordinate basis to payment of the Bonds) with the relevant school districts for each of these Project Areas and therefore does not believe that it will be impacted by the ruling in the Santa Ana USD Case in the future.

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 (such as the Soldiers’ and Sailors’ Relief Act of 1940 discussed below) or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. 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 because federal bankruptcy laws may provide for an automatic stay of foreclosure and sale of tax sale proceedings. 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. Moreover, if the value of the subject property is less than the lien of property taxes, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws, payment of property taxes may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over property taxes in a bankruptcy proceeding even though they would not have priority outside of a bankruptcy proceeding.

In addition, the United States Bankruptcy Code might prevent moneys on deposit in the Redevelopment Obligation Retirement Fund from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner and if the court found that such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the United States Bankruptcy Code.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of property taxes or the timing of enforcement thereof. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if a court concludes that the ability to pay such taxes or assessments is materially affected by reason of such service.

As discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Delinquencies," under its current policies, the County Auditor-Controller distributes 100% of tax increment revenues allocated to each redevelopment successor agency without regard to delinquencies in the payment of property taxes. However, there can be no assurance that such policies will not be changed in the future.

Estimated Revenues

In estimating that Tax Revenues will be sufficient to pay debt service on the Bonds, the Agency has made certain assumptions with regard to present and future assessed valuation in the Project Areas, future tax rates and percentage of taxes collected. The Agency believes these assumptions to be reasonable, but there is no assurance that these assumptions will be realized. To the extent that the assessed valuation and the tax rates are less than expected, the Tax Revenues available to pay debt service on the Bonds will be less than those projected and such reduced Tax Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Bonds.

Hazardous Substances

While governmental taxes, assessments, and charges are a common claim against the value of a taxable parcel, other less common claims may be relevant. One example is a claim with regard to a hazardous substance.

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a taxable parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but State and local laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated 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 taxable parcels be affected by a hazardous substance is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of the property that is realizable upon a delinquency and foreclosure.

Further, it is possible that liabilities may arise in the future with respect to any of the taxable parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a taxable parcel that is realizable upon a delinquency.

As described under the caption “THE PROJECT AREAS—The Railyards Redevelopment Project Area—General,” the Railyards site previously contained hazardous substances that have since been remediated. [CONFIRM] [The Agency is currently unaware of the presence of any hazardous substances in Railyards or the other Project Areas.] However, there can be no assurance that the presence of hazardous substances, or the discovery thereof after the issuance of the Bonds, will not have an effect on property values in the Project Areas.

Natural Disasters

The value of the property in the Project Areas 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, climatic conditions such as high winds or droughts and wildfires. 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 Areas 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.

The City, like most communities in California, is in an area of unpredictable seismic activity, and therefore, is subject to potentially destructive earthquakes. Faults capable of producing earthquakes strong enough to damage surface structures underlie much of the State in a manner that puts the State at some risk of earthquake damage. [DISCUSS] There are several identified faults within close proximity to or within the boundaries of the Project Areas that could potentially result in damage to buildings, roads, bridges, and property within the Project Areas in the event of an earthquake. Past experiences have resulted in minimal damage to the infrastructure and property within the Project Areas. A majority of the property within the Project Areas has been developed in conformity with the 1988 Uniform Building Code standards.] Nonetheless, the occurrence of severe seismic activity in the City could result in substantial damage to property located in the Project Areas, and could lead to successful appeals for reduction in assessed values of such property. Such a reduction could result in a decrease in Tax Revenues.

[The City has undertaken measures which include building inspection and enforcement of building codes, community education and seismic assessment of new development projects.]

Changes in the Law

There can be no assurance that the State electorate will not at some future time adopt initiatives or that the State 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 Revenues, which could have an adverse effect on the Agency’s ability to pay debt service on the Bonds.

Investment Risk

Funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See Appendix B for a summary of the definition of Permitted Investments. The funds and accounts of the Agency, into which a portion of the proceeds of the Bonds will be deposited and into which Tax Revenues are deposited, may be invested by the Agency in any investment authorized by law. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal.

Further, the Agency cannot predict the effects on the receipt of Tax Revenues if the County were to suffer significant losses in its portfolio of investments or if the County or the City were to become insolvent or

declare bankruptcy. See Appendix E for information regarding the City’s finances. See also the caption “— Bankruptcy and Foreclosure.”

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. Although the Agency has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to Bondowners on a timely basis. See the caption “CONCLUDING INFORMATION—Continuing Disclosure” and Appendix F. Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. 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. Such prices could be substantially different from the original purchase price.

No Validation Proceeding 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.” Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, 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 Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the Bonds. The 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 expired with respect to the Bonds and the Oversight Board Resolution on July 10, 2015.

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 revenues allocated to the payment of indebtedness pursuant to 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 Agency believes that the aforementioned considerations would provide some protections against the adverse consequences upon the 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 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 Agency's ability to timely pay debt service on the Bonds.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2015A Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the 2015A Bonds might be affected as a result of such an audit of the 2015A Bonds (or by an audit of similar municipal obligations).

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2015A Bonds, the City and the Agency have covenanted in the Indenture and the Tax Certificate relating to the 2015A Bonds not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the 2015A Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the 2015A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance, as a result of acts or omissions of the City or the Agency subsequent to the issuance of the 2015A Bonds in violation of such covenants with respect to the 2015A Bonds. Should such an event of taxability occur, the 2015A Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or unless earlier redeemed pursuant to the redemption provisions of the Indenture.

Bonds Are Limited Obligations

Neither the faith and credit nor the taxing power of the Agency (except to the limited extent set forth in the Indenture), the City, the State or any political subdivision thereof is pledged to the payment of the Bonds. The Bonds are special obligations of the Agency; and, except as provided in the Indenture, they are payable solely from Tax Revenues. Tax Revenues could be insufficient to pay debt service on the Bonds as a result of delinquencies in the payment of property taxes or the insufficiency of proceeds derived from the sale of land within the Agency following a delinquency in the payment of the applicable property taxes. As discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Delinquencies," under its current policies, the County Auditor-Controller distributes 100% of tax increment revenues allocated to each redevelopment successor agency in the County without regard to delinquencies in the payment of property taxes. However, there can be no assurance that such policies will not be changed in the future. The Agency has no obligation to pay debt service on the Bonds in the event of insufficient Tax Revenues, except to the extent that money is available for such purpose in the Redevelopment Obligation Retirement Fund, the Tax Increment Fund and the Reserve Account.

Limitations on Remedies

Remedies available to the Owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds.

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

Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the Agency, may become subject to the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the federal Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against governmental entities in the State. See the caption “—Bankruptcy and Foreclosure.”

TAX MATTERS

2015A Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2015A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2015A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth as Appendix C hereto.

To the extent the issue price of any maturity of the 2015A Bonds is less than the amount to be paid at maturity of such 2015A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2015A Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2015A Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2015A Bonds is the first price at which a substantial amount of such maturity of the 2015A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2015A Bonds accrues daily over the term to maturity of such 2015A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2015A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2015A Bonds. Beneficial Owners of the 2015A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2015A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2015A Bonds in the original offering to the public at the first price at which a substantial amount of such 2015A Bonds is sold to the public.

2015A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2015A Bonds. The Agency has made certain representations and covenanted to comply with certain restrictions, conditions and

requirements designed to ensure that interest on the 2015A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2015A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2015A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2015A Bonds may adversely affect the value of, or the tax status of interest on, the 2015A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2015A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2015A Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2015A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the 2015A Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2015A Bonds. Prospective purchasers of the 2015A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Agency, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Agency has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2015A Bonds ends with the issuance of the 2015A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Agency or the Beneficial Owners regarding the tax-exempt status of the 2015A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Agency and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Agency legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2015A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2015A Bonds, and may cause the Agency or the Beneficial Owners to incur significant expense.

2015B Bonds

In the opinion of Bond Counsel, interest on the 2015B Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the 2015B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2015B Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix C hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the 2015B Bonds that acquire their 2015B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their 2015B Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the 2015B Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their 2015B Bonds pursuant to this offering for the issue price that is applicable to such 2015B Bonds (i.e., the price at which a substantial amount of the 2015B Bonds are sold to the public) and who will hold their 2015B Bonds as “capital assets” within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the 2015B Bonds other than investors that are U.S. Holders.

As used herein, “U.S. Holder” means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds 2015B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding 2015B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the 2015B Bonds (including their status as U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the 2015B Bonds in light of their particular circumstances.

U.S. Holders.

Interest. Interest on the 2015B Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

[To the extent that the issue price of any maturity of the 2015B Bonds is less than the amount to be paid at maturity of such 2015B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2015B Bonds), the difference may constitute original issue discount ("OID"). U.S. Holders of 2015B Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.]

2015B Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Bond.

Sale or Other Taxable Disposition of the 2015B Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the State) or other disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium[, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Taxable Bond]). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the 2015B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the 2015B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding. Payments on the 2015B Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the 2015B Bonds may be subject to backup withholding at the current rate of 28% with respect to "reportable payments," which include interest paid on the 2015B Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2015B Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Foreign Account Tax Compliance Act (“FATCA”).

Sections 1471 through 1474 of the Code, impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the 2015B Bonds and sales proceeds of 2015B Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and will apply to (i) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2016 and (iii) certain “pass-thru” payments no earlier than January 1, 2017. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of 2015B Bonds in light of the holder’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of 2015B Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

CONCLUDING INFORMATION

Underwriting

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Representative”), as representative of itself and Morgan Stanley & Co. LLC (collectively, the “Underwriters”) pursuant to a Bond Purchase Agreement, dated _____, 2015 (the “Purchase Agreement”), by and between the Representative and the Agency. The Underwriters have agreed to purchase the Bonds at a price of \$ _____ (being the aggregate principal amount thereof, plus/less a net original issue premium/discount of \$ _____ and less an Underwriters’ discount of \$ _____). The Purchase Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an Underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial

advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Agency and the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Agency.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Financial Advisor

The Agency has retained First Southwest Company, LLC (“FirstSouthwest”), as financial advisor in connection with the issuance and sale of the Bonds. Although FirstSouthwest has assisted in the preparation of the Official Statement, FirstSouthwest is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement or any of the other legal documents, and further FirstSouthwest does not assume any responsibility for the information, covenants and representations with respect to the federal income tax status of the Bonds, or the possible impact of any current, pending or future actions taken by any legislative or judicial bodies or rating agencies.

Legal Opinion

The opinion of Orrick, Herrington & Sutcliffe LLP, Sacramento, California, Bond Counsel, approving the validity of the Bonds and stating that interest on the 2015A Bonds is excluded from gross income for federal income tax purposes and that interest on the Bonds is exempt from California personal income taxes under present State income tax laws will be furnished to the purchaser at the time of delivery of the Bonds at the expense of the Agency. Compensation for Bond Counsel’s services is entirely contingent upon the sale and 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 C. The legal opinion is only as to legality and is not intended to be nor is it to be interpreted or relied upon as a disclosure document or an express or implied recommendation as to the investment quality of the Bonds.

In addition, certain legal matters will be passed on for the Underwriters by Jones Hall, A Professional Law Corporation, San Francisco, California, as Underwriters’ Counsel, for the Agency by the City Attorney of the City of Sacramento, as counsel to the Agency, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, as Disclosure Counsel, and for the Trustee by its counsel.

Litigation

There is no action, suit or proceeding known to the Agency to be pending and notice of which has been served upon and received by the 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 Agency taken with respect to any of the foregoing.

Legality for Investment in California

The Redevelopment Law provides that obligations authorized and issued under the Redevelopment Law will be legal investments for all banks, trust companies and savings banks, insurance companies, and various other financial institutions, as well as for trust funds. The Bonds are also authorized security for public deposits under the Redevelopment Law.

The State Superintendent of Banks has previously ruled that obligations of a redevelopment agency are eligible for savings bank investment in California.

Ratings

[S&P] has assigned a rating of “ ” to the Bonds. [INSURED RATING] There is no assurance that the credit rating given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained from S&P.

Continuing Disclosure

The Agency has covenanted in a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Agency by April 1 following the end of the Agency’s Fiscal Year (currently its Fiscal Year ends on June 30) (the “Annual Report”), commencing with the report for Fiscal Year ending June 30, 2015, and to provide notices of the occurrence of certain enumerated events.

The Annual Report and the notices of enumerated events will be filed by the Agency with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events are set forth in Appendix F. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”).

The City and its related governmental entities – specifically those entities (such as the Prior Agency and the Agency) for whom City staff is responsible for undertaking compliance with continuing disclosure undertaking – have previously entered into numerous disclosure undertakings under Rule 15c2-12 in connection with the issuance of long-term obligations.

[DISCLOSURE RE CONTINUING DISCLOSURE COMPLIANCE TO COME].

Miscellaneous

All of the preceding summaries of the Indenture, the Bond Law, the Dissolution Act, the Redevelopment Law, other applicable legislation, the Redevelopment Plan for the Project Areas, 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 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 execution and delivery of this Official Statement by the City Treasurer has been duly authorized by the Agency.

REDEVELOPMENT AGENCY SUCCESSOR AGENCY
OF THE DISSOLVED REDEVELOPMENT AGENCY
OF THE CITY OF SACRAMENTO

By: _____
City Treasurer

APPENDIX A
FISCAL CONSULTANT REPORT

APPENDIX B

SUMMARY OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture that are not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the actual Indenture (copies of which may be obtained from the Trustee) for the complete terms thereof.

[TO COME FROM BOND COUNSEL]

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon issuance of the Bonds, Orrick, Herrington & Sutcliffe LLP, Sacramento, California, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[TO COME FROM BOND COUNSEL]

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the Agency takes no responsibility for the completeness or accuracy thereof. The 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 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.

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 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 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 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 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 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 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 Agency believes to be reliable, but the Agency takes no responsibility for the accuracy thereof.

APPENDIX E

**COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR
FISCAL YEAR ENDED JUNE 30, 2014**

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon the issuance of the Bonds, the Agency proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

[TO COME]

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



Redevelopment and Financial Consulting

225 Holmfirth Court
Roseville CA 95661

Phone: (916) 791-8958
FAX: (916) 791-9234

FISCAL CONSULTANT REPORT

*Successor Agency to the Redevelopment Agency
of the City of Sacramento*

July 2015

Section A - Introduction

The Successor Agency to the Redevelopment Agency of the City of Sacramento (Agency) is considering the issuance of Tax Allocation Refunding Bonds (Bonds). The Bonds will be secured by a pledge of a portion of the tax increment revenues that is deposited into the Redevelopment Property Tax Trust Fund (RPTTF or Trust Fund) from the following Redevelopment Project Areas: Merged Downtown; Alkali Flat; Del Paso Heights; Oak Park; River District; North Sacramento; Stockton Boulevard; Franklin Boulevard; Army Depot; 65th Street; and the Railyards. The pledge of tax increment on the Bonds will be subordinate to certain existing obligations as defined in the Indenture.

The purpose of this Fiscal Consultant Report (Report) is to provide in depth information about the tax increment revenues to be used to support repayment of the Bonds. The Report includes the following sections that address various aspects of the revenue streams:

- A. **Introduction:** This section provides an overview of the Report and its purpose.
- B. **Redevelopment Dissolution Act:** Includes a discussion of the Redevelopment Dissolution Act bills that are contained in AB 26 and AB 1484 (jointly the Dissolution Act).
- C. **General Information:** Provides information on the Project Areas, including a general description of the Redevelopment Plans and the financial and time limits of each of the Project Areas. A brief description of the systems and procedures used by Sacramento County for the allocation of tax increment is also included in this section.
- D. **Taxable Values and Historical Revenues:** Information in this section includes a description of the categories of taxable values, the Top Ten Assesseees in the Project Area and the historical trends in values and revenues.
- E. **Assessment Appeals:** The findings from a review of the records of the Sacramento County Assessor's Office are included in this section.
- F. **Estimate of Current and Future Revenues:** This part of the report includes the tax increment projections for the Project Areas.
- G. **Adjustments and Liens on Revenue:** This section provides information on and the estimated impact of adjustments and liens on the revenue stream.

The value and revenue estimates contained in this Report are based upon information and data which we believe to be reasonable and accurate. The assessment practices and county allocation procedures discussed in this Report are based on information provided by representatives of Sacramento County. Assessment practices and allocation procedures are set, in part, administratively and can be changed. Nothing came to our attention during this review to indicate changes are imminent. To a certain extent, the estimates of revenue are based on assumptions that are subject to a degree of uncertainty and variation and therefore we do not represent them as results

that will actually be achieved. However, they have been conscientiously prepared on the basis of our experience in the field of financial analysis for redevelopment agencies.

Section B – Redevelopment Dissolution Act

In December 2011, the California Supreme Court issued its opinion in the case of *California Redevelopment Association, et al., v. Matosantos, et al.* The Court upheld the right of the state to dissolve redevelopment agencies pursuant to AB 26, which along with subsequent amendments pursuant to AB 1484 and other legislation, is referred to herein as the Dissolution Act. Based on modified time lines approved by the Court, all redevelopment agencies, including the Redevelopment Agency of the City of Sacramento (Former Agency) were dissolved effective February 1, 2012. The City of Sacramento has assumed the role of Successor Agency and is charged with winding down the affairs of the Former Agency and to make payments due on enforceable obligations, as defined in the Dissolution Act.

Under the Dissolution Act, tax increment is no longer deemed to flow to the Successor Agency. Rather, all funds are considered property taxes. The requirement to deposit a portion of the tax increment into a low and moderate income housing fund is no longer required. The Dissolution Act allows the Agency to issue refunding bonds so long as the refunding results in debt service savings. The Agency is authorized to pledge the property tax revenues that were formerly tax increment revenues to secure repayment of the refunded bonds.

The County Auditor-Controller is required to determine the amount of property taxes that would have been allocated to each redevelopment agency had the agency not been dissolved. All former tax increment monies go into the RPTTF which is controlled by the County Auditor-Controller. References in this report to tax increment mean property taxes that are deposited to the RPTTF.

The money in the RPTTF is used as follows:

1. Allocate to the County property tax administrative fees and other costs needed to implement the Dissolution Act.
2. Pay all pass-through payments to the taxing entities. The various Project Areas have obligations to make payments required from negotiated agreements pursuant to former Section 33401 of the Community Redevelopment Law (CRL) and also statutory payments per Section 33607.5 and 33607.7 of the CRL. The negotiated pass-through payments are subordinate to debt service on the Bonds, but the Dissolution Act has reordered this obligation so that it gets paid first. The Dissolution Act does provide that if there are insufficient funds to meet bond debt service payments, then the subordinate pass through

- payments may be used to close any shortfalls. The Agency has not used this provision of the Dissolution Act to meet debt service payments in the past.
3. Pay obligations required per the Recognized Obligation Payment Schedule (ROPS), including debt service on the Bonds.
 4. Pay the administrative allowance, which goes to the Successor Agency to be used to wind down the affairs of the Former Agency.
 5. Distribute the balance to the taxing entities pursuant to Section 34183 and 34188 of the Dissolution Act.

The allocations from the Trust Fund take place in two six month installments in January and June of each year. The Successor Agency prepares a forward looking ROPS to cover the subsequent six month period. Once approved by the Oversight Board and DOF, the County Auditor-Controller releases the Trust Fund revenues to pay for the obligations on the ROPS. By way of illustration, funds released in January 2015 generally reflect property taxes that were collected through December 2014. The approved ROPS will cover costs that are paid during the period from January through June 2015. Any excess Trust Fund revenue not needed to meet the various obligations shown in items one through four above would be reallocated to the taxing entities. The six month allocation system in the Dissolution Act can cause a problem in meeting debt service payments unless an agency carefully manages its ROPS, since semi-annual debt service payment on the Bonds are uneven. Interest payments are due in the spring of each year and principal and interest payments are due in the fall.

As part of the Governor's budget for 2015-16, AB 113 has been proposed. Among other changes, the bill would convert the ROPS to an annual process beginning July 1, 2016. As of the date of this report, AB 113 had not been approved by the Legislature.

Section C - General Information

The Project Areas

The RPTTF includes deposits from eleven Project Areas that were adopted at various times between September 1955 (Project 2-A from the Merged Downtown Project Area) and May 2008 (the Railyards Project Area). The Project Areas have been amended numerous times over the years. The chart that is included after the financial tables at the end of the Report includes a summary of the various amendments that have been processed to the Plans since the Merged Downtown Project Area was merged together in 1986. The Merged Downtown Project Area consists of Constituent Project Areas 2A, 3, 4 (including the amended portion referred to as 4A) and 8 and is the largest generator of tax increment.

A list of the eleven Project Areas and their relevant time and financial limits are shown below.

Financial and Time Limits						
Project	Original Adoption	Acreage	Debt Repayment	15-16 Tax Inc.	% of Total	Tax Inc. Limit
Merged Downtown		430		\$25,423,381	54%	\$2,278,000,000
2A	9/13/1955		1/1/2032			
3	6/16/1960		1/1/2032			
4	8/25/1966		1/1/2032			
4A	6/17/1986		1/1/2032			
8	7/20/1972		7/20/2035			
Alkali Flat	2/10/1972	79	2/9/2025	1,149,782	2%	79,000,000
Del Paso Heights	5/12/1970	1,071	5/11/2033	3,121,073	7%	131,000,000
Oak Park	5/30/1970	1,305	5/30/2026	4,801,456	10%	172,000,000
River District	7/17/1990	1,368	7/30/2036	1,708,808	4%	535,000,000
River District – Amd.*	7/2/1996		7/2/2041			None Required
North Sacramento	6/30/1992	1,186	6/30/2038	2,721,788	6%	268,000,000
Franklin	12/14/1993	1,443	12/13/2038	1,565,789	3%	201,000,000
Stockton	5/17/1994	925	6/15/2042	1,893,471	4%	None Required
Army Depot	6/15/1995	1,290	6/15/2041	3,505,115	7%	None Required
Army Depot Amd.*	6/29/2004	1,527	6/29/2049			None Required
65th Street	6/29/2004	654	6/29/2049	1,311,654	3%	None Required
Railyards	5/1/2008	298	5/13/2053	240,165	1%	None Required
Total Tax Increment				47,442,484	100%	

* Total FY 15-16 Tax Increment Combined with Original Area

The combined Project Areas encompass over 11,000 acres. The Merged Downtown Project Area is located in the central business district of the City and contains tourist, commercial office, residential, and retail land uses and is adjacent to the state Capitol and other state office buildings. The other Project Areas are a mix of residential, commercial and industrial uses.

As shown above, those Redevelopment Plans that were adopted prior to January 1, 1994 contain a cumulative limit on the amount of tax increment the Agency can be allocated from each of those Project Areas. It is unclear whether, under the Dissolution Act, the tax increment limit is still in existence. Section 34182 (c) (1) of the Dissolution Act states that the amount of revenue previously received by redevelopment agencies prior to dissolution are deemed property tax revenues, which would support the idea that tax increment limits no longer exist, since there is no longer any tax increment being distributed to agencies. It is also unclear, if the limit is

still in effect, what counts towards the limit, whether all former tax increment or only that portion which is received by the Agency to pay for enforceable obligations. If it is assumed that all tax increment continues to be subject to the limit, then the Agency has received the amounts shown in the table below for each of the Project Areas through 2014-15. The table also shows the growth that would be needed to reach the tax increment limit in each Project Area before the Bonds mature, assuming the cumulative limit is based on total tax increment. If approved, AB 113 would clarify that statutorily required tax increment limits, and financial time limits, no longer apply to successor agencies for purposes of repaying bonded debt obligations.

Status Under Tax Increment Limit		
	Estimated Amt. Received Through FY 14- 15	Annual Growth Needed To Reach Limit *
Merged Downtown	\$536,689,000	12%
Alkali Flat	26,807,000	40%
Del Paso Heights	55,735,000	5%
Oak Park	83,541,000	13%
River District	15,828,000	13%
North Sacramento	33,862,000	9%
Franklin	30,352,000	8%

*Prior to maturity of the bonds.

The table below shows a land use breakdown by assessed value as of 2015-16 for the Project Areas.

LAND USE CATEGORY SUMMARY 2015-16			
	Parcels	Taxable Value	Percent of Total
Residential	18,101	\$2,344,524,408	34.13%
Commercial	1,292	2,865,667,759	41.72%
Industrial	1,276	989,096,155	14.40%
Vacant Land	1,894	178,158,447	2.59%
Other	1,459	71,034,363	1.03%
Total Secured	24,022	6,448,481,132	93.88%
Unsecured / State Assessed		420,392,576	6.12%
Grand Total		6,868,873,708	100.00%

Property Tax Allocation Procedures

The method by which a county allocates property taxes and tax increment revenues can have a significant impact on the receipt of such revenues. Incorrectly allocated revenues can result in a redevelopment project area receiving erroneous amounts of revenue. In addition, the method a county uses to allocate delinquent taxes, roll corrections and property tax refunds will impact the amount of tax increment received. For these reasons, Sacramento County's procedures for the allocation of property taxes and tax increment were evaluated.

Sacramento County calculates tax increment to redevelopment project areas by applying the 1 percent tax rate to secured and unsecured incremental taxable value. 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.

Tax increment generated from the secured tax roll is allocated based on 100 percent of the County calculated levy. The method is often referred to as the Teeter Plan. Under the Teeter Plan, taxing entities and redevelopment projects are shielded from the impact of delinquent property taxes. The County does adjust secured tax increment payments for roll corrections, such as refunds of property taxes due to successfully appealed assessments when such refunds exceed \$10,000 per property. Tax increment generated from the application of the one percent tax rate to the unsecured incremental value of a project area is based on the actual collections of unsecured revenues on a county-wide basis.

As provided for in the Dissolution Act, the County also calculates and allocates all tax sharing payments to the taxing entities. Subsequent sections of this Report include a discussion of the impact of the County's allocation practices on each Project Areas tax increment revenues, to the extent applicable.

Section D – Taxable Values and Historical Revenues

Taxable Values

Property is valued as of January 1 of each year. Property which is subject to taxation is valued at 100 percent of its full cash value. Locally assessed property is appraised by the county assessor's office. The State Board of Equalization (SBE) values state assessed property.

Real property consists of land and improvements and can either appear on the secured or the unsecured roll. The secured roll includes property on which the property tax

levied becomes a lien on the property to secure payment of taxes. Unsecured property does not become a lien on such property, but may become a lien on other property of the taxpayer.

Locally assessed real property is subject to the provisions of Article XIII A of the California Constitution, commonly referred to as Proposition 13. Under Proposition 13, property is valued based either on its value in 1975-76 or if newly constructed or sold after this date, then on the full cash value of the property at that time. Property values may only increase annually by an inflation factor of up to 2 percent annually. The Proposition 13 value of property is sometimes referred to as the factored base year value. Pursuant to Section 51 (b) of the Revenue and Taxation Code, assessors must enroll the lesser of the market value or the factored base year value of property.

Personal property values can be classified as either secured or unsecured property. Personal property is not subject to the provisions of Proposition 13. Such property is annually appraised at the full cash value of the property. Absent new acquisitions, the full cash value of personal property tends to decline over time as a result of depreciation. Fixtures, while categorized as real property and subject to the restrictions of Proposition 13, are also subject to declining values through depreciation.

State-assessed property is also not subject to the provisions of Proposition 13. Such property is valued by the SBE based on the full cash value of the property. State-assessed property is categorized as secured property and is either unitary or non-unitary property. Since 1987-88, unitary property has been reported on a county-wide basis, with unitary revenues allocated to taxing entities and redevelopment projects pursuant to a formula contained in the Revenue & Taxation Code. Starting in 2007-08, unitary railroad value has been reported on a county-wide basis with the resulting revenues allocated under a formula contained in state law. State-assessed non unitary values are reported at the local tax rate area level.

Project Area Value Trends

Table 1 shows the historical taxable values of the Project Areas since 2006-07, which was the fiscal year after substantial territory was added to the Army Depot Project Area. Table 1.1 shows the historical taxable values by individual Project Area since 2005-06, with the Army Depot Project Area shown separately. Taxable values have grown from \$6.647 billion in 2006-07 to over \$6.868 billion in 2015-16. The total percentage change was 3.34 percent over the period. The average annual percentage growth in values was 0.37 percent.

Secured values dropped between 2009-10 and 2012-13 by over \$631 million. The decline in values was in part due to residential Proposition 8 reductions (see Section E for a discussion of Proposition 8). The County made across the board reductions pursuant to Proposition 8 to residential property that reduced value by approximately

\$121 million in 2009-10. When combined with reductions from 2008-09 of \$148 million, the total Proposition 8 residential reductions totaled \$269 million. Residential sales also decreased value by approximately \$187 million. Non-residential property also went down significantly, either due to assessment appeals or based on the County Assessor’s evaluation that the market value of the property had declined under Proposition 8. In total, non-residential property decreased by a combined \$607 million. Of this, approximately \$411.7 million was due to Proposition 8 reductions or appeals, and the balance of \$196 million was due to the sale of property. Almost half of these reductions occurred in the Merged Downtown Project Area. Certain tax-exempt property owners also did not file their exemptions in 2009-10, but then filed them in 2012-13, which reduced value by \$12.9 million. Other residential sales and non-residential increases offset these reductions. The table below summarizes the major changes.

	Decreases 2009-10 to 2012-13		
	Residential	Non-Residential	Total
Prop 8 Reductions	(\$120,656,000)	(\$411,728,000)	(\$532,384,000)
Sales	(187,442,000)	(195,920,000)	(383,362,000)
Exemptions	(12,932,000)	0	(12,932,000)
Offsetting Increases	90,480,383	206,635,617	297,116,000
Total	(230,549,617)	(401,012,383)	(631,562,000)

Between 2012-13 and 2014-15, secured values increased by \$97 million. A portion of the residential Proposition 8 reductions were reversed and added \$263.7 million, although other residential parcels were added to the Proposition 8 list and offset increases to the roll by \$46.5 million. The table below shows the other major changes that caused the valuation changes. The largest single reduction was for the sale of the Campbell Soup plant, which reduced secured values by \$101 million of the \$171.4 million non-residential reduction.

	Secured Value Increases 2012-13 to 2014-15		
	Residential	Non-Residential	Total
Prop 8 Reversals	\$263,756,000	\$0	\$263,756,000
Residential CPI	16,127,000	0	16,127,000
Sales	88,999,000	0	88,999,000
Exemption	(28,136,000)	0	(28,136,000)
Proposition 8 Reductions	(46,536,000)	0	(46,536,000)
Residential Sales	(25,504,000)	0	(25,504,000)
Sales / Other		(171,380,000)	(171,380,000)
Total	268,706,000	(171,380,000)	97,326,000

Taxable values increased by 2.73 percent from 2014-15 to 2015-16. Secured values rose by \$222.6 million. Most of this increased occurred in the residential sector, which

increased by \$164 million. We suspect that a good portion of the increase was due to continued Proposition 8 reversals.

Top Ten Assesseees

The Top Ten Assesseees in the Project Area are summarized on Table 2. The total taxable value for the Top Ten Assesseees represents 14.69 percent of the total value of the Project Areas and 22.12 percent of the incremental value of the combined Project Areas. The values shown on Table 2 reflect secured values for 2015-16 and unsecured values from 2014-15. None of the Top Ten have outstanding assessment appeals.

Historical Tax Increment Revenues

Table 3 provides information on the historical receipt of tax increment revenues in the Project Areas. The initial County levy is compared to the actual receipt of tax increment (exclusive of supplemental revenues) to determine collection trends. As shown on Table 3, actual receipts of tax increment for the Project Area have averaged 94.42 percent of the levy in the past five fiscal years. A major part of the reason that receipts have been less than the levy in certain fiscal years was the impact of property tax refunds from successful assessment appeals.

Supplemental property tax receipts are also shown on Table 3. Supplemental taxes are a function of new construction or changes of ownership since the last property tax lien date. Although supplemental property taxes typically increase the tax increment of a Project Area, supplemental taxes can be negative when market values are declining. This occurred in fiscal years 2010-11 through 2012-13. When supplemental property taxes are included, the Project Areas have averaged 94.67 percent of the levy.

Table 4 shows the actual amount of tax increment generated in the Project Areas between 2009-10 and 2014-15 net of certain senior liens, include property tax administrative fees and statutory tax sharing payments.

Section E – Assessment Appeals

Taxpayers may appeal their property tax assessments. The value of locally assessed property is appealed to the local county assessor, while the value of state assessed property is appealed to the SBE. Both real and personal property assessments can be appealed. Personal property appeals are filed based on disputes over the full cash value of the property.

Under California law, there are two types of appeals for the value of real property. A base year appeal involves the Proposition 13 value of property. If an assessee is successful with a base year appeal, the value of the property is permanently reduced. In the future, the value can only be increased by an inflation factor of up to 2 percent

annually. Appeals can also be filed pursuant to Section 51 (b) of the Revenue and Taxation Code. Under this section of the Code, also referred to as Proposition 8 appeals, the value of property can be reduced due to damage, destruction, removal of property or other factors that cause a decline in value, including a reduction in the market value of property. Values can be reduced under Proposition 8 either based on a formal appeal or they can be set by the county assessor. When the circumstance that caused the decline is reversed the value of the property can be increased up to the factored base year value of the property.

Assessment Appeals Activity

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 was conducted. The table below shows the outcome of resolved appeals between 2008-09 and 2012-13. The information has been provided to indicate the potential impact from open appeals. All of the impacts from successful appeals shown in the table below have been incorporated into the 2014-15 tax roll.

Prior Resolved Appeals – Analysis of Impacts	
Total Number of Filed Appeals	655
Number of Appeals Denied	133
Number of Resolved Appeals with Reductions	453
Number of Appeals Outstanding	69
% of Appeals Resulting in Reductions to AV	77%
Assessed Value Reductions from Resolved Appeals	\$127,632,199
Average Percent Reduction to Assessed Value	21.93%
Overall Success Factor	16.95%

Table 5 shows the open appeals in the Project Areas. The applicants have requested value reductions totaling \$186.6 million. In order to determine the potential future impact of the appeals, we have assumed an overall success factor ratio based on the recent historic success factors shown above of 17 percent for all open appeals. This could, in total, reduce future taxable values by \$31.7 million. We have assumed that these reductions would impact the 2016-17 tax roll, and have reduced taxable values for purposes of the tax increment projections shown on Tables 7 and 8 by this amount. If the appeals are successful, they will also trigger refunds of prior year taxes paid. The County policy is to reduce Project Area tax increment for those refunds where assessed value reductions exceed \$1.0 million. Since some of the outstanding appeals go back to 2010-11, there could be multiple year refunds. We have reduced the tax increment projections shown on Tables 7 and 8 in 2015-16 for the potential reductions from refunds.

Sacramento County allocates smaller refunds related to appeals to each Project Area on the basis of the Project’s AB 8 apportionment factor applied to all refunds

countywide (the AB 8 apportionment factor represents a project area’s tax increment revenue in relation to total countywide property taxes). Refunds from appeals that occur outside the Project Area could negatively affect future tax increment revenues in the Project Area, but there is no methodology to quantifying these impacts with any degree of precision.

Proposition 8 Reductions and Reversals

A number of counties in California, including Sacramento County, have processed temporary assessed value reductions for certain properties (Proposition 8 reductions) where the assessed values exceeded the current 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 December 31, 2010. These Proposition 8 reductions were triggered because residential property values decreased in many areas of the state during that time period, including in Sacramento.

We have reviewed information on all Proposition 8 residential value changes between fiscal years 2008-09 and 2014-15 to determine how many parcels went down in value in the Project Area during that period, and also how many have received reversals. The results of our analysis are shown below.

Proposition 8 Residential Impacts	
<i>Decreases – 2008-09 Through 2012-13</i>	
Number of Residential Parcels	6,366
Total Value Decline	(\$269,076,156)
<i>Additional Decreases - 2012-13 to 2014-15</i>	
Number of Residential Parcels	647
Total Value Decline	(\$46,536,426)
<i>Increases - Through 2014-15</i>	
Number of Residential Parcels	7,234
Total Value Increase	\$263,756,308
Remaining Value Under Proposition 8	(51,856,274)

As shown on the table above, 6,366 residential parcels (inclusive of both single and multifamily parcels) had been reduced below their Proposition 13 adjusted base year value as of fiscal year 2012-13 tax roll, with a value reduction of \$269 million. Between 2012-13 and 2014-15, an additional 647 parcels were reduced by \$46.5 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 Proposition 13 inflation adjustment. Beginning in 2013-14, and continuing through 2014-15, the County has reversed many of the prior Proposition 8 reductions and increased value by \$263.8 million. 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. Such parcel changes are difficult to track.

In terms of future 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 year 2014 and for 2015 through the end of April.

2014 Sales:	
Total Sales	612
Aggregate Sales Price	\$ 112,449,373
Aggregate Tax Roll Value	\$78,200,399
Percent Increase Between Sales Price and Tax Roll Value	44%
2015 Sales (through April):	
Total Sales	213
Aggregate Sales Price	\$ 103,895,500
Aggregate Tax Roll Value	\$70,210,148
Percent Increase Between Sales Price and Tax Roll Value	48%

The table shows that sales values were 44 percent higher than tax roll values in 2014, and for 2015 (through April) they are 48 percent higher. Given that sales prices are exceeding tax roll values by a substantial margin, and the County has reversed most of the prior residential Proposition 8 reductions, we have assumed that there would be no further Proposition 8 reductions in fiscal year 2015-16 or future fiscal years for purposes of the tax increment projections shown in Section F.

Section F - Estimate of Current and Future Tax Increment Revenue

County auditor-controllers are required to calculate the funds that flow to the RPTTF as if the redevelopment agency still existed. Given this, the RPTTF, or tax increment revenues, continue to be calculated by first subtracting the base year value of a project area from the current year taxable value in order to determine the incremental taxable value of the project area. The 1 percent tax rate is then applied to the incremental taxable value in order to determine tax increment revenues. In the aftermath of the Dissolution Act, the County no longer allocates any tax increment from tax rates in excess of 1 percent to the Agency.

Unitary revenues are allocated to a project area based on a formula contained in the Revenue & Taxation Code. Generally, the Agency receives unitary revenues for its

project areas 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 Agency also receives supplemental property taxes for the Project Area on an annual basis. Due to the difficulty of estimating supplemental revenues, we have not included such revenues in the estimates shown on Tables 6 through 8. Supplemental property taxes typically increase the receipt of tax increment.

Current Year Revenues

An estimate of the current year (2015-16) tax increment revenues is shown on Table 6 and includes a breakdown of the revenue on an individual Project Area basis. The values utilized are based on actual values reported by Sacramento County. Tax increment generated from the application of the 1 percent tax rate to incremental taxable value for 2015-16 is estimated at \$45.6 million. Unitary revenues are estimated to equal \$1.9 million for the Project Areas.

Projected Revenues

A projection of tax increment revenues is shown on Tables 7 and 8. The 2015-16 value of real and other property for the Project Areas is based on information from the records of Sacramento County. Real property consists of locally reported secured and unsecured land and improvement values. The other property category includes personal property and state assessed values.

The future level of real and other property values has been estimated on Tables 7 and 8. For purposes of the projections on Table 7, we have increased real property values by 2 percent per year starting in 2016-17. The 2 percent factor is the maximum inflation factor that county assessors can use to increase real property values. In certain fiscal years the inflation factor has been less than 2 percent. Should inflation not reach 2 percent in the future, tax increment could be lower than that shown on Table 7.

Future year tax increment revenues on Table 7 have also been increased for changes of ownership and new developments that are currently under construction. Table 9 shows a summary of what has been included, which are further described below:

1. Changes of Ownership: There have been two major changes of ownership that have occurred in 2015 that are projected to increase taxable values by \$32.4 million in 2016-17.
2. Entertainment and Sports Complex: A new entertainment and sports complex is under constructions in downtown Sacramento. It will consist of a 779,000 square foot, 17,500 seat capacity indoor arena and practice court facility that will house

the Sacramento Kings basketball franchise. The project is scheduled to open in September 2016 and add taxable value to the 2016-17 and 2017-18 tax rolls.

3. **700 K Street:** This mixed use project is under construction. It includes 122 residential units plus approximately 10,000 square feet of roof garden and other space. A portion of the existing site will undergo rehabilitation. We have estimated that the development will add value to the 2016-17 and 2017-18 tax rolls.

Taxable values have also been reduced for the impact of assessment appeals. For 2016-17, we have reduced the value of real property shown on Tables 7 and 8 by \$31.7 million for appeals. City property acquisitions for the Entertainment and Sports Complex have already reduced the tax roll for 2015-16.

Section G – Adjustments and Liens on Tax Increment

The tax increment revenues of the Project Area are subject to certain adjustments and liens, as described in this section. The adjustments and liens must be paid prior to the payment of debt service on the Loans.

Adjustments to Revenue

The one adjustment shown on Tables 6 through 8 is for property tax administrative fees collected by Sacramento County. 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. Both portions of the fees have been estimated and included based on amount reported by Sacramento County.

Former Housing Set-Aside

Prior to the Dissolution Act, the Former Agency was required to deposit not less than 20 percent of the tax increment generated in the Project Area into a special fund to be used for qualified low and moderate income housing programs. The Dissolution Act no longer requires such a deposit. The Agency has no obligations payable from the formerly required low and moderate income housing fund, other than those included in the Senior Bond Obligations, and so no reductions have been made to the tax increment projections.

Statutory Tax Sharing Payments

Pursuant to 1994 legislation (AB 1290), the Agency is required to make payments to the affected taxing entities from the Project Areas. The Dissolution Act requires the County Auditor-Controller to remit these payments to the taxing entities from the RPTTF prior to paying the Successor Agency's ROPS obligations. The payments are calculated somewhat differently for the parts of the Project Area that were adopted

prior to AB 1290 (Pre-AB 1290) and the Project Areas that were adopted after AB 1290 (Post-AB 1290).

The payments for the Pre-AB 1290 Project Areas are required because the financial and time limitations for the various Redevelopment Plans have been amended since AB 1290 was enacted. Payments of the pass through payments are only due on increases in assessed values above levels received in certain years. These years are referred to as the “AB 1290 AV Base Year” and are different for the various Pre-AB 1290 Project Areas. The table below shows shows the AB 1290 AV Base Year by tiers, which represents the date after which the Agency owed pass through payments on any tax increment increases.

	<i>Tier 1</i>	<i>Tier 2</i>	<i>Tier 3</i>
	<u>AV Base Year</u>	<u>AV Base Year</u>	<u>AV Base Year</u> <u>(1)</u>
<u>Pre-AB 1290 Project Areas Subject to Section 33607.7 Due to Amendment</u>			
Merged Downtown	2003-04	2013-14	2033-34
Alkali Flat	2001-02	2011-12	NA
Del Paso Heights	1999-2000	2009-10	2029-30
Oak Park	2002-03	2012-13	NA
River District Original	2010-11	2020-21	NA
North Sacramento	2011-12	2021-22	NA
Franklin	2013-14	2023-24	NA
<u>Post AB 1290 Project Areas Subject to Section 33607.5 At Adoption</u>			
Stockton Blvd.	1993-94	2004-05	2024-25
Army Depot	1994-95	2008-09	2028-29
River District - Amendment	1995-96	2016-17	2036-37
Army Depot Amendment	2003-04	2014-15	2034-35
65th Street	2003-04	2014-15	2034-35
Railyards	2007-08	2018-19	2038-39

(1) Many of the Pre-AB 1290 Project Areas will no longer eligible to receive tax increment when this tier is triggered.

The tax sharing payments for all Project Areas are based on a three tier formula, and payments are made after the Agency’s deposit to its housing set-aside. Although the Agency is no longer required to make a housing set-aside deposit, the Dissolution Act specifically states that the AB 1290 payments are to be calculated as if the housing deposit were still being made. The table below shows the calculation methodology.

Tier	Payment Required
Tier 1	<p><u>Pre-AB 1290 Projects:</u> 20% of the gross tax increment attributable to increases above the AB 1290 AV Base assessed values during the remaining term the Agency receives tax increment.</p> <p><u>Post-AB 1290 Projects:</u> 20% of total tax increment during the entire term the Agency receives tax increment.</p>
Tier 2	<p><u>Pre-AB 1290 Projects:</u> Beginning in the 11th year after the AB 1290 AV Base Year was determined, an additional payment equal to 16.8% of the gross tax increment attributable to growth above levels in the 19th year after the AB 1290 AV Base was determined.</p> <p><u>Post-AB 1290 Projects:</u> Beginning in the 11th year, an additional payment equal to 16.8% of the tax increment attributable to growth above year 10 levels.</p>
Tier 3	<p><u>Pre-AB 1290 Projects:</u> Beginning in the 31st year after the AB 1290 AV Base Year was determined, an additional payment equal to 11.2% of the gross tax increment attributable to growth above levels in the 30th year after the AB 1290 AV Base was determined. Only Project 8 of the Merged Downtown Project Area and the Del Paso Heights Project Area will be subject to the Tier 3 payments since the other Project Areas will no longer receive tax increment in the year in which this tier is triggered.</p> <p><u>Post-AB 1290 Projects:</u> Beginning in the 31st year, an additional payment equal to 11.2% of the tax increment attributable to growth above year 30 levels.</p>

We have reviewed information on Sacramento County’s calculations of the statutory tax sharing obligation for 2014-15. Based on our analysis, we believe that the County’s

calculations are understated by approximately \$692,000 for 2014-15 for the following reasons:

- For the Merged Downtown, Alkali Flat, Del Paso Height and Oak Park Project Areas, the County is deducting the incremental revenue of each Project Area from the adjusted base year revenue to determine the Tier 1 revenue that is subject to tax sharing. The CRL requires that the calculation be done by deducting the total assessed value in each Project Area from the adjusted base year value. This has the impact of double counting the base year value of these Project Areas and understating the required payment.
- For the Alkali Flat and Del Paso Heights Project Areas, the County is using the wrong Tier 2 base year value.

For purposes of the projections on Tables 6 through 8, we have used our calculation of the statutory tax sharing payments that are due to the taxing entities.

Other Senior Obligations

Merged Downtown Project: In February of 1999, the Former Agency entered into a Cooperative Agreement with the City of Sacramento to make debt service payments from Merged Downtown tax increment on a loan from the California Department of Boating and Waterways. Payments on the loan end in August 2018. In July of 2006 the Former Agency entered into an agreement with Rubicon Partners that requires the payment of net tax increment generated from the site of the Citizen Hotel that was constructed in the Merged Downtown Project Area which the developers have constructed. The payments end in 2024-25. In October of 2006, the Former Agency entered into a similar agreement with Old Sac Properties which requires the payment of net tax increment from the Orleans Hotel, which is located in the Merged Downtown Project Area. Payments under that agreement end in 2015-16. Each of these obligations have been included on Tables 6 through 8.

Del Paso Height Project: On August 11, 1998, the Former Agency entered into a Pledge, Assignment and Security Agreement with the Secretary of Housing and Urban Development (HUD). Under the Agreement, the Agency pledged the tax increment revenues generated from the Del Paso Nuevo area (which is a part of the Del Paso Project Area) to HUD. The agreement has no provision for subordination in it. The Del Paso Nuevo area is generally bounded by South Avenue to the north, Altos Avenue to the east, Arcade Creek to the south and Norwood Avenue to the west. For 2014-15, we estimate the tax increment revenues from the area at \$380,676 and have included this obligation on Tables 6 through 8.

Alkali Flat Project: In August of 2005, the Former Agency entered into an agreement to borrow money from HUD's Brownfield's Economic Development Initiative for the Globe Mills Reuse development in the Alkali Flat Project Area. In 2006, the City

Council approved the use of tax increment from the Alkali Flat Project Area to repay the HUD obligation. No provision for subordination was included in the City Council resolution. Debt service on that obligation has been shown on Tables 6 through 8.

Army Depot: In February 2006, the Former Agency entered into a Master Project Agreement (MPA) to provide annual funding to U.S. National Leasing LLC (USNL), which operates Depot Park, the former site of the Army Depot. Funding under the MPA is limited to the net tax increment (tax increment net of property tax administrative fees and tax sharing payments) generated from those parcels that are located in Depot Park, which we estimate generated approximately \$250,000 annually as of 2014-15. In order to receive funding under the MPA, USNL can undertake eligible improvements and then may receive a rebate up to the amount of the annual net tax increment pursuant to a Funding Agreement. USNL is not currently undertaking any projects and the Agency has not paid any tax increment revenues under the MPA since approximately 2012. The Dissolution Act prohibits the Agency from entering into new agreements and, accordingly, the Agency does not expect to make payments to USNL under the MPA. Given this, we have not reduced Tax Revenues on Tables 6 through 8 for this obligation.

Senior Existing Obligations

Tables 6 through 8 shows debt service on the Existing Obligations, as defined in the Indenture, which include:

- The non-callable portion of the 2003 Del Paso Agreement relating to the 2003A TABs that are capital appreciation bonds,
- The non-callable portions of the 2005 Merged Downtown Loan Agreement and the 2005 Oak Park Loan Agreement relating to the 2005A TABs that are capital appreciation bonds,
- The taxable portions of the 2006 65th Street Advance Agreement, the 2006 Army Depot Advance Agreement, the 2006 North Sacramento Advance Agreement and the 2006 Richards Boulevard Advance Agreement relating to the 2006B CIRB, and
- The 2006 Stockton Boulevard Advance Agreement relating to the 2006E CIRBs.

Subordinate Tax Sharing Payments

The Agency has agreements that were entered into pursuant to former Section 33401 of the CRL that are subordinate to bond debt service.

River District Project Area: The Agency has an agreement with the North Sacramento School District, the Grant Union High School District, the Sacramento City Unified School District, the Los Rios Community College District and the

Sacramento County Superintendent of Schools (School Districts). The agreement calls for the Agency to make tax-sharing payments to the School Districts equal to 40 percent of each District's share of revenue. The total share for the School Districts is set in the agreement at 28.896 percent.

North Sacramento Project Area: The Agency has agreements with the North Sacramento School District, the Grant Union High School District, the Los Rios Community College District and the Sacramento County Superintendent of Schools (School Districts) that contain identical provisions. The agreements call for the Agency to make tax-sharing payments to the School Districts equal to 30 percent of their share through 2016-17. Beginning in 2017-18 the payments go to 40 percent of the School Districts share. The total share for the School Districts is set in the agreement at 23.18 percent. The Agency also has an agreement with the Sacramento Yolo Mosquito and Vector Control District to pay the District its share of tax increment. The Districts share is set in the agreement at 0.72 percent.

Franklin Project Area: The Agency has tax sharing agreements with the Sacramento City Unified School District, the County Superintendent of Schools, the Los Rios Community College District, the Southgate Recreation and Park District and the Mosquito Abatement District. The agreements call for the Agency to pay each district their share of payments that are calculated pursuant to Section 33607.5 of the CRL, as described above under the section on Statutory Tax Sharing payments.

Table 1
 Sacramento Successor Agency
 Combined Project Areas

HISTORICAL TAXABLE VALUE (1)

Fiscal Year	Locally-Assessed Secured Value	Unsecured Value	State-Assessed Value	Total Taxable Value	Percentage Change	Total Incremental Value (2)
2006-07	\$6,177,901,120	\$425,312,645	\$43,685,405	\$6,646,899,170	N/A	\$4,336,725,023
2007-08	6,674,727,526	465,261,419	8,625,136	7,148,614,081	7.55%	4,838,439,934
2008-09	7,149,382,316	498,517,737	5,509,825	7,653,409,878	7.06%	5,343,235,731
2009-10	6,760,366,510	519,314,099	5,421,387	7,285,101,996	-4.81%	4,974,927,849
2010-11	6,487,362,837	470,750,137	6,456,589	6,964,569,563	-4.40%	4,654,395,416
2011-12	6,271,797,632	436,508,858	6,609,590	6,714,916,080	-3.58%	4,404,741,933
2012-13	6,128,804,173	430,800,517	7,264,606	6,566,869,296	-2.20%	4,256,695,149
2013-14	6,123,797,497	447,695,387	5,550,373	6,577,043,257	0.15%	4,266,869,110
2014-15	6,225,921,839	454,643,783	5,845,658	6,686,411,280	1.66%	4,376,237,133
2015-16	6,448,481,132	414,546,918	5,845,658	6,868,873,708	2.73%	4,558,699,561
Total Percentage Change					3.34%	
Average Percentage Change					0.37%	

(1) Excludes the taxable value of Merged Downtown Project 4a - Amendment, which is below it's base year value.

(2) Taxable Value above base year value of \$2,310,174,147.

Table 1.1
 Sacramento Successor Agency
 Combined Project Areas

HISTORICAL TAXABLE VALUE BY PROJECT

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Downtown	\$2,098,062,349	\$2,248,630,514	\$2,352,309,671	\$2,724,520,711	\$2,874,251,821	\$2,666,198,815	\$2,574,741,285	\$2,505,229,443	\$2,435,070,345	\$2,483,683,285
Alkali Flat	110,626,514	120,268,346	127,360,715	131,165,855	137,146,006	132,508,704	124,884,594	124,425,632	116,351,073	123,837,503
Del Paso	276,953,984	355,780,530	411,498,616	435,302,464	361,154,074	328,612,264	302,488,200	292,489,146	308,288,402	331,552,712
Oak Park	461,611,124	570,417,558	638,672,007	632,594,860	500,004,339	462,761,088	446,277,937	446,341,143	484,303,210	494,431,996
North Sacramento	509,849,546	566,435,427	615,331,838	650,265,307	600,575,803	601,046,056	565,314,506	549,216,540	537,973,493	552,990,477
River District	422,798,786	430,159,531	443,484,218	483,934,701	504,520,444	451,786,057	440,053,362	434,824,014	410,426,572	443,897,499
Franklin	557,601,800	614,739,480	646,875,734	668,611,135	621,318,582	622,825,353	598,407,556	598,002,631	598,997,127	519,527,286
Stockton	389,535,443	435,054,849	484,269,877	498,911,591	412,382,247	394,833,116	378,285,196	356,170,255	367,386,099	386,594,502
65th Street	204,429,305	251,666,945	266,544,229	269,797,056	249,901,091	268,069,199	256,543,331	246,913,977	243,409,991	249,313,316
Railyards	34,950,560	34,793,372	4,237,723	10,740,542	50,576,848	72,704,097	85,216,151	89,510,141	84,653,774	81,218,346
Sub-total	5,066,419,411	5,627,946,552	5,990,584,628	6,505,844,222	6,311,831,255	6,001,344,749	5,772,212,118	5,643,122,922	5,586,860,086	5,667,046,922
Percent Change		11.08%	6.44%	8.60%	-2.98%	-4.92%	-3.82%	-2.24%	-1.00%	1.44%
Army Depot	500,194,428	1,018,952,618	1,158,029,453	1,147,565,656	973,270,741	963,224,814	942,703,962	923,746,374	990,183,171	1,019,364,358
Grand Total	5,566,613,839	6,646,899,170	7,148,614,081	7,653,409,878	7,285,101,996	6,964,569,563	6,714,916,080	6,566,869,296	6,577,043,257	6,686,411,280
Annual Percent Change		19.41%	7.55%	7.06%	-4.81%	-4.40%	-3.58%	-2.20%	0.15%	1.66%

Source: Sacramento County Auditor-Controller

Table 2
 Sacramento Successor Agency
 Combined Project Areas

TEN MAJOR PROPERTY TAX ASSESSEES

Assessee	Project	Type of Use	2015-16 Secured Value (1)	2014-15 Unsecured Value	Total	%of Total Value (1)	%of Incremental Value (2)
1) Hine Sacramento Wells Fargo Center	Downtown	Wells Fargo - Office	\$172,000,000	\$0	\$172,000,000	2.50%	3.77%
2) 621 Capitol Mall LLC	Downtown	High Rise Office	127,877,952	0	127,877,952	1.86%	2.81%
3) 500 Capitol Mall LLC	Downtown	High Rise Office	123,977,782	0	123,977,782	1.80%	2.72%
4) 300 Capitol Associates NF LP	Downtown	300 Capitol Mall - Office	102,000,000	0	102,000,000	1.48%	2.24%
5) CIM 980 9th Street Sacramento LP	Downtown	High Rise Office	100,959,001	50,657	101,009,658	1.47%	2.22%
6) CIM J Street Hotel Sacramento LP	Downtown	Sheraton Grand Hotel	94,246,182	29,126	94,275,308	1.37%	2.07%
7) Capitol Regency LLC	Downtown	Hyatt Hotel	75,226,201	0	75,226,201	1.10%	1.65%
8) California Almond Growers Exchange	River District	Blue Diamond Almond	74,123,680	124,354	74,248,034	1.08%	1.63%
9) GSA Sacramento California LLC	Downtown	High Rise Office	69,646,621	0	69,646,621	1.01%	1.53%
10) CA Association Hospitals Health Sys	Downtown	Esquire Plaza	67,360,444	919,850	68,280,294	0.99%	1.50%
Total Valuation of Top 10			1,007,417,863	1,123,987	1,008,541,850	14.68%	22.12%
Total Combined Project Values - 2015-16			6,454,326,790	414,546,918	6,868,873,708		

(1) Based on ownership of locally-assessed property.
 (2) Total value less base year value of \$2,310,174,147.

Table 3
 Sacramento Successor Agency
 Combined Project Areas

LEVY TO RECEIPTS SUMMARY (1)

Fiscal Year	Levy per County (2)	Tax Increment Receipts Less Supplementals	% of Levy Received	Interest & Supplementals	Total Tax Increment Receipts	% of Levy Received
2009-10	\$50,687,133	\$50,738,413	100.10%	\$682,337	\$51,420,750	101.45%
2010-11	48,168,817	43,852,523	91.04%	(393,018)	43,459,505	90.22%
2011-12	45,855,527	42,659,552	93.03%	(143,984)	42,515,568	92.72%
2012-13 (3)	44,373,775	41,662,400	93.89%	(197,638)	41,464,762	93.44%
2013-14 (3)	44,506,361	42,524,384	95.55%	162,403	42,686,787	95.91%
2014-15 (3)	45,602,026	42,182,442	92.50%	590,441	42,772,883	93.80%
Average Receipts to Levy %			94.42%			94.67%

- (1) Receipts per Agency records prior to reduction for property tax admin. Fees and pass through payments.
- (2) Intial levy reported by Sacramento County.
- (3) Receipts per Sacramento County including true up amounts.

Table 4
Sacramento Successor Agency
Combined Project Areas

HISTORICAL TAX REVENUE

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Tax Increment	\$48,838,333	\$42,028,691	\$40,995,178	\$39,851,438	\$40,652,599	\$40,300,124
Unitary	1,900,080	1,823,832	1,808,358	1,810,962	1,871,785	1,882,318
Supplemental	641,190	(356,461)	(138,976)	(216,822)	144,727	570,300
Interest / Other	41,147	(36,557)	(5,008)	19,184	17,676	20,141
Total (1)	51,420,750	43,459,505	42,659,552	41,464,762	42,686,787	42,772,883
<i>Reductions for Liens: (2)</i>						
Property Tax Administrative Charge	780,742	727,849	795,699	746,147	715,241	680,897
Statutory Tax Sharing Payments	3,308,023	2,983,455	2,605,664	2,228,153	2,510,837	3,391,447
Total Liens	4,088,765	3,711,304	3,401,363	2,974,300	3,226,078	4,072,344
Tax Revenue	47,331,985	39,748,201	39,258,189	38,490,462	39,460,709	38,700,539

(1) Actual revenues as reported by the Agency and Sacramento County.
(2) Does not include other Existing Obligations or Other Senior Obligations.

Table 5
Sacramento Successor Agency
Combined Project Areas

ANALYSIS OF PENDING APPEALS

APN	Assessee	2014-15 Tax Roll Value	Applicant's Opinion	Requested Valuation Reduction	Based On 17% Reduction		(1) Estimated Refund
					Estimated Resolved Valuation	Estimated Valuation Reduction	
006-0102-017 & 19	GPT Properties	\$42,119,723	\$12,634,000	\$29,485,723	\$37,107,150	\$5,012,573	\$50,126
006-0026-018	Chase Merritt Sacramento	34,680,000	12,821,000	21,859,000	30,963,970	3,716,030	74,321
006-0106-005	GCFC 2005	26,640,400	-	26,640,400	22,111,532	4,528,868	181,155
015-0031-051	Target Corporation	23,484,773	1,525,000	21,959,773	19,751,612	3,733,161	74,663
006-0133-022	Sacramento Hotel Partners	22,600,000	4,400,000	18,200,000	19,506,000	3,094,000	61,880
275-0310-001	Costco	17,626,488	15,000,000	2,626,488	17,179,985	446,503	-
275-0240-072	Westcore Delta	14,113,787	12,191,060	1,922,727	13,786,923	326,864	-
006-0054-024	Fund IX Park Plaza	12,356,280	11,000,000	1,356,280	12,125,712	230,568	-
013-0244-027	Earthgrains Baking Company	11,783,253	7,369,859	4,413,394	11,032,976	750,277	-
022-0280-038 & 039	Stockton Plaza Partners	10,065,000	8,997,341	1,067,659	9,883,498	181,502	-
001-0200-025	10240 Systems Parkway	8,843,400	5,500,000	3,343,400	8,275,022	568,378	-
002-0076-009	Hearst Argyle Stations	8,058,758	5,600,000	2,458,758	7,640,769	417,989	-
265-280-044	Seven Up Bottling Company	7,854,000	-	7,854,000	6,518,820	1,335,180	53,407
275-0310-037	Sent Expo Point LLC	7,485,000	-	7,485,000	6,212,550	1,272,450	50,898
275-0310-021	2006 Tcherkoyan Family	5,845,000	3,507,000	2,338,000	5,447,540	397,460	-
275-0054-029 & 030	Walgreen Company	5,652,018	2,826,000	2,826,018	5,171,595	480,423	-
014-0163-066	US Bank National Assoc	5,324,062	1,597,000	3,727,062	4,690,461	633,601	-
001-0070-049	Detmer Family Limited	4,598,000	2,300,000	2,298,000	4,207,340	390,660	-
037-0301-004	Brittany Arms LLC	4,547,400	3,900,000	647,400	4,437,342	110,058	-
001-0181-025	350 Bercut LLC	3,176,355	1,500,000	1,676,355	2,891,375	284,980	-
039-0011-014	Chateau Lang Apartments	3,031,600	2,600,000	431,600	2,958,228	73,372	-
	Minor Appeals (2)	44,663,053	22,650,580	22,012,473	40,920,933	3,742,120	-
TOTAL ESTIMATED IMPACT		\$324,548,350	\$137,918,840	\$186,629,510	\$292,821,333	\$31,727,017	\$546,449

(1) Estimate Refunds for individual appeals with assessed value reductions over \$1.0 million.

(2) Reflects 34 appeals with assessed value of under \$3 million.

Table 6
Redevelopment Agency of the City of Sacramento
Merged Downtown Redevelopment Project Area

**ESTIMATE OF INCREMENTAL TAX REVENUE
FOR FISCAL YEAR 2015-16 (1)**

	Downtown	Alkali Flat	Del Paso	Oak Park	North Sacramento	River District	Franklin	Stockton	Army Depot	65th St.	Railyards	Total
Secured												
Land and Improvements	\$2,474,529,234	\$150,217,592	\$360,233,193	\$800,816,848	\$548,865,140	\$400,457,690	\$519,713,489	\$443,524,698	\$925,168,714	\$318,285,285	\$71,307,350	\$7,013,119,233
Personal Property	28,792,520	3,198,993	377,412	145,247	10,351,571	20,933,603	2,331,063	453,978	3,614,567	8,495,855	0	78,694,809
Gross Secured	2,503,321,754	153,416,585	360,610,605	800,962,095	559,216,711	421,391,293	522,044,552	443,978,676	928,783,281	326,781,140	71,307,350	7,091,814,042
Less: Exemptions	63,103,815	29,920,591	37,652,741	291,553,261	32,761,498	\$10,846,988	42,108,251	55,363,887	18,553,381	58,076,597	3,391,900	643,332,910
Total Secured	2,440,217,939	123,495,994	322,957,864	509,408,834	526,455,213	410,544,305	479,936,301	388,614,789	910,229,900	268,704,543	67,915,450	6,448,481,132
SBE Total Value	73,348	0	1,392	0	0	4,779,048	0	0	942,865	49,005	0	5,845,658
Unsecured												
Land and Improvements	52,676,799	1,634,636	1,598,922	29,004,645	13,207,490	21,701,177	17,170,742	7,904,566	63,825,488	6,352,462	7,685,175	222,762,102
Personal Property	77,485,173	1,565,035	11,070,757	28,108,851	23,024,782	16,054,182	15,493,527	8,542,160	46,265,770	11,585,117	4,350,288	243,545,642
Gross Unsecured	130,161,972	3,199,671	12,669,679	57,113,496	36,232,272	37,755,359	32,664,269	16,446,726	110,091,258	17,937,579	12,035,463	466,307,744
Less: Exemptions	6,666,568	456,378	100,339	33,636,956	354,452	574,149	2,195,179	929,993	1,517,166	4,200,995	1,128,651	51,760,826
Total Unsecured	123,495,404	2,743,293	12,569,340	23,476,540	35,877,820	37,181,210	30,469,090	15,516,733	108,574,092	13,736,584	10,906,812	414,546,918
Total Values (2)	\$2,563,786,691	\$126,239,287	\$335,528,596	\$532,885,374	\$562,333,033	\$452,504,563	\$510,405,391	\$404,131,522	\$1,019,746,857	\$282,490,132	\$78,822,262	\$6,868,873,708
Less: Base Year Value	190,821,456	13,594,172	27,058,638	60,326,228	290,861,186	281,976,802	354,324,447	215,204,917	669,726,850	151,473,728	54,805,723	2,310,174,147
Incremental Value	\$2,372,965,235	\$112,645,115	\$308,469,958	\$472,559,146	\$271,471,847	\$170,527,761	\$156,080,944	\$188,926,605	\$350,020,007	\$131,016,404	\$24,016,539	\$4,558,699,561
Tax Increment Revenue (3)	23,729,652	1,126,451	3,084,700	4,725,591	2,714,718	1,705,278	1,559,020	1,889,266	3,500,200	1,310,164	240,165	45,585,207
Unitary Revenue (4)	1,693,729	23,331	36,373	75,865	7,070	3,530	6,769	4,205	4,915	1,490	0	1,857,277
Total Tax Increment Revenues	25,423,381	1,149,782	3,121,073	4,801,456	2,721,788	1,708,808	1,565,789	1,893,471	3,505,115	1,311,654	240,165	47,442,484
% of Total	54%	2%	7%	10%	6%	4%	3%	4%	7%	3%	1%	100%
<i>Adjustments / Liens on Revenue</i>												
Property Tax Administrative Charge (5)	361,666	16,357	44,399	68,304	38,719	24,399	13,253	26,936	49,862	18,659	3,416	665,971
Estimated Refunds	367,000	0	0	0	104,000	0	0	0	0	74,663	0	545,663
Statutory Tax Sharing Payments (6)	1,520,009	56,056	388,628	587,590	0	161,057	0	407,886	701,023	262,331	47,350	4,131,929
Existing Obligations												13,058,655
Other Senior Obligations	312,942	460,033	307,344	0	0	0	0	0	0	0	0	1,080,319
Tax Revenue	22,861,764	617,337	2,380,701	4,145,563	2,579,069	1,523,352	1,552,536	1,458,649	2,754,230	956,001	189,399	27,959,946
Negotiated Tax Sharing Payments (7)	0	0	0	0	208,327	141,372	104,170	0	0	0	0	453,869
Net Tax Increment Revenue	22,861,764	617,337	2,380,701	4,145,563	2,370,742	1,381,980	1,448,366	1,458,649	2,754,230	956,001	189,399	27,506,077

- (1) Based on taxable value information from the records of Sacramento County.
- (2) Because the total assessed value of Project 4 Amendment Area is below the base year value, such values have been excluded.
- (3) Calculated based on the application of the 1% tax rate.
- (4) Based on estimated unitary revenue per the County for 14-15.
- (5) Estimated at 1.42 percent of Total Tax Increment Revenues.
- (6) Tax sharing payments per the provisions of AB 1290.
- (7) Payments under individual negotiated agreements in the North Sacramento Franklin and River District Project Area that are subordinate to debt service.

Table 7
Sacramento Successor Agency
Combined Project Areas

PROJECTION OF INCREMENTAL TAX REVENUE - 2% GROWTH
(000's Omitted)

Fiscal Year	Real (1) Property	(2) New Development	Other (3) Property	Total Value	Incremental Value Over Base	Tax (4) Increment	Unitary (5) Revenue	Total Tax Increment Revenue	Property Tax (6) Admin Fee	Estimated Refunds	AB 1290 Tax (7) Sharing	Senior Existing (8) Obligations	(9) Other Senior Obligations	Tax Revenues	(10) Subordinate Tax Sharing Payments	Net Tax Increment Revenue
2015 - 2016	\$6,592,548	N/A	\$276,325	\$6,868,874	\$4,558,521	\$45,585	\$1,857	\$47,442	\$666	\$546	\$4,132	\$13,059	\$1,080	\$27,960	\$454	\$27,506
2016 - 2017	6,680,699	253,166	276,325	6,957,024	4,899,837	48,998	1,857	50,856	714	0	5,286	13,059	1,037	30,759	475	30,284
2017 - 2018	7,038,338	230,931	276,325	7,314,664	5,235,241	52,352	1,857	54,210	762	0	6,484	1,688	1,042	44,234	482	43,752
2018 - 2019	7,414,654	0	276,325	7,690,980	5,380,627	53,806	1,857	55,664	782	0	6,923	11,707	945	35,307	577	34,730
2019 - 2020	7,562,948	0	276,325	7,839,273	5,528,920	55,289	1,857	57,146	802	0	7,391	1,945	948	46,059	609	45,450
2020 - 2021	7,714,207	0	276,325	7,990,532	5,680,179	56,802	1,857	58,659	823	0	7,869	19,397	953	29,618	642	28,976
2021 - 2022	7,868,491	0	276,325	8,144,816	5,834,463	58,345	1,857	60,202	845	0	8,364	19,553	957	30,483	675	29,809
2022 - 2023	8,025,860	0	276,325	8,302,186	5,991,833	59,918	1,857	61,776	866	0	8,870	18,629	961	32,449	708	31,741
2023 - 2024	8,186,378	0	276,325	8,462,703	6,152,350	61,523	1,857	63,381	889	0	9,419	18,379	966	33,728	743	32,986
2024 - 2025 (11)	8,207,733	0	272,018	8,479,750	6,182,991	61,830	1,834	63,664	892	0	9,866	20,688	487	31,731	778	30,953
2025 - 2026 (11)	7,730,318	0	277,400	8,007,719	5,771,286	57,713	1,758	59,471	832	0	9,480	18,379	313	30,467	814	29,653
2026 - 2027	7,884,925	0	277,400	8,162,325	5,925,893	59,259	1,758	61,017	853	0	10,032	18,383	313	31,436	854	30,581
2027 - 2028	8,042,623	0	277,400	8,320,024	6,083,591	60,836	1,758	62,594	875	0	10,594	18,380	313	32,432	896	31,536
2028 - 2029	8,203,476	0	277,400	8,480,876	6,244,444	62,444	1,758	64,203	897	0	11,171	18,380	313	33,441	938	32,503
2029 - 2030	8,367,545	0	277,400	8,644,946	6,408,513	64,085	1,758	65,843	919	0	11,760	18,383	313	34,468	981	33,486
2030 - 2031	8,534,896	0	277,400	8,812,297	6,575,864	65,759	1,758	67,517	943	0	12,361	16,002	313	37,897	1,025	36,872
2031 - 2032 (11)	6,982,585	0	240,812	7,223,397	5,023,974	50,240	1,758	51,998	721	0	9,152	8,385	313	33,427	1,070	32,357
2032 - 2033 (11)	6,668,555	0	229,463	6,898,018	4,725,653	47,257	1,722	48,978	677	0	8,833	8,146	0	31,321	1,116	30,206
2033 - 2034	6,801,926	0	229,463	7,031,389	4,859,024	48,590	1,722	50,312	696	0	9,277	7,356	0	32,984	1,162	31,821
2034 - 2035	6,937,965	0	229,463	7,167,428	4,995,063	49,951	1,722	51,672	714	0	9,730	1,559	0	39,670	1,210	38,460
2035 - 2036 (11)	4,617,773	0	166,367	4,784,140	2,765,587	27,656	28	27,684	372	0	6,308	1,129	0	19,875	1,259	18,616
Cumulative Total						1,148,239	36,049	1,184,288	16,538	546	183,302	272,586	11,571	699,745	17,467	682,278

- (1) Real Property for 2016-17 increased by 2 percent per year.
The values for 2016-17 have also been reduced for pending appeals.
- (2) See Table 9, "Schedule of New Development and Changes of Ownership".
- (3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
- (4) Based on the application of 1% tax rates to the total incremental taxable value.
- (5) Reflects County reported unitary revenue for 2014-15.
- (6) Property tax administration fees are based on 1.42 percent of tax increment.
- (7) Tax sharing payments per the provisions of AB 1290.
- (8) Senior obligations as defined in the Indenture after refunding per Stifel.
- (9) Reflect Del Paso Nuevo agreement, Section 108 loan payments for Globe Mills development, payments under agreements with Rubicon Partners and Old Sac Properties, and a Boating and Waterways Loan.
- (10) Tax sharing payments per negotiated agreements. These are subordinate to debt service.
- (11) Final date to collect tax increment: Alkali Flat - 2023-24; Oak Park - 24-25; Downtown except Project 8 - 30-31; Project 8- 34-35; Del Paso- 31-32.

Table 8
Sacramento Successor Agency
Combined Project Areas

PROJECTION OF INCREMENTAL TAX REVENUE - 0% GROWTH
(000's Omitted)

Fiscal Year	Real (1) Property	(2) New Development	Other (3) Property	Total Value	Incremental Value Over Base	Tax (4) Increment	Unitary (5) Revenue	Total Tax Increment Revenue	Property Tax (6) Admin Fee	Estimated Refunds	AB 1290 Tax (7) Sharing	Senior Existing (8) Obligations	(9) Other Senior Obligations	Tax Revenues	(10) Subordinate Tax Sharing Payments	Net Tax Increment Revenue	
2015 - 2016	\$6,592,548	N/A	\$276,325	\$6,868,874	\$4,558,521	\$45,585	\$1,857	\$47,442	\$666	\$546	\$4,132	\$13,059	\$1,080	\$27,960	\$454	\$27,506	
2016 - 2017	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	13,059	1,037	28,314	447	27,867	
2017 - 2018	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	1,688	1,042	39,680	447	39,233	
2018 - 2019	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	11,707	945	29,759	509	29,251	
2019 - 2020	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	1,945	948	39,517	509	39,009	
2020 - 2021	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	19,397	953	22,061	509	21,553	
2021 - 2022	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	19,553	957	21,901	509	21,392	
2022 - 2023	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	18,629	961	22,821	509	22,312	
2023 - 2024	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	18,379	966	23,066	509	22,558	
2024 - 2025 (11)	6,439,308	0	272,018	6,711,325	4,414,566	44,146	1,834	45,980	645	0	3,996	20,688	487	20,163	509	19,654	
2025 - 2026 (11)	5,902,471	0	277,400	6,179,872	3,943,439	39,434	1,758	41,192	577	0	3,414	18,379	313	18,509	509	18,000	
2026 - 2027	5,902,471	0	277,400	6,179,872	3,943,439	39,434	1,758	41,192	577	0	3,414	18,383	313	18,505	509	17,996	
2027 - 2028	5,902,471	0	277,400	6,179,872	3,943,439	39,434	1,758	41,192	577	0	3,414	18,380	313	18,508	509	17,999	
2028 - 2029	5,902,471	0	277,400	6,179,872	3,943,439	39,434	1,758	41,192	577	0	3,414	18,380	313	18,508	509	17,999	
2029 - 2030	5,902,471	0	277,400	6,179,872	3,943,439	39,434	1,758	41,192	577	0	3,414	18,383	313	18,505	509	17,996	
2030 - 2031	5,902,471	0	277,400	6,179,872	3,943,439	39,434	1,758	41,192	577	0	3,414	16,002	313	20,886	509	20,377	
2031 - 2032 (11)	4,850,073	0	240,812	5,090,885	2,891,462	28,915	1,758	30,673	427	0	2,642	8,385	313	18,905	509	18,397	
2032 - 2033 (11)	4,526,071	0	229,463	4,755,534	2,583,169	25,832	1,722	27,553	383	0	2,253	8,146	0	16,771	509	16,262	
2033 - 2034	4,526,071	0	229,463	4,755,534	2,583,169	25,832	1,722	27,553	383	0	2,253	7,356	0	17,561	509	17,053	
2034 - 2035	4,526,071	0	229,463	4,755,534	2,583,169	25,832	1,722	27,553	383	0	2,253	1,559	0	23,358	509	22,849	
2035 - 2036 (11)	3,131,496	0	166,367	3,297,863	1,279,311	12,793	28	12,821	173	0	1,569	1,129	0	9,950	509	9,441	
Cumulative Total							807,683	36,049	843,733	11,815	546	72,005	272,586	11,571	475,210	10,505	464,705

- (1) Real Property held constant for 2016-17 and future fiscal years except for reductions for pending appeals.
- (2) No new development included in this projection.
- (3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
- (4) Based on the application of 1% tax rates to the total incremental taxable value.
- (5) Reflects County reported unitary revenue for 2014-15.
- (6) Property tax administration fees are based on 1.42 percent of tax increment.
- (7) Tax sharing payments per the provisions of AB 1290.
- (8) Senior obligations as defined in the Indenture after refunding per Stifel.
- (9) Reflect Del Paso Nuevo agreement, Section 108 loan payments for Globe Mills development, payments under agreements with Rubicon Partners and Old Sac Properties, and a Boating and Waterways Loan.
- (10) Tax sharing payments per negotiated agreements. These are subordinate to debt service.
- (11) Final date to collect tax increment: Alkali Flat - 2023-24; Oak Park - 24-25; Downtown except Project 8 -30-31; Project 8- 34-35; Del Paso- 31-32.

Table 9
 Redevelopment Agency of the City of Sacramento
 Merged Downtown Redevelopment Project Area

SCHEDULE OF NEW DEVELOPMENT AND CHANGES OF OWNERSHIP

Development Type	Square Footage	Residential Units	Value		
			Estimate 000's Omitted	2016-17	2017-18
Changes of Ownership - 2015	N/A	N/A	\$32,435	\$0	\$32,435
Sports and Entertainment Complex (1)	779,000		400,661	200,331	200,331
700 K Street Development (2)		122	51,000	20,400	30,600
Total	779,000	122	\$484,097	\$220,731	\$263,366

(1) Total value less existing value on the site.
 (2) New construction portion only.

Financial and Time Limits

Amendment Definitions:

AB 1290 - required amendment in 1994 to conform time limits to AB 1290
 SB 211 (Easy) - removal of debt incurrence limit by simple ordinance, usually triggers statutory tax sharing.
 ERAF 1 - one year extension to plan effectiveness and debt repayment time limit for ERAF payment.
 ERAF 2 - one year extension to plan effectiveness and debt repayment time limit for ERAF payment.
 SB 211 (Hard) - ten year extension to plan effectiveness and debt repayment with blight findings required.
 ERAF 3 - one year extension to plan effectiveness and debt repayment time limit for ERAF payment.

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Merged Downtown					Merged for financial purposes in 1986 by Ordinance 86-064
2A	9/13/1955	Deleted	1/1/22	1/1/32	
3	7/19/1956	↓	1/1/22	1/1/32	
4	4/27/1961		1/1/22	1/1/32	
4A			1/1/22	1/1/32	
8	7/20/1972		7/20/25	7/20/35	

Combined Financial Limits

Bond Limit \$886,000,000
 Tax Increment Limit \$2,278,000,000

Major Amendments:	Ordinance No.	Date
	Ordinance No. 86-063; 064; 065; 066;	
Merger Amendment	067	6/17/1986
AB 1290	94-046	10/4/1994
SB 211 (Easy)	03-048	9/23/2003
ERAF 1	03-067	11/13/2003
ERAF 2	05-005	2/08/2005
SB 211 (Hard)	05-022	3/15/2005
ERAF 3	05-074	9/27/05

Triggered AB 1290 Payments

Extended limits by 10 years and increased TI and bond limit

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Alkili Flat	2/10/1972	2/9/2012	2/9/2015	2/9/2025	These limits are from info provided by the Agency and include ERAF extensions. The Agency removed debt limit per SB 211 amendment in January 2011.

Financial Limits

Bond Limit \$24,000,000
 Tax Increment Limit \$79,000,000

Major Amendments:	Ordinance No.	Date
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Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Del Paso Heights	5/12/1970	5/11/2010	5/11/2023	5/11/2033	

Financial Limits

Bond Limit	\$41,000,000
Tax Increment Limit	\$131,000,000

Major Amendments:	Ordinance No.	Date
Adoption	No. 2884	5/12/1970
AB 1290	94-046	10/4/1994
ERAF 1	03-066	11/13/2003
SB 211 (Hard)	03-029	6/24/2003
ERAF 2	05-028	4/05/2005
ERAF 3	05-079	10/6/2005

Triggered AB 1290 pass through ; extended limits by 10 years and increased TI and Bond limit

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Oak Park	5/30/1970	5/30/2013	5/30/2016	5/30/2026	

Financial Limits

Bond Limit	\$59,000,000
Tax Increment Limit	\$172,000,000

Major Amendments:	Ordinance No.	Date
Adoption	No. 3278	5/30/1970
AB 1290	94-046	10/4/1994
Time Limit Amd	88-042	10/20/1998
ERAF 1	03-072	11/13/2003
ERAF 2	05-029	4/05/2005
ERAF 3	Ordinance missing from my file	

Extended debt limit and increased TI and bond caps; Triggered AB 1290 pass through

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Richards (River Dist)	7/17/1990	Deleted	7/17/2026	7/30/2036	
Amd - Blue Diamond	7/2/1996	7/2/2016	7/2/2026	7/2/2041	

Financial Limits

Bond Limit	\$187,000,000
Tax Increment Limit	\$535,000,000

Only Richards Original is subject to this - limit is net of Section 33401 pass through payments and housing on those

Major Amendments:	Ordinance No.	Date
Adoption	No. 90-037	7/17/1990
AB 1290	94-046	10/4/1994
Added Area	96-038	2/2/1996
ERAF 1	03-073	11/13/2003
Eminent Domain	04-050	9/28/2004
SB 211	07-003	1/9/2007
Splitting Railyards	08-022	5/13/2008

Added Blue Diamond Area

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
North Sacramento	6/30/1992	6/30/2012	6/30/2028	6/30/2038	

Financial Limits

Bond Limit	\$84,000,000	
Tax Increment Limit	\$268,000,000	Limit is net of Section 33401 pass through and housing on those

Major Amendments:	Ordinance No.	Date
Adoption	No. 92-028	6/30/1992
AB 1290	94-046	10/4/1994
ERAF 1	03-071	11/13/2003

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Stockton	5/17/1994	6/15/2014	6/15/2027	6/15/2042	

Financial Limits

Bond Limit	\$43,000,000	
Tax Increment Limit	none required	

Major Amendments:	Ordinance No.	Date
Adoption (City)	94-017	5/17/1994
Adoption (County)	1434	5/17/1994
ERAF 1	03-075	11/13/2003
ERAF 2	05-030	4/05/2005
ERAF 3	05-081	10/6/2005

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Franklin	12/14/1993	Deleted 12/14/2013	12/13/2028	12/13/2038	
<u>Financial Limits</u>					
Bond Limit		\$43,000,000			
Tax Increment Limit		\$201,000,000			Limit is net of Section 33401 pass through and housing on those

Major Amendments:	Ordinance No.	Date
Adoption (City)	93-071	12/14/1993
Adoption (County)		
AB 1290	94-046	10/4/1994
ERAF 1	2003-074	11/13/2003
ERAF 2		
ERAF 3		
SB 211	2011-004	1/25/2011

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Army Depot	6/15/1995	6/15/2015	6/15/2026	6/15/2041	
Amendment Area	6/29/2004	6/29/2024	6/29/2034	6/29/2049	
<u>Financial Limits</u>					
Bond Limit		\$167 Million			
Tax Increment Limit		none required			

Major Amendments:	Ordinance No.	Date
Adoption (City)	95-034	6/27/95
Deleting Area	98-043	10/20/98
ERAF 1	03-065	11/13/2003
Adding Amendment	04-030	6/29/2004

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
65th Street	6/29/2004	6/29/2024	6/29/2034	6/29/2049	

Financial Limits

Bond Limit \$50 million
 Tax Increment Limit none required

Major Amendments:	Ordinance No.	Date
Adoption (City)	2004-032	6/29/2004

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Railyards	5/13/2008	5/13/2028	5/13/2038	5/13/2053	

Financial Limits

Bond Limit \$500 M
 Tax Increment Limit none required

Major Amendments:	Ordinance No.	Date
Adoption (City)	08-023	5/13/2008