

NEW ISSUE—BOOK-ENTRY

RATING: S&P: “  ”  
See “CONCLUDING INFORMATION - Rating”

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, the interest on the 2014 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS.”*

\$ \_\_\_\_\_ \*

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF SAN LEANDRO  
2014 TAX ALLOCATION REFUNDING BONDS  
(REDEVELOPMENT PROJECTS)**

**Dated: Delivery Date**

**Due: September 1, as shown on the inside front cover**

**Purpose of the 2014 Bonds.** The captioned bonds (the “2014 Bonds”) are being issued by the Successor Agency to the Redevelopment Agency of the City of San Leandro (the “Successor Agency”) to prepay two outstanding series of bonds payable from tax increment revenue generated in the Plaza Project Area and the West San Leandro/MacArthur Boulevard Project Area (together, the “Project Areas”).

**Book-Entry.** The 2014 Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to ultimate purchasers (“Beneficial Owners”) in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the 2014 Bonds. Annual principal of, premium if any, and semiannual interest on the 2014 Bonds due March 1 and September 1 of each year, commencing March 1, 2015, will be payable by U.S. Bank National Association, as Trustee, to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the 2014 Bonds (see “THE 2014 BONDS —Book-Entry System”). See “THE 2014 BONDS.”

**Redemption.** The 2014 Bonds are subject to optional redemption and mandatory sinking account redemption prior to maturity. See “THE 2014 BONDS – Redemption.”

**Security for the 2014 Bonds.** The 2014 Bonds are payable from and secured by a pledge of Tax Revenues (as defined in this Official Statement) to be derived from the Project Areas and moneys in certain funds and accounts established under the Indenture of Trust, dated as of \_\_\_\_\_ 1, 2014 (the “Indenture”), by and between the Successor Agency and U.S. Bank National Association, as trustee of the 2014 Bonds, as further described in this Official Statement. See “SECURITY FOR THE 2014 BONDS.”

The Successor Agency will fund a reserve fund for the 2014 Bonds, which may be in the form of a debt service reserve surety bond. See “SECURITY FOR THE 2014 BONDS – Reserve Account.”

**Insurance Policy or Reserve Fund Surety Bond.** The Successor Agency has applied for a municipal bond insurance policy and a debt service reserve fund surety bond and will decide whether to purchase any such municipal bond insurance policy or debt service reserve fund surety bond in connection with the pricing of the 2014 Bonds.

**Additional Bonds.** Other than certain refunding bonds, as provided in the Indenture (see “THE 2014 BONDS - Additional Bonds”), the Indenture does not authorize the Successor Agency to issue other bonds that are secured by and payable from Tax Revenues on a senior or parity basis to the 2014 Bonds.

**Cover is a Summary.** This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the 2014 Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain risk factors more fully described in this Official Statement. See “RISK FACTORS”.

**Limited Obligations.** The 2014 Bonds are special obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest and premium, if any, from Tax Revenues and other funds described in this Official Statement. The 2014 Bonds, interest and premium, if any, thereon are not a debt of the City of San Leandro (the “City”), the County of Alameda (the “County”), the State of California (the “State”) or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions except the Successor Agency is liable thereon. The 2014

\* Preliminary; subject to change.

Bonds, interest thereon and premium, if any, are not payable out of any funds or properties other than those set forth in the Indenture. Neither the members of the Successor Agency, the Oversight Board of the Successor Agency, the County Board of Supervisors nor any persons executing the 2014 Bonds are liable personally on the 2014 Bonds.

The 2014 Bonds are offered, when, as and if issued, subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, Bond Counsel to the Successor Agency. Jones Hall, A Professional Law Corporation, is also acting as Disclosure Counsel to the Successor Agency. Certain legal matters will be passed on for the Successor Agency by Meyers, Nave, Riback, Silver & Wilson and for the Underwriter by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, Underwriter's Counsel. It is anticipated that the 2014 Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about \_\_\_\_\_, 2014.

STIFEL

The date of this Official Statement is \_\_\_\_\_, 2014.

# MATURITY SCHEDULE

\$ \_\_\_\_\_ \*

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF SAN LEANDRO  
2014 TAX ALLOCATION REFUNDING BONDS**

Maturity Date (September 1)	Principal Amount*	Interest Rate	Yield	Price	CUSIP <sup>†</sup> (Base _____)
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					

\*Preliminary; subject to change.

† Copyright 2014, CUSIP Global Services, and a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the Successor Agency nor the Underwriter assumes any responsibility for the accuracy of the CUSIP data.

**SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO  
SAN LEANDRO, CALIFORNIA**

**CITY COUNCIL**

Stephen H. Cassidy, *Mayor*  
Benny Lee, *Vice Mayor*  
Pauline Russo Cutter, *Council Member*  
Michael J. Gregory, *Council Member*  
Jim Prola, *Council Member*  
Ursula Reed, *Council Member*  
Diana M. Souza, *Council Member*

**SUCCESSOR AGENCY STAFF**

Chris Zapata, *City Manager/Executive Director*  
David Baum, *Finance Director/Treasurer*  
Carla Rodriguez, *Deputy Finance Director*  
Marian Handa, *City Clerk/Secretary*  
Richard Pio Roda, *City Attorney*

**SPECIAL SERVICES**

**Financial Advisor**

Public Financial Management, Inc.  
San Francisco, California

**Bond and Disclosure Counsel**

Jones Hall, A Professional Law Corporation  
San Francisco, California

**Fiscal Consultant**

Urban Analytics, LLC  
San Francisco, California

**Trustee**

U.S. Bank National Association  
San Francisco, California

**TABLE OF CONTENTS**

	<u>Page</u>		<u>Page</u>
INTRODUCTION.....	2	OF THE CITY OF San Leandro .....	33
Authority and Purpose.....	2	Successor Agency Powers .....	33
The City and the Successor Agency .....	3	Status of Compliance with Dissolution Act .....	33
The Redevelopment Plans and the Project		THE PROJECT AREAS.....	34
Areas.....	4	Project Areas in the Aggregate.....	34
Tax Allocation Financing .....	4	Land Use in the Project Areas .....	35
Authority to Issue Refunding Bonds.....	5	Summary of Assessed Value History in the	
Security for the 2014 Bonds.....	5	Project Areas.....	37
Limited Obligation.....	6	Unitary Property.....	38
Debt Service Reserve Account .....	6	The Redevelopment Plan for the Plaza	
Application for Bond Insurance and Reserve		Project Area.....	38
Fund Surety Bond .....	6	The Redevelopment Plan for the West San	
Professionals Involved in the Offering.....	6	Leandro/MacArthur Boulevard Project	
Further Information.....	7	Area .....	41
REFUNDING PLAN.....	8	Low and Moderate Income Housing Set-	
Refunding of the 2002 Bonds.....	8	Aside .....	42
Refunding of the 2004 Bonds.....	8	Major Taxable Property Owners .....	42
Estimated Sources and Uses of Funds .....	9	Tax Rates .....	44
Debt Service Schedule.....	10	Appeals of Assessed Values; Proposition 8 ...	45
THE 2014 BONDS .....	11	Historical and Estimated Taxable Valuation	
Authority for Issuance.....	11	and Available Net Tax Increment .....	49
Description of the 2014 Bonds .....	11	Projected Available Net Tax Increment and	
Redemption.....	11	Estimated Debt Service Coverage .....	52
Additional Bonds .....	14	RISK FACTORS .....	55
THE DISSOLUTION ACT.....	14	Recognized Obligation Payment Schedule .....	55
SECURITY FOR THE 2014 Bonds .....	16	Challenges to Dissolution Act .....	57
Pledge Under the Indenture .....	16	Reduction in Taxable Value.....	57
Tax Revenues .....	16	Risks to Real Estate Market .....	58
Flow of Funds Under the Indenture.....	17	Plan Limits .....	58
Debt Service Reserve Account .....	19	Concentration of Property Ownership.....	59
Limited Obligation.....	20	Reduction in Inflationary Rate.....	59
Recognized Obligation Payment Schedules ...	21	Development Risks.....	60
Pass-Through Agreements .....	24	Levy and Collection of Taxes.....	60
Section 33676 Payments .....	25	Bankruptcy and Foreclosure .....	60
Statutory Pass-Through Payments .....	25	Estimated Revenues.....	61
Housing Set-Aside.....	26	Hazardous Substances.....	61
PROPERTY TAXATION IN CALIFORNIA .....	26	Natural Disasters .....	61
Property Tax Collection Procedures .....	26	Changes in the Law .....	62
Teeter Plan.....	28	Loss of Tax-Exemption .....	62
Unitary Property .....	28	Secondary Market.....	62
Article XIII A of the State Constitution .....	29	TAX MATTERS.....	63
Appropriations Limitation - Article XIIB.....	30	CONCLUDING INFORMATION.....	64
Proposition 87 .....	31	Underwriting.....	64
Appeals of Assessed Values.....	31	Legal Opinion.....	64
Proposition 8 .....	31	Litigation .....	65
Propositions 218 and 26 .....	32	Rating .....	65
Future Initiatives .....	32	Continuing Disclosure.....	65
THE SUCCESSOR AGENCY TO THE		Audited Financial Statements .....	66
REDEVELOPMENT AGENCY .....	33	Miscellaneous .....	66

- APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE
- APPENDIX B – FORM OF BOND COUNSEL OPINION
- APPENDIX C – BOOK-ENTRY ONLY SYSTEM
- APPENDIX D – FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE
- APPENDIX E – SUCCESSOR AGENCY FINANCIAL STATEMENTS FOR FISCAL YEAR 2012-13
- APPENDIX F – STATE DEPARTMENT OF FINANCE APPROVAL LETTER
- APPENDIX G – SUPPLEMENTAL INFORMATION-CITY OF SAN LEANDRO
- APPENDIX H – FISCAL CONSULTANT’S REPORT

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**No Offering May Be Made Except by this Official Statement.** No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2014 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

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

**Effective Date.** This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2014 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the Project Areas since the date of this Official Statement.

**Use of this Official Statement.** This Official Statement is submitted in connection with the sale of the 2014 Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2014 Bonds.

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

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

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

**Stabilization of and Changes to Offering Prices.** The Underwriter may over allot or take other steps that stabilize or maintain the market price of the 2014 Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the 2014 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

**Bonds are Exempt from Securities Laws Registration.** The issuance and sale of the 2014 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

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

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

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

---

---

## OFFICIAL STATEMENT

---

---

\$ \_\_\_\_\_ \*

**SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO  
2014 TAX ALLOCATION REFUNDING BONDS  
(REDEVELOPMENT PROJECTS)**

### INTRODUCTION

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the Successor Agency to the Redevelopment Agency of the City of San Leandro (the "**Successor Agency**") of the captioned bonds (the "**2014 Bonds**").

#### **Authority and Purpose**

The Successor Agency is issuing the 2014 Bonds pursuant to authority granted by Part 1 (commencing with Section 33000) and Part 1.85 of Division 24 (commencing with Section 34170) of the California Health and Safety Code (the "**Law**"), Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "**Refunding Law**") and an Indenture of Trust dated as of \_\_\_\_\_ 1, 2014 (the "**Indenture**") by and between the Successor Agency and U.S. Bank National Association, as trustee (the "**Trustee**"). See "THE 2014 BONDS – Authority for Issuance."

The Successor Agency is issuing the 2014 Bonds in order to redeem and defease the following two outstanding series of bonds (collectively, the "**Prior Bonds**") of the former Redevelopment Agency of the City of San Leandro (the "**Former Agency**"). The proceeds of the Prior Bonds were used to finance or refinance redevelopment activities in two separate redevelopment project areas: the Plaza Project Area (which is composed of the Plaza 1 Project Area and the Plaza 2 Project Area) and the West San Leandro/MacArthur Boulevard Project Area (which are together referred to as the "**Project Areas**" in this Official Statement) of the Former Agency.

- (i) Redevelopment Agency of the City of San Leandro Plaza Redevelopment Project Tax Allocation Bonds, Series 2002, in the initial principal amount of \$15,935,000 (the "**2002 Bonds**") and currently outstanding in the principal amount of \$\_\_\_\_\_; and
- (ii) Redevelopment Agency of the City of San Leandro West San Leandro/MacArthur Boulevard Project Tax Allocation Bonds, Series 2004, in the initial principal amount of \$5,500,000 (the "**2004 Bonds**") and currently outstanding in the principal amount of \$\_\_\_\_\_.

---

\* Preliminary; subject to change.

The remaining proceeds of the 2014 Bonds will be used to pay the costs of issuing the 2014 Bonds, including the premium on a municipal bond insurance policy and debt service reserve fund surety bond, if required.

### **The City and the Successor Agency**

**City and County.** The City of San Leandro (the "**City**"), which comprises approximately 15.5 square miles, is located in central Alameda County (the "**County**"), approximately 20 miles southeast of San Francisco and 35 miles north of San Jose. The City is a well-diversified community with residential, commercial and industrial development within the City. The City is served by Interstate 880 and Interstate 580, connecting freeways to Highway 101 and Interstate 5 which run north/south through California.

See "APPENDIX G – Supplemental Information – City of San Leandro."

**Former Agency.** The Former Agency was a redevelopment agency with all of the powers vested in such entities under the Community Redevelopment Law (which is referred to in this Official Statement as the "**Redevelopment Law**"). The City Council of the City was the governing board of the Former Agency.

**Dissolution Act.** On June 29, 2011, Assembly Bill No. 26 ("**AB 1X 26**") was enacted together with a companion bill, Assembly Bill No. 27 ("**AB 1X 27**"). The provisions of AB 1X 26 provided for the dissolution of all redevelopment agencies statewide as of February 1, 2012. The provisions of AB 1X 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB 1X 26 and AB 1X 27. On December 19, 2012, the California Supreme Court largely upheld AB 1X 26, invalidated AB 1X 27, and held that AB 1X 26 may be severed from AB 1X 27 and enforced independently. As a result of AB 1X 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB 1X 26 relating to the dissolution and wind down of former redevelopment agency affairs are found in Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("**AB 1484**"), enacted as Chapter 26, Statutes of 2012 (as amended from time to time, the "**Dissolution Act**").

**Successor Agency.** Pursuant to Section 34173 of the Dissolution Act, the City acts as the Successor Agency to the Former Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity and legal entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.



**The Redevelopment Plans and the Project Areas**

***Redevelopment Plans.***

The City Council of the City adopted the Plaza Project Area Redevelopment Plan for the Plaza Project Area on May 15, 2000 (the “**Original Plaza Project Area Redevelopment Plan**” and, as amended from time to time, the “**Plaza Project Area Redevelopment Plan**”). The Plaza Project Area was created through the merger of the Plaza 1 Project Area and Plaza 2 Project Area. The Plaza 1 Redevelopment Plan was adopted on December 28, 1960 and the Plaza 2 Redevelopment Plan was adopted on December 26, 1967. Both plans were subsequently amended several times.

The City Council of the City adopted the Redevelopment Plan for the West San Leandro/MacArthur Boulevard Redevelopment Area on July 19, 1999 (the “**Original West San Leandro/MacArthur Boulevard Project Area Redevelopment Plan**” and, as amended from time to time, the “**West San Leandro/MacArthur Boulevard Project Area Redevelopment Plan**”).

The Plaza Project Area Redevelopment Plan and the West San Leandro/MacArthur Boulevard Redevelopment Plan are sometimes referred to collectively in this Official Statement as the “**Redevelopment Plans.**”

See “THE PROJECT AREAS – The Redevelopment Plan for the Plaza Project Area” and “– The Redevelopment Plan for the West San Leandro/MacArthur Boulevard Project Area” for a description of amendments to the Redevelopment Plans and related limitations.

***Project Areas.*** The Project Areas account for two of three redevelopment project areas of the Successor Agency. See “THE PROJECT AREAS” for additional information on land use, assessed valuation and property ownership within the Project Areas. The third project area, the Alameda County – City of San Leandro Redevelopment Project Area (the “**Joint Project Area**”), is a joint area consisting of land in both the City and unincorporated areas of the County and has a separate Redevelopment Property Tax Trust Fund (the “**Joint Project RPTTF**”). Although, property tax revenues from the Joint Project Area are shared by the Successor Agency and the County, the 2014 Bonds are not secured by a pledge, or lien on, property tax revenues allocated to the Successor Agency from the Joint Project Area of the Joint Project RPTTF. See “SECURITY FOR THE 2014 BONDS - Tax Revenues.” Additionally, the Former Agency’s Alameda County - City of San Leandro Redevelopment Project Tax Allocation Bonds, Series 2008 (the “**2008 Joint Project Bonds**”) are not secured by the Tax Revenues (as defined herein) or amounts on deposit in the Redevelopment Property Tax Trust Fund (as defined below).

**Tax Allocation Financing**

Prior to the enactment of AB 1X 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopted the redevelopment plan became the base year valuation. Assuming the taxable valuation never dropped below the base year level, the taxing agencies receiving property taxes thereafter received only that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion of property taxes produced by

applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations.

### **Authority to Issue Refunding Bonds**

The Dissolution Act authorizes the Successor Agency to issue refunding bonds secured by a pledge of, and lien on, and repaid from property tax revenues (the “**Tax Revenues**”) deposited with respect to the Project Areas from time to time in the Redevelopment Property Tax Trust Fund (the “**Redevelopment Property Tax Trust Fund**”) established and held by the Alameda County Auditor-Controller (the “**County Auditor-Controller**”). See “SECURITY FOR THE 2014 BONDS - Tax Revenues” for the definition of “Tax Revenues.” Section 34177.5(a)(1) authorizes the issuance of such refunding bonds to provide savings to the Successor Agency, provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness does not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness does not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance. See “SECURITY FOR THE 2014 BONDS.”

### **Security for the 2014 Bonds**

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency from the Project Areas had the Former Agency not been dissolved pursuant to the operation of AB 1X 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same lien priority and legal effect as if the 2014 Bonds had been issued prior to effective date of AB 1X 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedules (see “SECURITY FOR THE 2014 BONDS – Recognized Obligation Payment Schedules”).

The Dissolution Act further provides that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the 2014 Bonds, are taxes allocated to the successor agency pursuant to the provisions of the Redevelopment Law and the State Constitution.

Property tax revenues will be allocated to the Successor Agency on a semi-annual basis based on a Recognized Obligation Payment Schedule submitted by the Successor Agency to an oversight board established for the Successor Agency (the “**Oversight Board**”) and the State Department of Finance (the “**DOF**”). The County Auditor-Controller will distribute funds from the Redevelopment Property Tax Trust Fund for each six-month period in the order specified in the Dissolution Act. See “SECURITY FOR THE 2014 BONDS – Recognized Obligation Payment Schedules.”

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

## **Limited Obligation**

The 2014 Bonds are special obligations of the Successor Agency and are secured by an irrevocable pledge of and lien on, and are payable as to principal, interest and premium, if any, from Tax Revenues and other funds. The 2014 Bonds, interest and premium, if any, are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions (except the Successor Agency) are liable thereon. The 2014 Bonds, interest thereon and premium, if any, are not payable out of any funds or properties other than those set forth in the Indenture. No member, officer, agent, or employee of the Successor Agency, the Oversight Board, the County Board of Supervisors or any person executing the 2014 Bonds is liable personally on the 2014 Bonds by reason of their issuance.

## **Debt Service Reserve Account**

The Successor Agency will fund a debt service reserve account (the “**Reserve Account**”) in an amount equal to the “**Reserve Requirement**” (as defined below). The Reserve Requirement may also be met with the deposit of a “**Qualified Reserve Account Credit Instrument**” (as defined below) in the form of a reserve fund surety bond or policy. See “SECURITY FOR THE 2014 BONDS – Reserve Account.”

## **Application for Bond Insurance and Reserve Fund Surety Bond**

The Successor Agency has made application for bond insurance on the 2014 Bonds and for the provision of a reserve fund surety bond. Should the Successor Agency select a bond insurer and reserve fund surety provider, then the Successor Agency will release such information prior to the offering of the 2014 Bonds, and the Official Statement, including the summary of legal documents included herein, will be revised to reflect the terms of the commitment to issue such policies.

## **Professionals Involved in the Offering**

Public Financial Management, Inc., San Francisco, California, has served as financial advisor to the Successor Agency and has advised the Successor Agency with respect to the financial structure of the refinancing and as to other financial aspects of the transaction. *Payment of the fees and expenses of the financial advisor is contingent upon the sale and delivery of the 2014 Bonds.*

Urban Analytics, LLC, San Francisco, California, has acted as fiscal consultant to the Successor Agency (the “**Fiscal Consultant**”) and advised the Successor Agency as to the taxable values and Tax Revenues projected to be available to pay debt service on the 2014 Bonds as referenced in this Official Statement. The report prepared by the Fiscal Consultant is referred to as the “**Fiscal Consultant’s Report**” and is attached as Appendix H.

U.S. Bank National Association, San Francisco, California, will act as Trustee with respect to the 2014 Bonds.

All proceedings in connection with the issuance of the 2014 Bonds are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the Successor Agency. Jones Hall is also acting as Disclosure Counsel. Meyers, Nave, Riback, Silver & Wilson, as City Attorney and Successor Agency counsel, will render

certain opinions on behalf of the Successor Agency. Certain legal matters will be passed on for the Underwriter by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. *Payment of the fees and expenses of Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon the sale and delivery of the 2014 Bonds.*

### **Further Information**

Brief descriptions of the Redevelopment Law, the Dissolution Act, the Refunding Law, the 2014 Bonds, the Indenture, the Successor Agency, the Former Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references in this Official Statement to the Redevelopment Law, the Dissolution Act, the Refunding Law, the 2014 Bonds, the Indenture, the Constitution and the laws of the State as well as the proceedings of the Former Agency, the Successor Agency, the County and the City are qualified in their entirety by reference to such documents and laws. References in this Official Statement to the 2014 Bonds are qualified in their entirety by the form included in the Indenture and by the provisions of the Indenture. Capitalized terms used in this Official Statement and not otherwise defined shall have the meanings given to such terms as set forth in the Indenture.

During the period of the offering of the 2014 Bonds, copies of the forms of all documents are available from the City Clerk, City of San Leandro, 835 East 14th Street, San Leandro, California 94577.

## REFUNDING PLAN

### Refunding of the 2002 Bonds

Pursuant to the Irrevocable Refunding Instructions (the “**2002 Bonds Refunding Instructions**”), by and between the Successor Agency and U.S. Bank National Association, as trustee of the 2002 Bonds (in such capacity, the “**2002 Bonds Escrow Bank**”), the Successor Agency will deliver a portion of the proceeds of the 2014 Bonds, along with other available amounts, to the 2002 Bonds Escrow Bank for deposit in an escrow account established under the 2002 Bonds Refunding Instructions (in such capacity, the “**2002 Bonds Escrow Account**”).

The 2002 Bonds Escrow Bank will hold such amounts uninvested. From the moneys on deposit in the 2002 Bonds Escrow Account, the 2002 Bonds Escrow Bank will pay, on \_\_\_\_\_, 2014, the outstanding principal amount of the 2002 Bonds and the accrued interest on the 2002 Bonds to the redemption date.

*The amounts held by the 2002 Bonds Escrow Bank in the 2002 Bonds Escrow Account are pledged solely to the amounts due and payable by the Successor Agency under the 2002 Bonds Indenture. Neither the funds deposited in the 2002 Bonds Escrow Account nor any interest on the invested funds, if any, will be available for the payment of debt service with respect to the 2014 Bonds.*

### Refunding of the 2004 Bonds

Pursuant to the Irrevocable Refunding Instructions (the “**2004 Bonds Refunding Instructions**”), by and between the Successor Agency and U.S. Bank National Association, as trustee of the 2004 Bonds (in such capacity, the “**2004 Bonds Escrow Bank**”), the Successor Agency will deliver a portion of the proceeds of the 2014 Bonds, along with other available amounts, to the 2004 Bonds Escrow Bank for deposit in an escrow account established under the 2004 Bonds Refunding Instructions (in such capacity, the “**2004 Bonds Escrow Account**”).

The 2004 Bonds Escrow Bank will hold such amounts uninvested. From the moneys on deposit in the 2004 Bonds Escrow Account, the 2004 Bonds Escrow Bank will pay, on \_\_\_\_\_, 2014, the outstanding principal amount of the 2004 Bonds and the accrued interest on the 2004 Bonds to the redemption date.

*The amounts held by the 2004 Bonds Escrow Bank in the 2004 Bonds Escrow Account are pledged solely to the payment of amounts due and payable by the Successor Agency under the 2004 Bonds Indenture. Neither the funds deposited in the 2004 Bonds Escrow Account nor any interest on the invested funds, if any, will be available for the payment of debt service with respect to the 2014 Bonds.*

**Estimated Sources and Uses of Funds**

The estimated sources and uses of funds are summarized below.

	<u>Amount</u>
<b>Sources:</b>	
Principal Amount of 2014 Bonds	
<i>Plus:</i> 2002 Bonds - Available Funds	
<i>Plus:</i> 2004 Bonds - Available Funds	
<i>Plus:</i> Available Successor Agency Moneys <sup>(1)</sup>	
<i>Less:</i> Underwriter's Discount	
<i>Plus:</i> Net Original Issue Premium/ <i>Less:</i> Original Issue Discount	
<b>Total Sources</b>	
<b>Uses:</b>	
2002 Bonds Escrow Account	
2004 Bonds Escrow Account	
[Reserve Account]	
Costs of Issuance Fund <sup>(2)</sup>	
<b>Total Uses</b>	

(1) [Represents moneys received by the Successor Agency from the Redevelopment Property Tax Trust Fund pursuant to previous Recognized Obligation Payment Schedules].

(2) Costs of Issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Financial Advisor, Fiscal Consultant, Trustee, [premium for bond insurance and a reserve fund surety bond or policy], City, Successor Agency administrative staff, Successor Agency Counsel, printing expenses, rating fee, agency fees, and other costs related to the issuance of the 2014 Bonds.

**Debt Service Schedule**

The following table shows the annual debt service schedule for the 2014 Bonds, assuming no optional redemption of the 2014 Bonds.

<b>Bond Year Ending September 1</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			

## THE 2014 BONDS

### Authority for Issuance

The issuance of the 2014 Bonds and the execution and delivery of the Indenture were authorized by the Successor Agency pursuant to Resolution No. 2014-002 SA adopted on June 16, 2014 (the “**Resolution**”), and approved by the Oversight Board pursuant to Resolution No. 2014-002 OB adopted on June 25, 2014 (the “**Oversight Board Resolution**”).

Pursuant to the Dissolution Act, written notice of the Oversight Board Resolution was provided to the DOF. On \_\_\_\_\_, 2014, the DOF provided a letter to the Successor Agency stating that based on the DOF’s review and application of the law, the Oversight Board Resolution approving the 2014 Bonds is approved by the DOF. See “APPENDIX F – State Department of Finance Approval Letter.”

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

### Description of the 2014 Bonds

The 2014 Bonds will be issued and delivered in fully-registered form without coupons in the denomination of \$5,000 or any integral multiple thereof for each maturity, initially in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, as registered owner of all 2014 Bonds. The initially executed and delivered Bonds will be dated the date of delivery (the “**Closing Date**”) and mature on September 1 in the years and in the amounts shown on the inside cover page of this Official Statement.

Interest on the 2014 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months at the rates shown on the inside cover page of this Official Statement, payable semiannually on March 1 and September 1 in each year, commencing on March 1, 2015, by check mailed to the registered owners thereof or upon the request of the Owners of \$1,000,000 or more in principal amount of 2014 Bonds, by wire transfer to an account in the United States which shall be designated in written instructions by such Owner to the Trustee on or before the Record Date preceding the Interest Payment Date. “Record Date” as defined in the Indenture means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

One fully-registered bond will be issued for each maturity of the 2014 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “APPENDIX C – Book-Entry Only System.”

### Redemption

**Optional Redemption.** The 2014 Bonds maturing on or before September 1, 20\_\_\_, are not subject to optional redemption prior to maturity. The 2014 Bonds maturing on or after September 1, 20\_\_\_, are subject to redemption, at the option of the Successor Agency, on any



date on or after September 1, 20\_\_, as a whole or in part, by such maturities as will be determined by the Successor Agency and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

**Sinking Account Redemption.** The 2014 Bonds maturing on September 1, 20\_\_ and on September 1, 20\_\_ are subject to redemption in whole, or in part by lot, on September 1 in each of the years as set forth in the following tables, from Sinking Account payments made by the Successor Agency pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased pursuant to the succeeding paragraph, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; *provided, however,* that if some but not all of such 2014 Bonds have been redeemed, the total amount of all future Sinking Account payments will be reduced by the aggregate principal amount of such 2014 Bonds so redeemed, to be allocated among such Sinking Account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency.

2014 Bonds Maturing September 1, 20\_\_

Sinking Account Redemption Date (September 1)	Principal Amount To Be Redeemed
---	------------------------------------

2014 Bonds Maturing September 1, 20\_\_

Sinking Account Redemption Date (September 1)	Principal Amount To Be Redeemed
---	------------------------------------

In lieu of such redemption, amounts on deposit in the Sinking Account or the Redevelopment Obligation Retirement Fund (to the extent not required to be transferred to the Trustee pursuant to the Indenture) may also be used and withdrawn by the Successor Agency at any time for the purchase of such 2014 Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of any of such 2014 Bonds so purchased by the Successor Agency in any twelve-month period ending on July 1 in any year

will be credited towards and will reduce the par amount of such Bonds required to be redeemed on the next succeeding September 1.

**Notice of Redemption.** The Trustee on behalf of and at the expense of the Successor Agency will mail (by first class mail, postage prepaid) notice of any redemption at least 30 but not more than 60 days prior to the redemption date, to (i) the Owners of any 2014 Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services; but such mailing will not be a condition precedent to a redemption and neither failure to receive a redemption notice nor any defect in the redemption notice will affect the validity of the proceedings for the redemption of such 2014 Bonds or the cessation of the accrual of interest on the 2014 Bonds to be redeemed.

The redemption notice will state the redemption date and the redemption price, will state that such redemption is conditioned upon the timely delivery of the redemption price by the Successor Agency to the Trustee for deposit in the Redemption Account, will designate the CUSIP number of the 2014 Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the 2014 Bonds Outstanding are to be redeemed, and will require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on the 2014 Bonds to be redeemed will not accrue from and after the redemption date.

The Successor Agency has the right to rescind any notice of the optional redemption of Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2014 Bonds then called for redemption, and such cancellation will not constitute an Event of Default. The Successor Agency and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Upon the payment of the redemption price of 2014 Bonds being redeemed, each check or other transfer of funds issued for such purpose will, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the 2014 Bonds being redeemed with the proceeds of such check or other transfer.

**Partial Redemption of Bonds.** In the event only a portion of any 2014 Bond is called for redemption, then upon surrender of such Bond the Successor Agency will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new 2014 Bond or 2014 Bonds of the same interest rate and maturity, of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

**Effect of Redemption.** From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the 2014 Bonds so called for redemption have been duly deposited with the Trustee, the 2014 Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest will accrue thereon from and after the redemption date specified in such notice.

***Manner of Redemption.*** Whenever any 2014 Bonds or portions thereof are to be selected for redemption by lot, the Trustee will make the selection, in such manner as the Trustee deems appropriate.

### **Additional Bonds**

***Parity Debt.*** The Indenture defines “**Parity Debt**” as any loan, bonds, notes, advances or indebtedness payable from Tax Revenues on a parity with the 2014 Bonds as authorized by the Indenture.

The Indenture authorizes the issuance of Parity Debt to refund the 2014 Bonds. The Indenture does not allow the Successor Agency to issue obligations on a senior basis to refund the 2014 Bonds.

With respect to any such refunding, annual debt service on such Parity Debt must be lower than annual debt service on the obligations being refunded during every year such obligations would otherwise be outstanding.

***Subordinate Debt.*** The Indenture permits the Successor Agency to issue and sell Subordinate Debt. Such Subordinate Debt may be payable from any assets or property of the Successor Agency, including Tax Revenues on a subordinate basis to the payment of debt service on the 2014 Bonds.

## **THE DISSOLUTION ACT**

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB 1X 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to effective date of AB 1X 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedule (see “SECURITY FOR THE 2014 BONDS – Recognized Obligation Payment Schedules”).

The Dissolution Act further provides that bonds authorized by the Dissolution Act to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the 2014 Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution. As described above under “INTRODUCTION – The Redevelopment Plan and The Project Areas – Project Areas,” the County Auditor-Controller has established the Joint Project RPTTF separate from the Redevelopment Property Tax Trust Fund established for the Project Areas, and amounts on deposit in the Joint Project

RPTTF are not available to pay debt service on the 2014 Bonds. Additionally, the 2008 Joint Project Bonds are not secured by Tax Revenues or amounts on deposit in the Redevelopment Property Tax Trust Fund.

Pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plan for each Project Area, taxes levied upon taxable property in the Project Areas each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called “**taxing agencies**”) after the effective date of the ordinance approving the applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the applicable Redevelopment Plan that added territory to the Project Areas, as applicable, are to be divided as follows:

(a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Areas as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the applicable Redevelopment Plan that added territory to the Project Areas, as applicable (each, a “**base year valuation**”), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within limitations established by the applicable Redevelopment Plan, following the date of issuance of the 2014 Bonds, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

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

## SECURITY FOR THE 2014 BONDS

The County Auditor-Controller will deposit property tax revenues into the Redevelopment Property Tax Trust Fund pursuant to the requirements of the Dissolution Act, including *inter alia* Health and Safety Code sections 34183 and 34170.5(b). The 2014 Bonds are payable from and secured by the Tax Revenues to be derived from the Project Areas consisting of the property tax revenues deposited in the Redevelopment Property Tax Trust Fund.

### Pledge Under the Indenture

Except as described in “- Redevelopment Obligation Retirement Fund” below and as required to compensate or indemnify the Trustee, the 2014 Bonds and any Parity Debt are equally secured by a pledge of, security interest in and lien on all of the Tax Revenues including all of the Tax Revenues in the Redevelopment Obligation Retirement Fund and by a first and exclusive pledge and lien upon all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account, the Sinking Account, and the Redemption Account) without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The 2014 Bonds and all Parity Debt are additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Reserve Account or the particular subaccount within the Reserve Account established for the 2014 Bonds established by the Indenture. The 2014 Bonds are also equally secured by the pledge and lien created with respect to the 2014 Bonds by Section 34177.5(g) of the Dissolution Act on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund (but not moneys on deposit in the Joint Project RPTTF). Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest on the 2014 Bonds, including, without limitation, any property tax revenues from the Joint Project Area.

In consideration of the acceptance of the 2014 Bonds by purchasers of the 2014 Bonds, the Indenture will be deemed to be and will constitute a contract between the Successor Agency and the Trustee for the benefit of the Owners from time to time of the 2014 Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Successor Agency are for the equal and proportionate benefit, security and protection of all Owners of the 2014 Bonds without preference, priority or distinction as to security or otherwise of any of the 2014 Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

### Tax Revenues

**Definition.** “Tax Revenues” is defined in the Indenture to mean all taxes that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are deposited in the Redevelopment Property Tax Trust Fund and transferred to the Successor Agency for deposit into the Redevelopment Obligation Retirement Fund, excluding (i) amounts payable pursuant to the Pass-Through Agreements (as such term is defined below), but only to the extent such amounts are payable from property tax revenues allocated with respect to the Plaza Project Area and (ii) amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law. Tax Revenues do not include property tax revenues from the Joint Project Area and the 2014 Bonds

are not secured by a pledge, or lien on, property tax revenues allocated to the Successor Agency from the Joint Project Area. Additionally, the 2008 Joint Project Bonds are not secured by the Tax Revenues or amounts on deposit in the Redevelopment Property Tax Trust Fund.

**Flow of Funds Under the Indenture**

**General.** The Successor Agency previously established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Dissolution Act and agrees to hold and maintain the Redevelopment Obligation Retirement Fund as long as any of the 2014 Bonds are Outstanding.

**Deposit in Redevelopment Obligation Retirement Fund; Transfer to Debt Service Fund.** The Indenture provides that the Successor Agency shall deposit all of the Tax Revenues received with respect to any Bond Year into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency. All Tax Revenues received by the Successor Agency in excess of the amount required to pay debt service on the 2014 Bonds and any Parity Debt in any Bond Year, and except as may be provided to the contrary in the Indenture or Parity Debt Instrument, shall be released from the pledge and lien under the Indenture and shall be applied in accordance with the Law, including but not limited to the payment of debt service on any Subordinate Debt. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the 2014 Bonds and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indentures, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

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

Interest Account. On or before the fourth Business Day preceding each Interest Payment Date, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and any Parity Debt on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds and any Parity Debt. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the 2014 Bonds and any Parity Debt as it becomes due and payable.

Principal Account. On or before the fourth Business Day preceding March 1 and September 1 in each year beginning March 1, 2015, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then

contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Bonds and any Parity Debt on the next March 1 or September 1, as applicable, or, if principal is due and payable only on September 1 of such year, then the Successor Agency will transfer to the Trustee on or before March 1 of such year 50% of the principal amount due on the following September 1 and shall transfer on or before September 1 of such year the remaining 50% of the principal amount due on September 1 of such year. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next March 1 or September 1, as applicable, on all of the Outstanding Bonds and any Parity Debt. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the 2014 Bonds and any Parity Debt as it becomes due and payable.

Sinking Account. No later than the fourth Business Day preceding each March 1 or September 1, as applicable, on which any Outstanding Term Bonds are subject to mandatory redemption, or otherwise for purchase pursuant to the provisions of a Supplement Indenture, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required to be redeemed on such March 1 or September 1, as applicable. All moneys on deposit in the Sinking Account will be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it becomes due and payable upon redemption or purchase in lieu of redemption.

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

The amount on deposit in the Reserve Account will be maintained at the Reserve Requirement at all times prior to the payment of the 2014 Bonds and any Parity Debt in full. If there are insufficient Tax Revenues to maintain the Reserve Requirement, the Successor Agency is obligated under the Indenture to continue making transfers as Tax Revenues become available until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there is on deposit therein a sum at least equal to the Reserve Requirement. See “- Debt Service Reserve Account” below.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the 2014 Bonds and any Parity Debt in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee. Additionally, the Successor Agency may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Parity Debt in order to maintain a combined reserve account for the Bonds and any (but not necessarily all) Parity Debt.

Redemption Account. On or before the Business Day preceding any date on which Bonds are to be redeemed pursuant to the optional redemption provisions of the Indenture, other than mandatory Sinking Account redemption of Term Bonds, the Trustee will withdraw from the Debt Service Fund any amount transferred by the Successor Agency for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the 2014 Bonds to be redeemed on such date. All moneys in the Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the 2014 Bonds to be redeemed pursuant to an optional redemption on the date set for such redemption, other than mandatory Sinking Account redemption of Term Bonds. Interest due on Bonds to be redeemed on the date set for redemption will, if applicable, be paid from funds available therefor in the Interest Account.

### **Debt Service Reserve Account**

***Initial Deposit into the Reserve Account.*** On the date of issuance of the 2014 Bonds, the Successor Agency will cause a deposit of \$\_\_\_\_\_ into the Reserve Account, or purchase a Qualified Reserve Account Credit Instrument in the form of a reserve fund surety bond or policy in that amount, which is equal to the initial “**Reserve Requirement**” for the 2014 Bonds.

***Definition of Reserve Requirement.*** The Indenture defines “**Reserve Requirement**” to mean, with respect to the 2014 Bonds and any Parity Debt issued as Bonds pursuant to a Supplemental Indenture, the lesser of (i) 125% of the average Annual Debt Service with respect to the 2014 Bonds and Parity Debt, as applicable or (ii) Maximum Annual Debt Service with respect to the 2014 Bonds Parity Debt, as applicable; provided, that in no event may the Successor Agency, in connection with the issuance of Parity Debt in the form of Bonds pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement is required to, in connection with the issuance of such Parity Debt issued in the form of Bonds, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture.

“**Qualified Reserve Account Credit Instrument**” is defined in the Indenture to mean an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) S&P or Moody’s have assigned a long-term credit rating to such bank or insurance company of “A” (without regard to modifier) or higher; (b) such letter of credit, insurance policy or surety bond has a term of at least 12 months; (c) such letter of credit, insurance policy or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture.

***Relationship to Parity Debt.*** The Indenture provides that the Reserve Account is security for payments payable by the Successor Agency pursuant to the Indenture and pursuant



to any other Parity Debt Instrument, which shall be held by the Trustee in trust for the benefit of the Owners of the 2014 Bonds and any Parity Debt.

***Use of Moneys in the Reserve Account.*** All money in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers pursuant to any Parity Debt Instrument and to the Interest Account, the Principal Account and the Sinking Account, in the event of any deficiency at any time in any of such accounts or for the retirement of all the 2014 Bonds then Outstanding, except that so long as the Successor Agency is not in default under the Indenture or under any Parity Debt Instrument, any amount in the Reserve Account in excess of the Reserve Requirement will be withdrawn from the Reserve Account semiannually on or before two Business Days preceding each March 1 and September 1 by the Trustee and deposited in the Interest Account or be applied pro rata in accordance with any applicable provision of a Parity Debt Instrument. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date will be withdrawn from the Reserve Account and will be transferred to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made from the Reserve Account or will be applied pro rata as required by any Parity Debt Instrument, as applicable.

The Successor Agency will have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by (i) tendering to the Trustee a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds or any Parity Debt the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee will transfer such funds from the Reserve Account to the Successor Agency to be applied in accordance with the Redevelopment Law. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture. Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency is required to either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first legally available Tax Revenues. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash will be first used to meet any deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture will be pro-rata with respect to each such instrument.

### **Limited Obligation**

The 2014 Bonds are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State or any of their political subdivisions except the Successor Agency are liable therefor. The 2014 Bonds do

not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. No member of the Successor Agency, the Oversight Board or the Board of Supervisors of the County shall be individually or personal liable for the payment of the principal of or interest or redemption premium (if any) on the 2014 Bonds; but nothing contained in the Indenture relieves any such member, officer, agent or employee from the performance of any official duty provided by law.

**Recognized Obligation Payment Schedules**

**Submission of Recognized Obligation Payment Schedule.** Not less than 90 days prior to each January 2 and June 1, the Dissolution Act requires successor agencies to prepare, and submit to the successor agency’s oversight board and the DOF for approval, a Recognized Obligation Payment Schedule (the “**Recognized Obligation Payment Schedule**”) 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.

**Payment of Amounts Listed on the Recognized Obligation Payment Schedule.** As defined in the Dissolution Act, “**enforceable obligation**” includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency or the successor agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency or the successor agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and, under certain circumstances, amounts borrowed from the successor agency’s low and moderate income housing fund.

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

**Sources of Payments for Enforceable Obligations.** Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the low and moderate income housing fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance (successor agencies are entitled to receive not less than \$250,000, unless that amount is reduced by the oversight board), (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the redevelopment agency, as approved by the oversight board).

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

As noted above, amounts on deposit in the Joint Project RPTTF are not available to pay debt service on the 2014 Bonds, and Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund are not pledged to the payment of debt service on the 2008 Joint Project Bonds.

***Order of Priority of Distributions from Redevelopment Property Tax Trust Fund.***

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

(i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (if any, as described above under “SECURITY FOR THE 2014 BONDS - Statutory Pass-Through Payments” and “- Pass-Through Agreements”) and no later than each January 2 and June 1, to each local successor agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations;

(ii) second, on each January 2 and June 1, to the successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;

(iii) third, on each January 2 and June 1, to the successor agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity’s share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

***Failure to Submit a Recognized Obligation Payment Schedule.*** The Recognized Obligation Payment Schedule must be approved by the oversight board and must be submitted by a successor agency to the county administrative office, the county auditor-controller, the DOF, and the State Controller by 90 days before the date of the next January 2 or June 1 property tax distribution. If the successor agency does not submit a Recognized Obligation Payment Schedule by the applicable deadline, the city or county that established the former redevelopment agency will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the DOF. Additionally, the successor agency’s administrative cost allowance is reduced by 25% if the successor agency did not submit a 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 the subsequent six-month period. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the 2014 Bonds, see “RISK FACTORS – Recognized Obligation Payment Schedule.”

***Recognized Obligation Payment Schedule Covenant.*** In this regard, the Successor Agency covenants in the Indenture that it will comply with all of the requirements of the Redevelopment Law and the Dissolution Act. Pursuant to Section 34177 of the Dissolution Act,

not less than 90 days prior to each January 2 and June 1, the Successor Agency will submit to the Oversight Board and the DOF, a Recognized Obligation Payment Schedule.

The Successor Agency further covenants to take all actions required under the Redevelopment Law and the Dissolution Act to include in the Recognized Obligation Payment Schedule for each Semiannual Period debt service on the 2014 Bonds and any Parity Debt, so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on each January 2 and June 1, as applicable, amounts required to enable the Successor Agency to pay timely principal of, and interest on, the Bonds coming due in the applicable Semiannual Period, as such amounts of debt service are set forth in the Recognized Obligation Debt Service Schedule attached as Exhibit B to the Indenture, or as such Schedule may be amended. Notwithstanding the foregoing, not fewer than 90 days prior to each January 2, commencing January 2, 2015, the Successor Agency is required to submit an Oversight Board-approved Recognized Obligation Payment Schedule to the DOF and to the County Auditor-Controller which shall include the following: (i) all scheduled interest payments on all Outstanding Bonds that are due and payable during the next calendar year, (ii) all scheduled principal and mandatory sinking fund redemption payments on all Outstanding Bonds that are due and payable during the next calendar year, and (iii) any amount required to cure any deficiency in the Reserve Account pursuant to this Indenture (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument. The Recognized Obligation Debt Service Schedule shall not be amended except by Supplemental Indenture entered into pursuant to the Indenture.

In addition, the Successor Agency covenants that it will, on or before December 1 of each year, file a Notice of Insufficiency with the County Auditor-Controller if the amount of Tax Revenues available to the Successor Agency from the Redevelopment Property Tax Trust Fund for transfer to the Redevelopment Obligation Retirement Fund on the upcoming January 2 is insufficient to fully fund all required amounts payable from the Redevelopment Obligation Retirement Fund during the next succeeding Semiannual Period. The Successor Agency also covenants that on or before May 1 of each year, it will file a Notice of Insufficiency with the County Auditor-Controller if the amount of Tax Revenues available to the Successor Agency from the Redevelopment Property Tax Trust Fund for transfer to the Redevelopment Obligation Retirement Fund on the upcoming July 1 is insufficient to fully fund all required amounts payable from the Redevelopment Obligation Retirement Fund during the next succeeding Semiannual Period.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period to pay the principal of and interest on the 2014 Bonds (see "RISK FACTORS").

**History of Submission of the Recognized Obligation Payment Schedules.** The Successor Agency has procedures in place to ensure full and timely compliance with the above-described covenant. Under the direction of the Office of Business Development, the Successor Agency has submitted its Recognized Obligation Payment Schedules on a timely basis, as described below. The Successor Agency is on schedule to submit its ROPS 14-15B on a timely basis in September 2014.

	<b>Funding Period</b>	<b>ROPS Approved by Oversight Board</b>	<b>Approved ROPS Submitted to DOF</b>	<b>Deadline to Submit ROPS to DOF</b>	<b>ROPS Submitted On Time</b>
ROPS I	Jan 1 – Jun 30, 2012	4/6/2012	4/6/12	NA	Y
ROPS II	Jul 1 – Dec 31, 2012	5/10/12	5/10/12	5/11/12	Y
ROPS III	Jan 1 – Jun 30, 2013	7/18/12	7/18/12	9/4/12	Y
ROPS 2013-14A	Jun 1 – Dec 31, 2013	2/27/13	2/27/13	3/1/13	Y
ROPS 2013-14B	Jan 1 – Jun 30, 2014	9/18/13	9/18/13	10/1/13	Y
ROPS 2014-15A	Jul 1 – Dec 31, 2014	2/26/14	2/26/14	3/1/14	Y

In addition, there are strong incentives for the Successor Agency to submit Recognized Obligation Payment Schedules on time. If the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board and the DOF at least 90 days prior to each January 2 and June 1, then the City of San Leandro will be subject to a \$10,000 per day civil penalty for every day the schedule is late. Additionally, if the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board and the DOF at least 80 days prior to each January 2 and June 1, then the Successor Agency's administrative cost allowance may be reduced by up to 25%. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications for the 2014 Bonds, see "RISK FACTORS – Recognized Obligation Payment Schedule."

### **Pass-Through Agreements**

The Redevelopment Law authorized the Former Agency to enter into negotiated pass-through agreements with taxing agencies whose territory was located within a project area to alleviate the financial burden or detriment caused by the applicable redevelopment project. The Former Agency entered into three negotiated pass-through agreements regarding the Plaza 2 Project Area (collectively, the "**Pass-Through Agreements**"):

- (i) Fiscal Agreement, dated as of August 1, 1988, by and between the Former Agency and the County;
- (ii) Fiscal Agreement, dated as of August 1, 1988, by and between the Former Agency and the Alameda County Superintendent of Schools; and
- (iii) Fiscal Agreement, dated as of August 1, 1988, by and between the Former Agency and the East Bay Regional Parks District.

The terms of the Pass-Through Agreements are essentially the same. Amounts payable pursuant thereto from tax increment are effectively senior to the payment of debt service on the 2014 Bonds, but only to the extent such amounts are payable from tax increment derived from the Plaza 2 Project Area. Under these agreements, an assessed valuation is established representing the valuation in the Plaza 2 Project Area at the time of the adoption of Ordinance 88-013 (June 20, 1988) establishing the Plaza 2 Project Area. Without regard to actual growth rates, the taxing entities receive their share of tax increment equal to a two percent annual growth above the valuation at the time of adoption of Ordinance 88-013 and commencing in 2003-04 the annual growth is set at three percent.

**Section 33676 Payments**

Taxing entities are also able to separately receive their share of the growth in valuation due to inflation, known as Section 33676 payments or the 2% payments, pursuant to the Sections 33676 of the Redevelopment Law. The Successor Agency is subject to this tax sharing arrangement with the Flood Control District, the Mosquito Abatement District, the Bay Area Rapid Transit District and the City of San Leandro. Additionally, as a result of the court’s decision in *Santa Ana Unified School District v. Orange County Development Agency*, the Successor Agency is also required to make, and is currently making, such payments to the San Leandro Unified School District and the Chabot-Las Positas Community College District. See Appendix H - “FISCAL CONSULTANT’S REPORT” for further information.

**Statutory Pass-Through Payments**

In certain circumstances, Sections 33607.5 and 33607.7 of the Redevelopment Law require redevelopment agencies and successor agencies to make statutory pass-through payments to taxing agencies whose territory is located within a project area, to alleviate the financial burden or detriment caused by the redevelopment project. As required by the Redevelopment Law as modified by the Dissolution Act, the County Auditor-Controller is responsible for administering all negotiated and statutory pass-through payment calculations and payments.

The Former Agency began making statutory tax sharing payments with respect to the Plaza 1 Project Area in fiscal year 1996-97 and the West San Leandro/MacArthur Boulevard Project Area in 2000-01, to those taxing entities with which the Former Agency did not already have tax sharing agreements.

Those taxing entities that had entered into a Pass-Through Agreement with the Former Agency (see “-Pass-Through Agreements” above) will continue to receive tax sharing payments in accordance with the terms of that agreement.

Taxing entities that do not have tax sharing agreements in place receive statutory pass-through payments in accordance with the three-tiered formula for statutory tax sharing payments set forth in the Redevelopment Law. These statutory tax-sharing payments began in fiscal year 2004-05 and utilize the assessed values for fiscal year 2003-04 as an adjusted base year value for the first tier. These taxing entities receive their prorated shares of a tax sharing amount that is defined as being 25% of the revenue derived from the difference in assessed value in the current year and the assessed value in the adjusted base year and net of a calculated amount equal to the former 20% housing set-aside requirement.

In the eleventh year after initiation of the statutory tax sharing payments (fiscal year 2014-15), a second tier of tax sharing payments will be initiated using the assessed values of year 10 (fiscal year 2013-14) as an adjusted base year value. These taxing entities will then begin to additionally receive their prorated shares of a tax sharing amount that is defined as being 21% of the revenue derived from the difference in assessed value in the current year and the assessed value in the second adjusted base year and net of a calculated amount equal to the former 20% housing set-aside requirement.

See Appendix H - “FISCAL CONSULTANT’S REPORT” for further information about statutory pass-through payments.

Although the Dissolution Act authorizes the Successor Agency to seek subordination of its statutory pass-through payment obligations to payment of debt service on the 2014 Bonds, the Successor Agency did not do so. Accordingly, payment of debt service on the 2014 Bonds from Tax Revenues is subordinate to the payment of statutory pass-through payment obligations.

### **Housing Set-Aside**

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

The Dissolution Act eliminated the Housing Set-Aside requirement. As a result, and because the Successor Agency has no obligations that are payable from Housing Set-Aside, the former Housing Set-Aside is available to pay debt service on the 2014 Bonds; the projection of Tax Revenues prepared by the Fiscal Consultant and set forth in the section of this Official Statement entitled “THE PROJECT AREAS – Projected Available Net Tax Increment and Estimated Debt Service Coverage,” assumes the availability of the former Housing Set-Aside for this purpose.

## **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 are entered on separate parts of the assessment roll maintained by the County assessor. The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens.

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

**Collections.** Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has 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.

**Supplemental Assessments.** California Revenue and Taxation Code Section 75.70 provides for the reassessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against real property. 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, and this delayed the realization of increased property taxes from the new assessments for up to 14 months. Since fiscal year 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as the general property tax. The receipt of Supplemental Assessment revenues by taxing entities typically follows the change of ownership by a year or more. This statute 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 redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Areas, tax increment may increase. Revenues resulting from Supplemental Assessments have not been included in the Fiscal Consultant's projections of tax increment available to pay debt service on the 2014 Bonds.

**Property Tax Administrative Costs.** In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. For fiscal year 2013-14, the County collection charges and charges relating to the dissolution of the Former Agency were 1.00% of gross tax increment within the Project Areas. Based on the collection charges for fiscal year 2013-14, the Fiscal Consultant projected the charge for fiscal year 2014-15 as a percentage of gross tax increment to remain at 1.00%. For purposes of the Fiscal Consultant's projections of tax increment available to pay debt service on the 2014 Bonds, the Fiscal Consultant assumed that the County will continue to charge the Successor



Agency for property tax administration and that such charge will increase proportionally with any increases in revenue.

In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 2557/SB 1559 amounts, to be deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund. The County's administrative charge relating to the dissolution of the Former Agency was \$14,529 for the June 1, 2013 and the January 2, 2014 distributions from the Redevelopment Property Tax Trust Fund. The County's administrative charge relating to the distribution of property tax revenues to the Successor Agency was \$64,782 for the same period.

**Teeter Plan**

The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"). Consequently, property tax revenues in the Project Areas do not reflect actual collections because the County allocates property tax revenues to the Successor Agency as if 100% of the calculated property taxes were collected without adjustment for delinquencies, redemption payments or roll adjustments. The County could elect to terminate this policy and, in such event, the amount of the levy of property tax revenue that could be allocated to the Successor Agency would depend upon the actual collections of the secured taxes within the Project Areas. Substantial delinquencies in the payment of property taxes could impair the timely receipt by the Successor Agency of Tax Revenues, although the Tax Revenues provide substantial debt service coverage on the 2014 Bonds. See "- Projected Available Net Tax Increment and Estimated Debt Service Coverage" below.

**Unitary Property**

Assembly Bill ("**AB**") 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, tax revenues derived from unitary property and assessed by the State Board of Equalization are accumulated in a single Tax Rate Area for the County. The tax revenues are then to be allocated to each taxing entity county-wide as follows: (i) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to 2%; (ii) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro rata county wide; and (iii) any increase in revenue above 2% would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the County.

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. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The County includes the taxable value of utilities as part of the reported taxable values of a project area. Consequently, the base year values of redevelopment projects are increased by the amount of utility value that existed originally in the base year. The Auditor-Controller

allocated a total of \$1,073,537 to the West San Leandro/MacArthur Boulevard Project Area for fiscal year 2013-14. The Auditor-Controller did not allocate any value for utilities in the Plaza Project Area for fiscal year 2013-14.

### **Article XIII A of 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 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 California Supreme Court and the United States Supreme Court.

In the general election held November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article 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 Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence assessed value to the new residence. As a result of the Legislature’s action, the growth of property tax revenues may decline.

Legislation enacted by the Legislature to implement Article 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.

Each year the Board of Equalization announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. The changes in the California Consumer Price Index from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. Through fiscal year 2010-11 there were six occasions when the inflation factor was less than 2%. Until fiscal year 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels; however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was -0.237% and this resulted in a reductions to the adjusted base year value of parcels. The table below reflects the inflation adjustment factors for the current fiscal year, 10 prior fiscal years and the adjustment factor for fiscal year 2014-15. The projections of Tax Revenues in Tables 10, 11 and 12 below assume an annual growth factor of 2% per year commencing fiscal year 2015-16. See “THE PROJECT AREAS - Projected Available Net Tax Increment and Estimated Debt Service Coverage.”

Historical Inflation Adjustment Factors

<u>Fiscal Year</u>	<u>Inflation Adj. Factor</u>
2003-04	2.000%
2004-05	1.867
2005-06	2.000
2006-07	2.000
2007-08	2.000
2008-09	2.000
2009-10	2.000
2010-11	-0.237
2011-12	0.753
2012-13	2.000
2013-14	2.000
2014-15	0.454

**Appropriations Limitation - Article XIII B**

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 the 1978/79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

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

**Proposition 87**

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

**Appeals of Assessed Values**

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

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

See “THE PROJECT AREAS” for information regarding historical and pending appeals of assessed valuations by property owners in 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 under this code section may be initiated by the County Assessor or requested by the property owner.

After such reductions in value are implemented, the County Assessor is required to review the property’s market value as of each subsequent lien date and adjust the value of real property to the lesser of its base year value as adjusted by the inflation factor pursuant to Article XIII A of the California Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under Proposition 8 to residential properties are normally initiated by the County Assessor but may also be requested by the property owner. Reductions of value for commercial, industrial and other land use types under Proposition 8 are normally initiated by the property owner as an assessment appeal.

After a roll reduction is granted under this code section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article 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.

For a summary of the recent history of Proposition 8 reductions in the Project Areas, see “THE PROJECT AREAS – Appeals of Assessed Values; Proposition 8.”

**Propositions 218 and 26**

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D 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 XIII C of the California Constitution by adding an expansive definition for the term “tax,” which previously was not defined under the California Constitution.

Tax Revenues securing the 2014 Bonds are derived from property taxes that are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and Proposition 26.

**Future Initiatives**

Article XIII A, Article XIII B, Article XIII C and Article XIII D and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, further affecting Successor Agency revenues or the Successor Agency’s ability to expend revenues.

## **THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO**

As described in "INTRODUCTION," the Dissolution Act dissolved the Former Agency as of February 1, 2012. Thereafter, pursuant to Section 34173 of the Dissolution Act, the City became the Successor Agency to the Former Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

### **Successor Agency Powers**

All powers of the Successor Agency are vested in its five members who are elected members of the City Council. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, substantially all Successor Agency actions are subject to approval by the Oversight Board, as well as review by the DOF.

### **Status of Compliance with Dissolution Act**

The Dissolution Act requires a due diligence review to determine the unobligated balances of each successor agency that are available for transfer to taxing entities. The due diligence review involves separate reviews of each successor agency's low and moderate income housing fund and of all other funds and accounts. Once a successor agency completes the due diligence review and any transfers to taxing entities, the DOF will issue a finding of completion that expands the authority of each successor agency in carrying out the wind down process. A finding of completion allows a successor agency to, among other things, retain real property assets of the dissolved redevelopment agency and utilize proceeds derived from bonds issued prior to January 1, 2011.

After receiving a finding of completion, each successor agency is required to submit a Long Range Property Management Plan detailing what it intends to do with its inventory of properties. Successor agencies are not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to satisfy an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies within six months of receiving a finding of completion, and the DOF will review these plans as submitted on a rolling basis.

The Successor Agency is currently involved in litigation with the DOF with respect to its due diligence review and therefore, has not yet received a finding of completion or submitted its Long Range Property Management Plan. The Successor Agency anticipates that such litigation will not affect its ability to pay debt service on the 2014 Bonds. [To be updated]

## THE PROJECT AREAS

### Project Areas in the Aggregate

Although this Official Statement includes separate information about each of the Project Areas because of their unique characteristics and their independent redevelopment plan limits, the Tax Revenues pledged as security for the 2014 Bonds consists of property tax revenues allocated to the Successor Agency from both of the Project Areas. Consequently, this Official Statement also shows aggregate information about the Project Areas. In order to understand the nature of the aggregate Project Areas, investors should be aware that, for fiscal year 2014-15, (i) the assessed secured value of the Plaza Project Area was approximately 23% of the aggregate assessed secured value of the Project Areas and approximately 40% of the aggregate incremental assessed secured value, and (ii) the assessed secured value of the West San Leandro/MacArthur Boulevard Project Area was approximately 77% of the aggregate assessed secured value of the Project Areas and 60% of the aggregate incremental assessed secured value.

**Land Use.** The following table summarizes the current land use in the Project Areas in the aggregate, by the number of parcels and by assessed secured value for fiscal year 2014-15. As shown, the majority of land within the Project Areas (approximately 67.8% in terms of assessed secured valuation) is currently used for industrial purposes. The assessed values shown do not include non-homeowner exemptions.

These land use categories are based on land use designations placed on individual parcels by the County Assessor's Office and may not, in every case, coincide with the actual uses found on the parcels.

**TABLE 1  
SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO  
Project Areas in the Aggregate  
Land Use by Net Taxable Secured Assessed Value  
Fiscal Year 2014-15**

<u>Category</u>	<u>Secured Assessed Valuation <sup>(1)</sup></u>	<u>% of Total Secured Valuation</u>	<u>Number of Parcels</u>	<u>% of Total Number of Parcels</u>
Commercial	\$303,179,976	22.5%	191	17.3%
Industrial	915,477,291	67.8	327	29.6
Single-Family Residential	12,024,152	0.9	36	3.3
Condominiums	49,210,853	3.6	252	22.8
Other Residential	43,388,093	3.2	45	4.1
Vacant	24,134,637	1.8	55	5.0
Other	3,035,530	0.2	197	17.9
<b>Total</b>	<b>1,350,450,532</b>	<b>100.0</b>	<b>1,103</b>	<b>100.0</b>

(1) Net of Homeowner Exemptions. These exemptions are reimbursed by the County Auditor-Controller prior to disbursement of tax increment to the Redevelopment Property Tax Trust Fund.  
Source: County Assessor; Urban Analytics, LLC.

**Major Taxable Property Owners.** The following table lists the 10 largest taxable property owners within the Project Areas in the aggregate for fiscal year 2014-15. Based on fiscal year 2014-15 locally assessed taxable valuations, the top 10 taxable property owners in the Project Areas represent approximately 24.30% of the total taxable value of the Project Area of \$1,550,310,190 and 42.38% of the fiscal year 2014-15 incremental value of \$888,851,016.

AMB Property Company, the largest property owner in the Project Areas, owns property with a total assessed value of approximately \$63.2 million. AMB US Logistics Fund LP is the second-largest owner, and together with an affiliated company, owns twelve properties in the West San Leandro/MacArthur Project Area with a total assessed value of approximately \$62.9 million. The third largest owner, Safeway, owns a warehouse located in the West San Leandro/MacArthur Project Area with a total assessed value of approximately \$54.6 million.

**TABLE 2  
SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO  
Project Areas in the Aggregate  
Ten Largest Taxable Property Owners Fiscal Year 2014-15**

Property Owner	Secured and Utility	Unsecured	Total Valuation	% of Total Valuation	% of Incremental Valuation	Principal Use <sup>(1)</sup>
AMB Property Corp.	\$63,237,699	-	\$63,237,699	4.08%	7.12%	Warehouse
AMB US Logistics Fund LP*	62,934,944	-	62,934,944	4.06	7.09	Warehouse
Safeway	54,574,647	-	54,574,647	3.52	6.15	Industrial
Creekside Plaza Partners LLC*	43,594,448	-	43,594,448	2.81	4.91	Office
World Savings & Loan Association	30,284,070	-	30,284,070	1.95	3.41	Office
BRCP San Leandro Industrial LLC*	29,413,024	-	29,413,024	1.90	3.31	Industrial
KTR Bay East IV LLC	28,150,000	-	28,150,000	1.82	3.17	Industrial
Heritage Gateway LP & Heritage San Leandro LP	23,505,516	-	23,505,516	1.52	2.65	Residential
Doolittle Williams LLC	20,894,733	-	20,894,733	1.35	2.35	Industrial
LBA CPT Industrial Co V A LLC	20,090,800	-	20,090,800	1.30	2.26	Warehouse
<b>Total, Top Ten:</b>	<b>376,679,881</b>	<b>-</b>	<b>376,679,881</b>	<b>24.30</b>	<b>42.44</b>	

**Total Fiscal Year 2014-15 AV: \$1,550,310,190<sup>(1)</sup>**

**Total Fiscal Year 2014-15 Incremental AV: \$888,851,016**

<sup>(1)</sup> Excludes homeowner exemptions.

\* Property owner had pending appeals with respect one or more fiscal years as of June 30, 2014.

Source: County Assessor; State Board of Equalization

**Land Use in the Project Areas**

The tables below summarize separately for each Project Area the current land use in such project area, by assessed value for fiscal year 2014-15. Land use in the Plaza Project Area is primarily industrial and commercial, while land use in the West San Leandro/MacArthur Boulevard Project Area is largely residential and commercial, comprised of mixed industrial and commercial uses and medium-density single-family residential housing.

As previously mentioned, the Plaza Project Area contains approximately 155 acres and was created through the merger of two separate project areas, the Plaza 1 Project Area and Plaza 2 Project Area. 138 of the 155 total acres within the Plaza Project Area are located in the



Plaza 2 Project Area. The Project Area is largely comprised of commercial and residential properties in the downtown area of the City. The assessed value of the Plaza Project Area for fiscal year 2014-15 is approximately \$364,525,952 million and the base year valuation is \$24,402,894.

The West San Leandro/MacArthur Boulevard Project Area is comprised of two geographic areas. The western portion, internally known as the “West San Leandro Area,” is located in the City’s industrial core, which is entirely west of Interstate 880 and comprises approximately 1,014 acres. The other, smaller, portion is largely commercial and is known internally as the “MacArthur Boulevard Area”. This portion abuts a portion of Interstate 580 in the northern section of the City and comprises approximately 16 acres. Shortly after formation of the West San Leandro/MacArthur Boulevard Project Area in 1999, the Former Agency agreed to remove seventeen parcels from the initial West San Leandro/MacArthur Boulevard Project Area in response to concerns raised by the County. The Former Agency and the County signed a Memorandum of Understanding dated November 30, 1999, which identified the seventeen parcels to be removed. Pursuant thereto, the Former Agency amended the West San Leandro/MacArthur Boulevard Project Area Redevelopment Plan and removed the parcels pursuant to Ordinance 2000-014 adopted June 26, 2000. The County Auditor-Controller subsequently removed the parcels from both the base year assessed valuation and the annual tax increment. The assessed value of the West San Leandro/MacArthur Boulevard Project Area for fiscal year 2014-15 is approximately \$1,187,023,238 million and the base year valuation is \$638,295,280.

These land use categories are based on land use designations placed on individual parcels by the County Assessor’s Office and may not, in every case, coincide with the actual uses found on the parcels.

**TABLE 3a  
SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO  
Plaza Project Area  
Land Use by Net Taxable Secured Assessed Value  
Fiscal Year 2014-15**

<u>Category</u>	<u>Secured Assessed Valuation<sup>(1)</sup></u>	<u>% of Total Secured Valuation</u>	<u>Number of Parcels</u>	<u>% of Total Number of Parcels</u>
Commercial	\$225,901,491	68.1%	93	18.8%
Industrial	8,090,760	2.4	13	2.6
Single-Family Residential	3,976,407	1.2	13	2.6
Condominiums	49,210,853	14.8	252	51.0
Other Residential	35,679,501	10.8	27	5.5
Vacant	7,897,426	2.4	13	2.6
Other	943,631	0.3	83	16.8
<b>Total</b>	<b>331,700,069</b>	<b>100.0</b>	<b>494</b>	<b>100.0</b>

(1) Net of Homeowner Exemptions. These exemptions are restored by the County Auditor-Controller prior to disbursement of tax increment to the Redevelopment Property Tax Trust Fund.  
Source: County Assessor; Urban Analytics, LLC.

**TABLE 3b  
SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO  
West San Leandro/MacArthur Boulevard Project Area  
Land Use by Net Taxable Secured Assessed Value  
Fiscal Year 2014-15**

<u>Category</u>	<u>Secured Assessed Valuation<sup>(1)</sup></u>	<u>% of Total Secured Valuation</u>	<u>Number of Parcels</u>	<u>% of Total Number of Parcels</u>
Commercial	\$77,278,485	7.6%	98	16.1%
Industrial	907,386,531	89.1	314	51.6
Single-Family Residential	8,047,745	0.8	23	3.8
Condominiums	-	0.0	-	0.0
Other Residential	7,708,592	0.8	18	3.0
Vacant	16,237,211	1.6	42	6.9
Other	2,091,899	0.2	114	18.7
<b>Total</b>	<b>1,018,750,463</b>	<b>100.0</b>	<b>609</b>	<b>100.0</b>

(1) Net of Homeowner Exemptions. These exemptions are restored by the County Auditor-Controller prior to disbursement of tax increment to the Redevelopment Property Tax Trust Fund.  
Source: County Assessor; Urban Analytics, LLC.

**Summary of Assessed Value History in the Project Areas**

**General.** Taxable values are prepared and reported by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties that are part of the Project Areas. The assessments are assigned to Tax Rate Areas, which have the same boundaries as the Project Areas.

**The Project Areas in the Aggregate.** The Fiscal Consultant reviewed the historic reported taxable values for the Project Areas to ascertain the rate of taxable property valuation growth over the 5 most recent fiscal years beginning with fiscal year 2010-11. Assessed values within the Project Areas have increased steadily since fiscal year 2010-11, with increases in fiscal year 2010-11 of 0.58%, fiscal year 2011-12 of 3.06%, fiscal year 2012-13 of 2.27%, fiscal year 2013-14 of 1.37% and fiscal year 2014-15 of 7.36%. The growth in fiscal year 2014-15 was attributed primarily to an increase in the West San Leandro/MacArthur Boulevard Project Area, which posted an increase in assessed valuation of \$79.4 million. The following table summarizes the taxable values for the Project Areas for the current and past 9 fiscal years:

<u>Fiscal Year</u>	<u>Total Assessed Value</u>	<u>% Change</u>
2005-06	\$1,105,915,073	
2006-07	1,189,154,465	7.53%
2007-08	1,217,164,713	2.36
2008-09	1,287,494,345	5.78
2009-10	1,343,801,569	4.37
2010-11	1,351,619,469	0.58
2011-12	1,393,020,148	3.06
2012-13	1,424,585,855	2.27
2013-14	1,444,034,606	1.37
2014-15	1,550,310,190	7.36

Source: County Assessor; Urban Analytics, LLC.

See “- Historical and Estimated Taxable Valuation and Available Net Tax Increment” below for a recent history of assessed values in the Project Areas on an individual basis.

**Plaza Project Area.** The Fiscal Consultant reports the following facts relating to the history of assessed value in the Plaza Project Area based on January 1, 2014 tax rolls as provided by the County Assessor:

Assessed value within the Plaza Project Area increased from fiscal years 2010-11 through 2014-15, adding approximately \$48 million (15.26%) in value. In particular, assessed values within the Plaza Project Area increased 0.73% in fiscal year 2010-11, 3.84% in fiscal year 2011-12, 0.85% in fiscal year 2012-13, 1.93% in fiscal year 2013-14 and 7.98% in fiscal year 2014-15.

**West San Leandro/MacArthur Boulevard Project Area.** The Fiscal Consultant reports the following facts relating to the history of assessed value in the West San Leandro/MacArthur Boulevard Project Area based on January 1, 2014 tax rolls as provided by the County Assessor:

Assessed value within the West San Leandro/MacArthur Boulevard Project Area increased from fiscal years 2010-11 through 2014-15, adding approximately \$151 million (14.53%) in value. In particular, assessed values within the West San Leandro/MacArthur Boulevard Project Area increased 0.54% in fiscal year 2010-11, 2.83% in fiscal year 2011-12, 2.70% in fiscal year 2012-13, 1.20% in fiscal year 2013-14 and 7.17% in fiscal year 2014-15.

### **Unitary Property**

The amount of unitary revenues to be allocated to the Successor Agency from the Plaza Project Area for fiscal year 2014-15 is estimated to be \$3,531.

The amount of unitary revenues to be allocated to the Successor Agency from the West San Leandro/MacArthur Boulevard Project Area for fiscal year 2014-15 is estimated to be \$17,561.

The Fiscal Consultant assumes these allocations of unitary revenues will remain constant for purposes of projecting tax increment available to pay debt service on the 2014 Bonds.

### **The Redevelopment Plan for the Plaza Project Area**

**Plaza Project Area Original Redevelopment Plan.** The City Council of the City adopted the Plaza Project Area Redevelopment Plan for the Plaza Project Area on May 15, 2000 pursuant to its Ordinance No. 2000-09. The Plaza Project Area was created through the merger of the Plaza 1 Project Area and Plaza 2 Project Area. The Plaza 1 Redevelopment Plan was adopted on December 28, 1960 by Ordinance No. 1295 N.S. and the Plaza 2 Redevelopment Plan was adopted on December 26, 1967 by Ordinance No. 67-62. Both plans were subsequently amended several times. See "Appendix H – Fiscal Consultant's Report."

The City first established a redevelopment project in 1960 to deal with the inadequacies and deterioration of public and private buildings and facilities in the heart of the City. The original redevelopment project area was designated as the “Downtown Plaza Redevelopment Project Area” which later became the “Plaza 1 Project Area.” In 1967, the City established the Plaza 2 Project Area. The original Plaza 2 Project Area was expanded by the addition of

territory in 1974 and has been amended several times over the years to add more territory to the Plaza 2 Project Area. The Plaza 1 Project Area encompasses approximately 18 acres and the Plaza 2 Project Area has approximately 137 acres, for a total of 155 acres for the Plaza Project Area.

**AB 1290; AB 1290 Amendment.** In 1993, the California Legislature enacted Assembly Bill 1290 (“**AB 1290**”), which made several significant changes to the Redevelopment Law. Among other changes, AB 1290 requires redevelopment plans to include limits on the period of time for incurring and repaying loans, advances and indebtedness payable from tax increment revenues.

On December 18, 1995, the City Council adopted Ordinance No. 95-042, which adopted a series of plan limits related to the original Plaza Project Area Redevelopment Plan to comply with AB 1290.

**SB 211; SB 1045; SB 211 and SB 1045 Amendments.** Senate Bill 211 (“**SB 211**”) allowed redevelopment agencies to amend their redevelopment plans to eliminate the time limit for incurring debt with respect to project areas formed before 1994, but required them to begin sharing tax increment revenues pursuant to a statutory formula to the extent that revenues were not already shared by a pre-existing tax sharing agreement.

Pursuant to Senate Bill 104 (“**SB 1045**”) in connection with the adoption of statutes requiring an Educational Revenue Augmentation Fund (“**ERAF**”) shift for fiscal year 2003-04, the State Legislature authorized the City Council to amend the Plaza Project Area Redevelopment Plan to extend by one year the time limit of the effectiveness of the plan and the time limit to repay indebtedness and receive tax increment.

In compliance with SB 211 and SB 1045, the City Council adopted an amendment of the Plaza Project Area Redevelopment Plan for the Plaza Project Area pursuant to Ordinance No. 2003-019 on December 1, 2003.

**SB 1096.** Pursuant to Senate Bill 1096 (“**SB 1096**”) in connection with the adoption of statutes requiring an ERAF shift for fiscal years 2004-05 and 2005-06, the State Legislature authorized amendments of redevelopment plans to extend by one year for each ERAF shift the time limit of the effectiveness of the plan and the time limit to repay indebtedness and receive tax increment.

Pursuant to SB 1096, the Plaza Project Area Redevelopment Plan was further amended pursuant to Ordinance No. 2005-009, adopted July 18, 2005. As the limit on the effectiveness of the Plaza Project Area Redevelopment Plan was greater than twenty years at the time the ERAF payments were made, the time limit of the effectiveness of the Plaza Project Area Redevelopment Plan and the time limit to repay indebtedness and receive tax increment were not effectively extended for the Plaza Project Area Redevelopment Plan.

**AB 26.** Pursuant to Assembly Bill 26 4x, the State Legislature authorized amendments of redevelopment plans in connection with the payment of Supplemental Educational Revenue Augmentation Fund (“**SERAF**”) shifts for fiscal years 2009-10 and 2010-11.

The Former Agency made a SERAF payment of \$4,255,866 in fiscal year 2009-10 and a SERAF payment of \$876,208 in fiscal year 2010-11, but did not adopt any related amendments to the Plaza Project Area Redevelopment Plan.

**Plan Limits for the Plaza Project Area.** As amended, the Plaza Project Area Redevelopment Plan includes the following limits:

<u>Project Area Component</u>	<u>Tax Increment Limit</u>	<u>Tax Increment Received thru 2012/13</u>	<u>Limit on Total Indebtedness</u>
Plaza 1	\$9,422,071	\$8,449,968	Not Limited
Plaza 2	\$87,500,000 <sup>(1)</sup>	\$50,622,063	\$50,000,000

<sup>(1)</sup> Applies to Plaza 2 Project Area and all sub-areas therein.

The Plaza Project Redevelopment Plan also contains limitations on the time for payment of debt with tax increment. Since the Plaza Project Area is comprised of two formerly separate project areas and various subareas created by amendments to the former redevelopment plans, various limits apply to the Plaza Project Area subareas with respect to the final dates for incurring new debt or repaying debt with tax increment. These are summarized as follows.

<u>Project Area Sub-Area</u>	<u>Plan Expiration</u>	<u>Final Date to Repay Debt With Tax Increment</u>
Plaza 1	1/1/2009	12/28/2025 <sup>(1)</sup>
Plaza 2		
Area 1	1/1/2009	1/1/2019
Area 2	12/17/2019	12/17/2029
Area 3	3/30/2021	3/30/2031
Area 4	11/29/2022	11/29/2032
Area 5	7/5/2028	7/5/2038

<sup>(1)</sup> Applies to debt incurred before January 1, 1994 only; final date to repay all other debt is December 28, 2025.

According to the records of the County Auditor-Controller, through fiscal year 2013-14, the Successor Agency had received a cumulative total of \$8,449,968 and \$50,622,063 in tax increment revenue with respect to the Plaza 1 Project Area and Plaza 2 Project Area, respectively. Based on the Fiscal Consultant's projection of property tax revenues to be allocated to the Successor Agency with respect to the Plaza Project Area (which assume 2% annual real property growth beginning in fiscal year 2015-16), the Successor Agency expects to reach the tax increment limit with respect to the Plaza 1 Project Area in 2016-17 and the Plaza 2 Project Area in fiscal year 2026-27, in each case prior to the final maturity date of the 2014 Bonds. Should growth of taxable values exceed projections, such project areas will reach their respective tax increment limits earlier. Once the limits on cumulative tax increment are reached, the Project Areas may not receive additional tax increment revenue.

The DOF has expressed the opinion that the tax increment limits within former redevelopment plans that had not been reached prior to redevelopment dissolution are inconsistent with the purpose and intent of the Dissolution Act and, therefore, should no longer apply. Although this opinion has no force of law, it is possible that the tax increment limits contained in the Redevelopment Plans related to the Plaza Project Area may not be applied by the County Auditor-Controller.

See APPENDIX H - "FISCAL CONSULTANT'S REPORT" for more detail about the tax increment limits.

**The Redevelopment Plan for the West San Leandro/MacArthur Boulevard Project Area**

**West San Leandro/MacArthur Boulevard Project Area Original Redevelopment Plan.** The City Council of the City adopted the Redevelopment Plan for the West San Leandro/MacArthur Boulevard Project Area on July 19, 1999 pursuant to its Ordinance No. 99-025. As discussed above, shortly after formation of the West San Leandro/MacArthur Boulevard Project Area, the Former Agency agreed to remove seventeen parcels from the initial West San Leandro/MacArthur Boulevard Project Area in response to concerns raised by the County. The Former Agency and the County signed a Memorandum of Understanding dated November 30, 1999, which identified the seventeen parcels to be removed. Pursuant thereto, the Former Agency amended the West San Leandro/MacArthur Boulevard Project Area Redevelopment Plan and removed the parcels pursuant to Ordinance 2000-014 dated June 26, 2000. The County Auditor-Controller subsequently removed the parcels from both the base year assessed valuation and the annual tax increment.

**AB 1290.** The West San Leandro/MacArthur Boulevard Project Area was established after the effective date of AB1290 and as such, the West San Leandro/MacArthur Boulevard Project Area Redevelopment Plan does not contain a "cap" or dollar limit on the amount of tax increment that can be collected thereunder. Instead, the Successor Agency is required to make statutory pass-through payments and the West San Leandro/MacArthur Boulevard Project Area Redevelopment Plan contains a statutory time limit on the receipt of tax increment and repayment of indebtedness of 45 years after the date of plan adoption. This limit was extended by one year to July 19, 2045 as a result of a state-mandated payment to the ERAF fund. The West San Leandro/MacArthur Boulevard Project Area Redevelopment Plan includes a limitation of \$750 million on the amount of indebtedness that may be outstanding at any time. Redevelopment activity can occur for thirty years, until July 19, 2029.

**SB 1045 Amendments.** Pursuant to SB 1045, the City Council further amended the West San Leandro/MacArthur Boulevard Project Area Redevelopment Plan by Ordinance No. 2003-020, which it adopted on December 15, 2003.

**Plan Limits for the West San Leandro/MacArthur Boulevard Project Area.** As amended, the West San Leandro/MacArthur Boulevard Project Area Redevelopment Plan includes the following limits:

	<u>Limitation</u>	<u>Detail</u>
Plan Life:		July 19, 2045
Final Date to Collect Tax Increment and Repay Debt:		July 19, 2045
Limit on Outstanding Bonded Indebtedness:		\$750 million

As noted above, the DOF has expressed the opinion that the tax increment limits within former redevelopment plans that had not been reached prior to redevelopment dissolution are inconsistent with the purpose and intent of the Dissolution Act and, therefore, should no longer apply. Although this opinion has no force of law, it is possible that the tax increment limits contained in the West San Leandro/MacArthur Boulevard Project Area Redevelopment Plan may not be applied by the County Auditor-Controller.

**Low and Moderate Income Housing Set-Aside**

As described in “SECURITY FOR THE 2014 BONDS - Housing Set-Aside,” the Dissolution Act eliminated the distinction between Housing Set-Aside and non-Housing Set-Aside property tax revenues. The housing fund into which these set-aside amounts were formerly deposited has been eliminated and any unencumbered amounts remaining in that fund have been paid to the County and these funds have been allocated to the taxing entities within the Project Areas. As a result, and because the Successor Agency has no obligations that are payable from Housing Set-Aside, the former Housing Set-Aside is available to pay debt service on the 2014 Bonds; the projection of Tax Revenues prepared by the Fiscal Consultant and set forth in the section of this Official Statement entitled “THE PROJECT AREAS – Projected Available Net Tax Increment and Estimated Debt Service Coverage,” assumes the availability of the former Housing Set-Aside for this purpose.

**Major Taxable Property Owners**

**Plaza Project Area.** The following table lists the 10 largest taxable property owners within the Plaza Project Area for fiscal year 2014-15. Based on fiscal year 2014-15 locally assessed taxable valuations, the top 10 taxable property owners in the Plaza Project Area represent approximately 46.5% of the total Plaza Project Area taxable value of \$363,391,952 and 50% of the fiscal year 2014-15 incremental value of \$340,123,058.

The Fiscal Consultant reports that Creekside Plaza Partners LLC and certain of its affiliates had appeals of assessed values pending as of June 30, 2014 relating to fiscal years 2011-12, 2012-13 and 2013-14 with respect to property with an assessed value totaling approximately \$38.5 million. According to the Fiscal Consultant, Creekside Plaza Partners LLC’s opinion of value regarding such property totaled approximately \$29.2 million; representing a maximum potential reduction of approximately \$9.3 million. The Fiscal Consultant further reports that Long Drug Stores Inc. had an appeal of assessed value pending as of June 30, 2014 relating to fiscal year 2012-13 with respect to property with an assessed value of approximately \$6.8 million. According to the Fiscal Consultant, Long Drug Stores Inc.’s opinion of value regarding such property totaled approximately \$3.4 million; representing a maximum potential reduction of approximately \$3.4 million. However, as discussed below in “-Appeals of Assessed Values; Proposition 8,” the Fiscal Consultant further reports that over the past seven years, appeals of assessed values have resulted in a reduction on average of 7%. Based on the Fiscal Consultants report, the Successor Agency anticipates that such appeals will result in an aggregate loss of approximately \$3.2 million in assessed value within the Plaza Project Area in fiscal year 2014-15 or a loss of tax increment revenue of approximately \$32,000. The Fiscal Consultant's projections of tax increment available to pay debt service on the 2014 Bonds do not take such potential reductions into account.

**TABLE 4  
SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO  
Plaza Project Area  
Ten Largest Taxable Property Owners  
Fiscal Year 2014-15**

<u>Property Owner</u>	<u>Secured and Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Of Total Valuation</u>	<u>Principal Use</u>
Creekside Plaza Partners LLC*	\$43,594,448	-	\$ 43,594,448	12.00%	Office
World Savings & Loan Association	30,284,070	-	30,284,070	8.33	Office
Heritage Gateway LP & Heritage San Leandro LP	23,505,516	-	23,505,516	6.47	Apartments
Price Company	19,839,743	-	19,839,743	5.46	Retail
Sara Kennedy LLC	11,150,000	-	11,150,000	3.07	Office
Regency Realty Corp & Regency Centers LP	8,919,836	-	8,919,836	2.45	Retail
Safeway	8,561,929	-	8,561,929	2.36	Supermarket
Marymount Villa LLC	8,213,969	-	8,213,969	2.26	Nursing home
Longs Drug Stores Inc*	7,770,698	-	7,770,698	2.14	Supermarket
Creekside Partners	6,991,566	-	6,991,566	1.92	Parking lots
<b>Total, Top Ten:</b>	<b>168,831,775</b>	<b>-</b>	<b>168,831,775</b>	<b>46.46</b>	

**Total Fiscal Year 2014-15 AV: \$363,391,952<sup>(1)</sup>**

**Total Fiscal Year 2014-15 Incremental AV: \$340,123,058**

*(1) Excludes homeowner exemptions.*

*\* Property owner had pending appeals with respect one or more fiscal years as of June 30, 2014.*

*Source: County Assessor; State Board of Equalization*

**West San Leandro/MacArthur Boulevard Project Area.** The following table lists the 10 largest taxable property owners within the West San Leandro/MacArthur Boulevard Project Area for fiscal year 2014-15. Based on fiscal year 2014-15 locally assessed taxable valuations, the top 10 taxable property owners in West San Leandro/MacArthur Boulevard Project Area represent approximately 27.31% of the total West San Leandro/MacArthur Boulevard Project Area taxable value of \$1,186,918,238 and 59.1% of the fiscal year 2014-15 incremental value of \$548,717,958.

The Fiscal Consultant reports that AMB US Logistics Fund LP (and certain of its affiliates) and BRCP San Leandro Industrial LLC had appeals of assessed values pending as of June 30, 2014 relating to fiscal years 2012-13 and 2013-14 with respect to property with an assessed value totaling approximately \$150 million. According to the Fiscal Consultant, the opinion of value of such owners totaled approximately \$100 million; representing a maximum potential reduction of approximately \$50 million. However, as discussed below in “-Appeals of Assessed Values; Proposition 8,” the Fiscal Consultant further reports that historically over the past seven years, appeals of assessed values have resulted in a reduction of 7%. Based on the Fiscal Consultants review of reductions in assessed values over the past seven years, the Successor Agency anticipates that the appeals of AMB US Logistics Fund LP and BRCP San Leandro Industrial LLC will result in a loss of assessed value within the West San Leandro/MacArthur Project Area of approximately \$10.5 million in fiscal year 2014-15 or a loss of tax increment revenue of approximately \$105,000 in such fiscal year. The Fiscal Consultant's projections of tax increment available to pay debt service on the 2014 Bonds do not take such potential reductions into account.



**TABLE 5  
SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO  
West San Leandro/MacArthur Boulevard Project Area  
Ten Largest Taxable Property Owners  
Fiscal Year 2014-15**

<u>Property Owner</u>	<u>Secured and Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Of Total Valuation</u>	<u>Principal Use</u>
AMB Property Corporation	\$63,237,699	-	\$63,237,699	5.33%	Warehouse
AMB US Logistics Fund LP*	62,934,944	-	62,934,944	5.30	Warehouse
Safeway	46,012,718	-	46,012,718	3.88	Industrial
BRCP San Leandro Industrial LLC*	29,413,024	-	29,413,024	2.48	Industrial
KTR Bay East IV LLC	28,150,000	-	28,150,000	2.37	Industrial
Doolittle Williams LLC	20,894,733	-	20,894,733	1.76	Industrial
LBA CPT Industrial Co V A LLC	20,090,800	-	20,090,800	1.69	Warehouse
Olson Properties LP	19,605,684	-	19,605,684	1.65	Industrial
Georgia Pacific Gypsum LLC	17,036,470	-	17,036,470	1.44	Industrial
Fairway San Leandro LLC	16,731,565	-	16,731,565	1.41	Warehouse
Total, Top Ten:	324,107,637	-	324,107,637	27.31	

**Total Fiscal Year 2014-15 AV: \$1,186,918,238**

**Total Fiscal Year 2014-15 Incremental AV: \$548,727,958**

*(1) Excludes homeowner exemptions.*

*\* Property owner had pending appeals with respect one or more fiscal years as of June 30, 2014.*

*Source: County Assessor; State Board of Equalization*

## **Tax Rates**

Tax rates will vary from area to area within the State, as well as within a community and a redevelopment project area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of \$1.00 per \$100 of taxable value and any over-ride tax rate. The over-ride rate is that portion of the tax rate that exceeds the general levy tax rate and is levied to pay voter approved indebtedness or contractual obligations that existed prior to the enactment of Proposition XIII.

Section 34183(a)(1) of the Dissolution Act requires the County Auditor-Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal of and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. The Fiscal Consultant reports that Section 34183(a)(1) has been interpreted by the County to include all of the revenues resulting from over-ride tax rates that were previously allocated to redevelopment agencies based on the County's determination that these tax rates are being levied for repayment of indebtedness for acquisition or improvement of real property. As a result, the tax increment revenues being deposited into the Redevelopment Property Tax Trust Fund include only revenues derived from the general 1% levy and includes no revenues derived from over-ride tax rates that had been included in tax increment revenues prior to the dissolution of redevelopment agencies. The Fiscal Consultant's projections of tax increment available to pay debt service on the 2014 Bonds are based only on revenue derived from the general levy tax rate.

## **Appeals of Assessed Values; Proposition 8**

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

After the applicant and the assessor have presented their arguments, the Appeals Board makes a final decision on the proper assessed value. The Appeals Board may rule in the assessor's favor, in the applicant's favor, or the Board may set their own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion.

Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is made and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Appeals may also be filed under Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions have taken place in some counties due to declining real estate values. Reductions made under this code section may be initiated by the County Assessor or requested by a property owner. After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and it may exceed the maximum annual inflationary growth rate allowed on other properties under Article 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. See "PROPERTY TAXATION IN CALIFORNIA" above.

The Fiscal Consultant reviewed assessment appeals data from the County for the past seven fiscal years, 2006-07 through 2013-14, to determine the potential impact that pending appeals may have on the projected tax increment available to pay debt service on the 2014 Bonds. According to the Fiscal Consultant, since fiscal year 2006-07, owners of land within the Project Areas have filed a total of 321 appeals. Of the 321 appeals, 255 resulted in reductions in assessed value totaling approximately \$88 million; representing a 7% reduction in assessed value or a 93% assessed value retention rate.

As shown in the tables below, as of June 30, 2014, there were 14 appeals pending within the Plaza Project Area and 35 appeals pending within the West San Leandro/MacArthur Boulevard Project Area, with respect to total assessed value of approximately \$377 million. The Fiscal Consultant notes that, assuming a 7% reduction in assessed value (based on actual reductions in fiscal years 2006-7 through 2013-14) the Successor Agency could experience a loss of \$27.1 million or approximately \$271,000 in tax increment revenue on the pending appeals in assessed value in the Project Areas. Were the full amount of disputed valuation granted, the reduction in assessed value would be \$153.3 million or approximately \$15.3 million in tax increment revenue.

The projections of Tax Revenues prepared by the Fiscal Consultant and set forth in the section of this Official Statement entitled “THE PROJECT AREAS – Projected Available Net Tax Increment and Estimated Debt Service Coverage” do not take into account any reductions in assessed value related to any pending appeals. See APPENDIX H - “FISCAL CONSULTANT’S REPORT.”

As discussed in “PROPERTY TAXATION IN CALIFORNIA – Proposition 8” above, Proposition 8 allows a temporary reduction in assessed value when the current market value of a property is less than the current assessed value as of the lien date.

The Fiscal Consultant reports that with respect to the Plaza Project Area, 128 parcels, largely residential, posted an increase in valuation above the inflation rate for fiscal 2014-15 with no change in ownership, thereby indicating a restoration of Proposition 8 values. These parcels gained \$9.1 million in assessed valuation in fiscal year 2014-15. Ten parcels, mainly commercial, posted decreases in valuation in the Plaza Project Area with no change in ownership, resulting in a \$2 million decrease in valuation in fiscal year 2014-15. Over half of that amount was from a property owned by World Savings whose decrease in valuation is attributable to the removal of a business fixture assessment from the property rather than to a Proposition 8 reduction. See APPENDIX H - “FISCAL CONSULTANT’S REPORT.”

With regard to the West San Leandro/MacArthur Boulevard Project Area, the Fiscal Consultant reports that the assessed valuation of 48 parcels increased above the inflation rate for fiscal year 2014-15 with no change in ownership, thereby indicating a restoration of Proposition 8 values. These parcels gained \$39.7 million in assessed valuation in fiscal year 2014-15. In addition, the Fiscal Consultant reports that seventeen, mainly commercial, parcels had decreases in assessed valuation totaling \$2.7 million with no change in ownership, which may include some Proposition 8 reductions. See APPENDIX H - “FISCAL CONSULTANT’S REPORT.”

For the Plaza Project Area, the following table shows the number of appeals that are pending, that have been resolved, the values under appeal and the property owners' opinion of value for fiscal years 2006-07 through 2013-14.

**TABLE 7a  
SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO  
Plaza Project Area  
Assessment Appeals  
As of June 30, 2013**

<u>Roll Year</u>	<u>Status</u>	<u>No. of Appeals</u>	<u>County Valuation</u>	<u>Owner's Opinion of Value</u>	<u>Valuation After Appeal</u>	<u>Retention Rate<sup>(1)</sup></u>
2013-14	Resolved	-	\$ -	\$ -	\$ -	-%
2013-14	Pending	14	41,763,078	29,873,432	-	-
2012-13	Resolved	8	4,563,315	3,264,216	4,544,969	100
2012-13	Pending	7	19,965,713	11,446,601	-	-
2011-12	Resolved	9	35,499,128	13,741,000	35,399,128	100
2011-12	Pending	3	7,821,954	5,530,000	-	-
2010-11	Resolved	23	40,352,504	18,791,941	38,727,727	96
2010-11	Pending	1	676,338	250,000	-	-
2009-10	Resolved	21	54,466,795	40,780,000	52,596,680	97
2009-10	Pending	0	-	-	-	-
2008-09	Resolved	15	28,131,573	22,249,119	26,793,740	95
2008-09	Pending	0	-	-	-	-
2007-08	Resolved	5	3,339,667	1,874,802	2,428,600	73
2007-08	Pending	0	-	-	-	-
2006-07	Resolved	7	16,398,707	7,762,941	15,892,055	97
2006-07	Pending	0	-	-	-	-
<b>All Years</b>	<b>Resolved</b>	<b>91</b>	<b>197,921,216</b>	<b>118,464,019</b>	<b>191,552,426</b>	<b>97</b>
<b>All Years</b>	<b>Pending</b>	<b>27</b>	<b>72,747,521</b>	<b>47,992,225</b>	<b>-</b>	<b>-</b>

(1) Retention Rate is the proportion of value retained after resolution of an appeal. The rate is calculated by dividing the "Valuation After Appeal" by "County Valuation." For withdrawn and denied appeals, the "Valuation After Appeal" is the original County valuation.

Source: Alameda County Assessment Appeals Board; Urban Analytics, LLC

For the West San Leandro/MacArthur Boulevard Project Area, the following table shows the number of appeals that are pending, that have been resolved, the values under appeal and the property owners' opinion of value for fiscal years 2006-07 through 2013-14.

**TABLE 7b**  
**SUCCESSOR AGENCY TO THE**  
**REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO**  
**West San Leandro/MacArthur Boulevard Project Area**  
**Assessment Appeals**  
**As of June 30, 2014**

Roll Year	Status	No. of Appeals	County Valuation	Owner's Opinion of Value	Valuation After Appeal	Retention Rate <sup>(1)</sup>
2013-14	Resolved	1	\$5,351,300	\$2,675,651	\$5,351,300	100%
2013-14	Pending	35	225,375,638	136,739,297	-	-
2012-13	Resolved	25	169,267,517	111,995,450	162,923,840	96
2012-13	Pending	19	97,102,359	60,323,021	-	-
2011-12	Resolved	49	249,495,635	159,606,256	231,227,335	93
2011-12	Pending	12	54,913,171	27,036,207	-	-
2010-11	Resolved	48	231,283,385	153,460,560	208,304,264	90
2010-11	Pending	0	-	-	-	-
2009-10	Resolved	52	279,181,910	187,131,477	264,849,307	95
2009-10	Pending	0	-	-	-	-
2008-09	Resolved	20	54,871,945	36,363,184	53,044,902	97
2008-09	Pending	0	-	-	-	-
2007-08	Resolved	13	2,366,507	693,770	1,175,049	50
2007-08	Pending	0	-	-	-	-
2006-07	Resolved	26	133,665,107	67,751,617	118,650,734	89
2006-07	Pending	0	-	-	-	-
<b>All Years</b>	<b>Resolved</b>	<b>255</b>	<b>1,232,306,024</b>	<b>777,202,873</b>	<b>1,143,933,811</b>	<b>93%</b>
<b>All Years</b>	<b>Pending</b>	<b>66</b>	<b>377,391,168</b>	<b>224,098,525</b>	<b>-</b>	<b>-</b>

(1) The Retention Rate is the proportion of value retained after resolution of an appeal. The rate is calculated by dividing the "Valuation After Appeal" by "County Valuation." For withdrawn and denied appeals, the "Valuation After Appeal" is the original County valuation.

Source: Alameda County Assessment Appeals Board; Urban Analytics, LLC

## Historical and Estimated Taxable Valuation and Available Net Tax Increment

**Plaza Project Area.** A calculation of available net tax increment in the Plaza Project Area for each of the past four years plus an estimate of fiscal year 2014-15 available net tax increment is shown in the following table. Net available tax increment is the amount of tax increment available to be allocated from the Redevelopment Property Tax Trust Fund to the Successor Agency to pay debt service on the 2014 Bonds.

**TABLE 9a**  
**SUCCESSOR AGENCY TO THE**  
**REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO**  
**Plaza Project Area**  
**Historical and Estimated Tax Revenues**

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
<u>Secured</u>					
- Land	\$72,925,072	\$72,458,195	\$73,247,737	\$ 80,696,258	\$85,938,597
- Improvements	218,192,376	234,248,143	235,651,119	237,275,047	246,588,293
- Personal Property	3,798,188	3,557,228	1,383,951	1,579,559	1,944,493
- Exemptions	(11,711,561)	(11,800,266)	(9,537,848)	(9,853,539)	(2,771,314)
<b>Secured Total</b>	<b>283,204,075</b>	<b>298,463,300</b>	<b>300,744,959</b>	<b>309,697,325</b>	<b>331,700,069</b>
<u>Unsecured</u>					
- Land	350,125	296,750	200,196	537,500	442,216
- Improvements	6,951,582	5,735,827	8,079,176	6,827,887	10,895,581
- Personal Property	24,988,619	23,127,973	21,362,877	19,681,552	20,649,536
- Exemptions	(201,619)	(228,079)	(219,005)	(217,187)	(295,450)
<b>Unsecured Total</b>	<b>32,088,707</b>	<b>28,932,471</b>	<b>29,423,244</b>	<b>26,829,752</b>	<b>31,691,883</b>
<b>Total Assessed Value</b>	<b>315,292,782</b>	<b>327,395,771</b>	<b>330,168,203</b>	<b>336,527,077</b>	<b>363,391,952</b>
Percent Change	0.73%	3.84%	0.85%	1.93%	7.98%
Plus: HOPTR	1,188,600	1,211,000	1,204,000	1,183,000	1,134,000
Less: Base AV	(24,402,894)	(24,402,894)	(24,402,894)	(24,402,894)	(24,402,894)
<b>Taxable Value Over Base</b>	<b>292,078,488</b>	<b>304,203,877</b>	<b>306,969,309</b>	<b>313,307,183</b>	<b>340,123,058</b>
<b>Gross Revenues</b>	<b>2,920,785</b>	<b>3,042,039</b>	<b>3,069,693</b>	<b>3,133,072</b>	<b>3,401,231</b>
Plus: Unitary Revenue	15,985	18,800	18,800	18,800	17,561
Less: County Admin	(25,015)	(24,207)	(24,425)	(24,923)	(34,040)
Less: Pass-Through Payments	(234,754)	(245,679)	(260,211)	(313,354)	(327,634)
<b>Net Tax Increment Available<sup>(2)</sup></b>	<b>2,677,001</b>	<b>2,790,953</b>	<b>2,803,857</b>	<b>2,813,595</b>	<b>3,057,118</b>

(1) Represents the Homeowner's Property Tax Relief Exemption which is reimbursed by the State.

(2) Estimated based on estimated unitary revenue, County administrative expenses and pass-through payments as such amounts are not allocated among the Project Areas by the County Assessor.

Source: County Assessor; State Board of Equalization; Urban Analytics, LLC

**West San Leandro/MacArthur Boulevard Project Area.** A calculation of available net tax increment in the West San Leandro/MacArthur Boulevard Project Area for each of the past four years plus an estimate of fiscal year 2014-15 available net tax increment is shown in the following table. Net available tax increment is the amount of tax increment available to be

allocated from the Redevelopment Property Tax Trust Fund to the Successor Agency to pay debt service on the 2014 Bonds.

**TABLE 9b**  
**SUCCESSOR AGENCY TO THE**  
**REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO**  
**West San Leandro/MacArthur Boulevard Project Area**  
**Historical and Estimated Tax Revenues**

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
<b>Secured</b>					
- Land	\$328,150,265	\$340,909,201	\$364,894,041	\$377,261,030	\$394,445,431
- Improvements	549,517,838	554,450,328	560,638,901	567,828,462	623,798,565
- Personal Property	8,984,000	7,820,282	14,360,040	15,003,817	12,181,518
- Exemptions	(11,092,973)	(9,366,795)	(11,390,020)	(11,622,816)	(11,675,051)
<b>Secured Total</b>	<b>875,559,130</b>	<b>893,813,016</b>	<b>928,502,962</b>	<b>948,470,493</b>	<b>1,018,750,463</b>
<b>Unsecured</b>					
- Land	56,200	78,700	32,400	1,557,048	-
- Improvements	57,508,647	63,142,999	66,690,577	58,845,077	66,407,101
- Personal Property	102,356,554	107,556,767	99,148,698	98,703,693	100,817,438
- Exemptions	(227,381)	(40,642)	(1,030,522)	(1,142,319)	(130,301)
<b>Unsecured Total</b>	<b>159,694,020</b>	<b>170,737,824</b>	<b>164,841,153</b>	<b>157,963,499</b>	<b>167,094,238</b>
<b>Utility</b>					
- Land	1,073,537	1,073,537	1,073,537	1,073,537	1,073,537
- Improvements	-	-	-	-	-
- Personal Property	-	-	-	-	-
- Exemptions	-	-	-	-	-
<b>Utility Total</b>	<b>1,073,537</b>	<b>1,073,537</b>	<b>1,073,537</b>	<b>1,073,537</b>	<b>1,073,537</b>
<b>Total Assessed Value</b>	<b>1,036,326,687</b>	<b>1,065,624,377</b>	<b>1,094,417,652</b>	<b>1,107,507,529</b>	<b>1,186,918,238</b>
Percent Change	0.54%	2.83%	2.70%	1.20%	7.17%
Plus: HOPTR <sup>(1)</sup>	105,000	105,000	98,000	105,000	105,000
Less: Base AV	(638,295,280)	(638,295,280)	(638,295,280)	(638,295,280)	(638,295,280)
<b>Taxable Value Over Base</b>	<b>398,136,407</b>	<b>427,434,097</b>	<b>456,220,372</b>	<b>469,317,249</b>	<b>548,727,958</b>
<b>Gross Revenues</b>	<b>3,981,364</b>	<b>4,274,341</b>	<b>4,562,204</b>	<b>4,693,172</b>	<b>5,487,280</b>
Plus: Unitary Revenue	3,181	6,200	6,200	6,200	3,531
Less: County Admin	(36,346)	(36,841)	(39,317)	(40,443)	(54,671)
Less: Pass-Through Payments	(855,171)	(912,774)	(1,012,946)	(1,058,521)	(1,325,827)
<b>Net Tax Increment Available<sup>(2)</sup></b>	<b>3,093,028</b>	<b>3,330,926</b>	<b>3,516,141</b>	<b>3,600,408</b>	<b>4,110,313</b>

(1) Represents the Homeowner's Property Tax Relief Exemption which is reimbursed by the State.

(2) Estimated based on estimated unitary revenue, County administrative expenses and pass-through payments as such amounts are not allocated among the Project Areas by the County Assessor.

Source: County Assessor; State Board of Equalization; Urban Analytics, LLC

**Project Areas- Combined.** A calculation of available net tax increment in the Project Areas on a combined basis for each of the past four years plus an estimate of fiscal year 2014-15 available net tax increment is shown in the following table. Net tax increment available is the amount of tax increment available to be allocated from the Redevelopment Property Tax Trust Fund to the Successor Agency to pay debt service on the 2014 Bonds.

**TABLE 9c  
SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO  
Project Areas Combined  
Historical and Estimated Tax Revenues**

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
<u>Secured</u>					
- Land	401,075,337	413,367,396	438,141,778	457,957,288	480,384,028
- Improvements	767,710,214	788,698,471	796,290,020	805,103,509	870,386,858
- Personal Property	12,782,188	11,377,510	15,743,991	16,583,376	14,126,011
- Exemptions	(22,804,534)	(21,167,061)	(20,927,868)	(21,476,355)	(14,446,365)
<b>Secured Total</b>	<b>1,158,763,205</b>	<b>1,192,276,316</b>	<b>1,229,247,921</b>	<b>1,258,167,818</b>	<b>1,350,450,532</b>
<u>Unsecured</u>					
- Land	406,325	375,450	232,596	2,094,548	442,216
- Improvements	64,460,229	68,878,826	74,769,753	65,672,964	77,302,682
- Personal Property	127,345,173	130,684,740	120,511,575	118,385,245	121,466,974
- Exemptions	(429,000)	(268,721)	(1,249,527)	(1,359,506)	(425,751)
<b>Unsecured Total</b>	<b>191,782,727</b>	<b>199,670,295</b>	<b>194,264,397</b>	<b>184,793,251</b>	<b>198,786,121</b>
<u>Utility</u>					
- Land	1,073,537	1,073,537	1,073,537	1,073,537	1,073,537
- Improvements	-	-	-	-	-
- Personal Property	-	-	-	-	-
- Exemptions	-	-	-	-	-
<b>Utility Total</b>	<b>1,073,537</b>	<b>1,073,537</b>	<b>1,073,537</b>	<b>1,073,537</b>	<b>1,073,537</b>
<b>Total Assessed Value</b>	<b>1,351,619,469</b>	<b>1,393,020,148</b>	<b>1,424,585,855</b>	<b>1,444,034,606</b>	<b>1,550,310,190</b>
Percent Change	0.58%	3.06%	2.27%	1.37%	7.36%
Plus: HOPTR <sup>(1)</sup>	1,293,600	1,316,000	1,302,000	1,288,000	1,239,000
Less: Base AV	(662,698,174)	(662,698,174)	(662,698,174)	(662,698,174)	(662,698,174)
<b>Taxable Value Over Base</b>	<b>690,214,895</b>	<b>731,637,974</b>	<b>763,189,681</b>	<b>782,624,432</b>	<b>888,851,016</b>
<b>Gross Revenues</b>	<b>6,902,149</b>	<b>7,316,380</b>	<b>7,631,897</b>	<b>7,826,244</b>	<b>8,888,510</b>
Plus: Unitary Revenue	19,166	25,000	25,000	25,000	21,092
Less: County Admin	(61,361)	(61,048)	(63,742)	(65,365)	(88,711)
Less: Pass-Through Payments	(1,089,925)	(1,158,453)	(1,273,157)	(1,371,875)	(1,653,461)
<b>Net Tax Increment Available</b>	<b>5,770,030</b>	<b>6,121,878</b>	<b>6,319,998</b>	<b>6,414,004</b>	<b>7,167,431</b>

(1) Represents the Homeowner's Property Tax Relief Exemption which is reimbursed by the State.  
Source: County Assessor; State Board of Equalization; Urban Analytics, LLC



**Projected Available Net Tax Increment and Estimated Debt Service Coverage**

The Fiscal Consultant prepared projections of available net tax increment individually for each of the Project Areas and on a combined basis. Net available tax increment is the amount of tax increment available to be allocated from the Redevelopment Property Tax Trust Fund to the Successor Agency to pay debt service on the 2014 Bonds. Table 10 and 11 show available net tax increment for the Plaza Project Area and the West San Leandro/MacArthur Boulevard Project Area. Table 12 below shows available net tax increment from the two Project Areas on a combined basis together with estimated debt service coverage on the 2014 Bonds. The projections assume 2% annual real property assessed value growth beginning in fiscal year 2015-16. Tables 10, 11 and 12 assume that the tax increment cap with respect to the Plaza 1 Project Area and the Plaza 2 Project Area are reached in fiscal year 2016-17 and fiscal year 2026-27, respectively, and that the Successor Agency will not receive Tax Revenues derived from the Plaza 1 Project Area and the Plaza 2 Project Area after such dates. See “RISK FACTORS - Plan Limits.” Other assumptions made by the Fiscal Consultant in calculating the projected available net tax increment are described in the Fiscal Consultant’s Report. See “APPENDIX H – Fiscal Consultant’s Report.”

**TABLE 10  
SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO  
Plaza Project Area  
Projection of Incremental Value and Tax Increment Revenue  
(Dollars in thousands)**

<u>Fiscal Year</u>	<u>Gross Tax Increment</u>	<u>Administration Fees</u>	<u>Pass-Through Payments</u>	<u>Net Tax Revenue</u>
2014-15	\$3,418,792	(\$34,040)	(\$327,635)	\$3,057,117
2015-16	3,484,970	(34,699)	(348,422)	3,101,848
2016-17	3,502,593	(34,875)	(369,810)	3,097,908
2017-18	3,267,322	(32,532)	(353,508)	2,881,281
2018-19	3,330,657	(33,163)	(373,783)	2,923,711
2019-20	3,395,258	(33,806)	(394,668)	2,966,785
2020-21	3,461,152	(34,462)	(416,175)	3,010,515
2021-22	3,528,364	(35,131)	(438,330)	3,054,903
2022-23	2,996,926	(29,840)	(461,151)	2,505,935
2023-24	3,054,966	(30,418)	(484,656)	2,539,893
2024-25	3,114,167	(31,007)	(508,864)	2,574,296
2025-26	580,371	(5,779)	(533,798)	40,795
2026-27	0	0	0	0
<b>Total</b>	<b>37,135,537</b>	<b>(369,750)</b>	<b>(5,010,799)</b>	<b>31,754,988</b>

Source: Urban Analytics, LLC

**TABLE 11**  
**SUCCESSOR AGENCY TO THE**  
**REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO**  
**West San Leandro/MacArthur Boulevard Project Area**  
**Projection of Incremental Value and Tax Increment Revenue**  
**(Dollars in thousands)**

Fiscal Year	Gross Tax Increment	Administration Fees	Pass-Through Payments	Net Tax Revenue
2014-15	5,490,810	(54,671)	(1,325,827)	4,110,313
2015-16	5,692,360	(56,678)	(1,395,523)	4,240,159
2016-17	5,897,940	(58,724)	(1,466,095)	4,373,121
2017-18	6,107,632	(60,812)	(1,539,127)	4,507,693
2018-19	6,321,518	(62,942)	(1,613,090)	4,645,487
2019-20	6,539,682	(65,114)	(1,688,532)	4,786,036
2020-21	6,762,209	(67,330)	(1,765,482)	4,929,397
2021-22	6,989,186	(69,590)	(1,843,972)	5,075,624
2022-23	7,220,703	(71,895)	(1,924,032)	5,224,776
2023-24	7,456,851	(74,246)	(2,005,693)	5,376,912
2024-25	7,697,721	(76,644)	(2,088,987)	5,532,089
2025-26	7,943,409	(79,091)	(2,173,947)	5,690,371
2026-27	8,194,010	(81,586)	(2,260,606)	5,851,818
2027-28	8,449,624	(84,131)	(2,348,999)	6,016,494
2028-29	8,710,350	(86,727)	(2,439,159)	6,184,463
2029-30	8,976,290	(89,375)	(2,531,123)	6,355,792
2030-31	9,247,549	(92,076)	(2,651,293)	6,504,181
2031-32	9,524,233	(94,831)	(2,773,866)	6,655,537
2032-33	9,806,451	(97,641)	(2,898,891)	6,809,920
2033-34	10,094,313	(100,507)	(3,026,416)	6,967,391
2034-35	10,387,933	(103,430)	(3,156,492)	7,128,011
2035/36	10,687,425	(106,412)	(3,289,169)	7,291,843
2036-37	10,992,907	(109,454)	(3,424,500)	7,458,953
2037-38	11,304,498	(112,556)	(3,562,538)	7,629,404
2038-39	11,622,321	(115,721)	(3,703,336)	7,803,264
2039-40	11,946,501	(118,949)	(3,846,950)	7,980,602
2040-41	12,277,164	(122,241)	(3,993,437)	8,161,487
2041-42	12,614,441	(125,599)	(4,142,853)	8,345,989
2042-43	12,958,463	(129,025)	(4,295,258)	8,534,181
2043-44	13,309,366	(132,518)	(4,450,711)	8,726,137
2044-45	13,667,286	(136,082)	(4,609,272)	8,921,932
2045-46	14,032,365	(139,717)	(4,771,005)	9,121,643
2046-47	0	0	0	0
<b>Total</b>	<b>298,923,515</b>	<b>(2,976,315)</b>	<b>(89,006,182)</b>	<b>206,941,019</b>

Source: Urban Analytics, LLC

**TABLE 12**  
**SUCCESSOR AGENCY TO THE**  
**REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO**  
**Project Areas Combined**  
**Projection of Incremental Value, Tax Increment Revenue and Debt Service**  
**(Dollars in thousands)**

<u>Fiscal Year</u>	<u>Gross Tax Increment</u>	<u>Administration Fees</u>	<u>Pass-Through Payments</u>	<u>Net Tax Revenue</u>	<u>Debt Service 2014 Bonds*</u>	<u>Debt Service Coverage*</u>
2014-15	8,909,602	(88,711)	(1,653,461)	7,167,430		
2015-16	9,177,329	(91,377)	(1,743,946)	7,342,007		
2016-17	9,400,533	(93,599)	(1,835,905)	7,471,029		
2017-18	9,374,954	(93,344)	(1,892,635)	7,388,975		
2018-19	9,652,175	(96,105)	(1,986,872)	7,569,198		
2019-20	9,934,940	(98,920)	(2,083,199)	7,752,821		
2020-21	10,223,361	(101,792)	(2,181,658)	7,939,912		
2021-22	10,517,550	(104,721)	(2,282,303)	8,130,527		
2022-23	10,217,630	(101,735)	(2,385,183)	7,730,712		
2023-24	10,511,817	(104,664)	(2,490,349)	7,916,804		
2024-25	10,811,888	(107,652)	(2,597,851)	8,106,385		
2025-26	8,523,780	(84,869)	(2,707,745)	5,731,166		
2026-27	8,194,010	(81,586)	(2,260,606)	5,851,818		
2027-28	8,449,624	(84,131)	(2,348,999)	6,016,494		
2028-29	8,710,350	(86,727)	(2,439,159)	6,184,463		
2029-30	8,976,290	(89,375)	(2,531,123)	6,355,792		
2030-31	9,247,549	(92,076)	(2,651,293)	6,504,181		
2031-32	9,524,233	(94,831)	(2,773,866)	6,655,537		
2032-33	9,806,451	(97,641)	(2,898,891)	6,809,920		
2033-34	10,094,313	(100,507)	(3,026,416)	6,967,391		
2034-35	10,387,933	(103,430)	(3,156,492)	7,128,011		
2035/36	10,687,425	(106,412)	(3,289,169)	7,291,843		
2036-37	10,992,907	(109,454)	(3,424,500)	7,458,953		
2037-38	11,304,498	(112,556)	(3,562,538)	7,629,404		
2038-39	11,622,321	(115,721)	(3,703,336)	7,803,264		
2039-40	11,946,501	(118,949)	(3,846,950)	7,980,602		
2040-41	12,277,164	(122,241)	(3,993,437)	8,161,487		
2041-42	12,614,441	(125,599)	(4,142,853)	8,345,989		
2042-43	12,958,463	(129,025)	(4,295,258)	8,534,181		
2043-44	13,309,366	(132,518)	(4,450,711)	8,726,137		
2044-45	13,667,286	(136,082)	(4,609,272)	8,921,932		
2045-46	14,032,365	(139,717)	(4,771,005)	9,121,643		
2046-47	0	0	0	0		
<b>Total</b>	<b>336,059,053</b>	<b>(3,346,065)</b>	<b>(94,016,981)</b>	<b>238,696,007</b>		

\* Preliminary; subject to change.  
Source: Urban Analytics, LLC

## **RISK FACTORS**

The following information should be considered by prospective investors in evaluating the 2014 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 2014 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 2014 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

### **Recognized Obligation Payment Schedule**

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by a successor agency from the funds specified in the Recognized Obligation Payment Schedule. Pursuant to Section 34177 of the Dissolution Act, not less than 90-days prior to each January 2 and June 1, the Successor Agency shall submit to the Oversight Board and the DOF, a Recognized Obligation Payment Schedule. For each Semiannual Period, the Dissolution Act requires each successor agency to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Consequently, Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the county auditor-controller and remitted to the Successor Agency without a duly approved and effective Recognized Obligation Payment Schedule to pay debt service on the 2014 Bonds and to pay other enforceable obligations. See "SECURITY FOR THE 2014 BONDS – Recognized Obligation Payment Schedule." In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a six-month period and, if applicable, the following half of the calendar year, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period. See "SECURITY FOR THE 2014 BONDS - Recognized Obligation Payment Schedules."

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

(i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (if any, as described above under "SECURITY FOR THE 2014 BONDS - Pass-Through Agreements" and "-Statutory Pass-Through Agreements") 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 such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations;

(ii) second, on each January 2 and June 1, to the successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service

payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;

(iii) third, on each January 2 and June 1, to the successor agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

If a successor agency does not submit a 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.

For a description of the covenants made by the Successor Agency in the Indenture relating to the obligation to submit Recognized Obligation Payment Schedules on a timely basis, and the Successor Agency's history of submissions of Recognized Obligation Payment Schedules, see "SECURITY FOR THE 2014 BONDS – Recognized Obligation Payment Schedules".

AB 1484 also added new provisions to the Dissolution Act implementing certain penalties in the event a successor agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a Recognized Obligation Payment Schedule must be submitted by the successor agency to 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 a successor agency does not submit a Recognized Obligation Payment Schedule by such deadlines, the city or county that established the redevelopment agency will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the DOF. Additionally, a successor agency's administrative cost allowance is reduced by 25% if the successor agency does not submit an oversight board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods.

As described above under "INTRODUCTION – The Redevelopment Plan and The Project Areas – Project Areas," the County Auditor-Controller has established the Joint Project RPTTF separate from the Redevelopment Property Tax Trust Fund established for the Project Areas, and amounts on deposit in the Joint Project RPTTF are not available to pay debt service on the 2014 Bonds. Additionally, the 2008 Joint Project Bonds are not secured by Tax Revenues or amounts on deposit in the Redevelopment Property Tax Trust Fund.

## **Challenges to Dissolution Act**

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the "Redistribution Provisions" thereof (i.e., California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, §10, cl.1; Cal. Const. art. 1, §9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora's constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora's takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency's ability to timely pay debt service on the 2014 Bonds.

## **Reduction in Taxable Value**

Tax increment revenue available to pay principal of and interest on the 2014 Bonds 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 Successor 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 or other natural disaster, could cause a reduction in the tax increment available to pay debt service on the 2014 Bonds. Such reduction of tax increment available to pay debt service on the 2014 Bonds could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the 2014 Bonds; this risk could be increased by the significant concentration of property ownership in the Project Areas (see "THE PROJECT AREAS – Major Taxable Property Owners").

As described in greater detail under the heading “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 two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the 2014 Bonds could reduce tax increment available to pay debt service on the 2014 Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature’s impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the tax increment available to pay debt service on the 2014 Bonds and adversely affect the source of repayment and security of the 2014 Bonds.

**Risks to Real Estate Market**

The Successor Agency’s ability to make payments on the 2014 Bonds will be dependent upon the economic strength of the Project Areas. The general economy of the Project Areas will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development within the Project Areas could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a significant 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 causing a delay or interruption in the receipt of Tax Revenues by the Successor Agency from the Project Areas. See “THE PROJECT AREAS - Projected Available Net Tax Increment and Estimated Debt Service Coverage” for a description of the debt service coverage on the 2014 Bonds.

**Plan Limits**

The final maturity date of the 2014 Bonds is September 1, 20\_\_, although approximately \_\_% of the aggregate principal amount of the 2014 Bonds is scheduled to be paid on or before September 1, 20\_\_. The Fiscal Consultant projects that the Plaza 1 Project Area and Plaza 2 Project Area will reach their respective cumulative tax increment limits in fiscal year 2016-17 and 2026-27, respectively (assuming a 2% annual growth in assessed property values).

Consequently, and assuming the projections summarized in the previous paragraph are accurate, there will be a period prior to the final maturity date of the 2014 Bonds during which the Successor Agency will be able to pay debt service on the 2014 Bonds only from property tax revenues allocated to the Successor Agency from the West San Leandro/MacArthur Boulevard Project Area. In addition, it is possible that the Plaza 1 Project Area and Plaza 2 Project Area

will reach their respective cumulative tax increment limits sooner if actual annual growth in assessed property values exceeds 2%. In such instance, debt service coverage on the 2014 Bonds in any year in which actual annual growth exceeds 2% would be greater than that projected in Table 12 and lower in any year thereafter. Nevertheless, based on the projections provided herein, the Successor Agency expects Tax Revenues from the West San Leandro/MacArthur Boulevard Project Area alone to be sufficient to pay debt service on the 2014 Bonds.

**Concentration of Property Ownership**

**General.** Based on fiscal year 2014-15 locally assessed taxable valuations, the following property owners represent significant ownership concentrations:

<u>Project Area</u>	<u>Property Owner</u>	<u>% of Total Value</u>	<u>% of Incr. Value</u>
West San Leandro/MacArthur Boulevard Project Area	AMB Property Corp.	4.08%	7.12%
West San Leandro/MacArthur Boulevard Project Area	AMB US Logistics Fund LP	4.06%	7.09%
West San Leandro/MacArthur Boulevard Project Area/ Plaza Project Area	Safeway	3.52%	6.15%
Plaza Project Area	Creekside Plaza Partners LLC	2.81%	4.91%
Plaza Project Area	World Savings & Loan Association	1.95%	3.41%
Plaza Project Area	BRCP San Leandro Industrial LLC	1.90%	3.31%

Some of these property owners have pending assessed value appeals with respect to their property in the Project Areas as previously discussed. The bankruptcy, termination of operations or departure from one of the Project Areas by one of the largest property owners from the Project Areas could adversely impact the availability of Tax Revenues to pay debt service on the 2014 Bonds.

**Change in Concentration.** As described in “- Change in Source of Tax Revenues” above, there is likely to be a period prior to the final maturity date of the 2014 Bonds during which the Successor Agency will be able to pay debt service on the 2014 Bonds only from property tax revenues allocated to the Successor Agency from the West San Leandro/MacArthur Boulevard Project Area.

Four of the ten largest property taxpayers in the Project Areas for fiscal year 2014-15 are located in the Plaza Project Area. Therefore, the concentration of taxable property ownership in the Project Areas will significantly change prior to the final maturity date of the 2014 Bonds.

**Reduction in Inflationary Rate**

As described in greater detail below, 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 inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article 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; 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%. For fiscal years 2012-13 and 2013-14, the inflationary value adjustment is 2.00%, which is the maximum permissible increase under Article XIII A. The fiscal year 2014-15 inflationary value adjustment is 0.454%.

The Successor 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**

The general economy of a redevelopment project area will be subject to all the risks generally associated with real estate development. Projected development within a redevelopment project area 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 a redevelopment project area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in a redevelopment project area is delayed or halted, the economy of the redevelopment project area could be affected. If such events lead to a decline in assessed values they could cause a reduction in incremental property tax revenues.

The Successor Agency believes that a decline in development activity in the Project Areas is unlikely to adversely impact its ability to pay debt service on the 2014 Bonds in light of the debt service coverage provided by fiscal year 2013-14 Tax Revenues. See “THE PROJECT AREAS - Projected Available Net Tax Increment and Estimated Debt Service Coverage.”

**Levy and Collection of Taxes**

The Successor Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the tax increment available to pay debt service on the 2014 Bonds.

Although 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 Successor Agency’s ability to make timely payments on the 2014 Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided by fiscal year 2013-14 net tax increment. See “THE PROJECT AREAS - Projected Available Net Tax Increment and Estimated Debt Service Coverage” for a description of the debt service coverage on the 2014 Bonds.

**Bankruptcy and Foreclosure**

The payment of the property taxes from which Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2014 Bonds (including Bond Counsel’s approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization,

moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Although such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the 2014 Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided by fiscal year 2013-14 net tax increment. See "THE PROJECT AREAS - Projected Available Net Tax Increment and Estimated Debt Service Coverage" for a description of the debt service coverage on the 2014 Bonds.

### **Estimated Revenues**

In estimating that net tax increment will be sufficient to pay debt service on the 2014 Bonds, the Successor 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 Successor Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the net tax increment available to pay debt service on the 2014 Bonds will be less than those projected and such reduced net tax increment may be insufficient to provide for the payment of principal of, premium (if any) and interest on the 2014 Bonds.

See "THE PROJECT AREAS – Projected Available Net Tax Increment and Estimated Debt Service Coverage" above.

### **Hazardous Substances**

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Areas. In general, the owners and operators of property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Areas be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

### **Natural Disasters**

The value of the property in the Project 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 and climatic conditions such as droughts. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in the Project 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.

**Seismic.** The City, like much of California, is subject to seismic activity. Earthquake faults exist in many parts of Northern California, including in areas near to San Leandro, particularly the Hayward Fault, which is within the vicinity of the Project Areas. Most new construction is required to be built in accordance with the Uniform Building Code which contains standards designed to minimize structural damage caused by seismic events however, the occurrence of severe seismic activity affecting the Project Areas could result in substantial damage to property located in the Project Areas, and could lead to successful appeals for reduction of assessed values of such property.

### **Changes in the Law**

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of tax increment available to pay debt service on the 2014 Bonds.

### **Loss of Tax-Exemption**

As discussed under the caption "TAX MATTERS," interest on the 2014 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2014 Bonds were issued, as a result of future acts or omissions of the Successor Agency in violation of its covenants in the Indenture.

In addition, current and future legislative proposals, if enacted into law, may cause interest on the 2014 Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals.

Should such an event of taxability occur, the 2014 Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the 2014 Bonds, or, if a secondary market exists, that the 2014 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances.

## TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2014 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the 2014 Bonds. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2014 Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2014 Bonds who purchase the 2014 Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not

deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

In the further opinion of Bond Counsel, interest on the 2014 Bonds is exempt from California personal income taxes.

Owners of the 2014 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2014 Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2014 Bonds other than as expressly described above.

**CONCLUDING INFORMATION**

**Underwriting**

The 2014 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the 2014 Bonds at a price of \$\_\_\_\_\_ (being the principal amount of the 2014 Bonds less a net original issue discount of \$\_\_\_\_\_ and less an Underwriter’s discount of \$\_\_\_\_\_). The Underwriter will purchase all of the 2014 Bonds if any are purchased.

The Underwriter may offer and sell Bonds to certain dealers and others at a price lower than the offering price stated on the inside cover page of this Official Statement. The offering price may be changed from time to time by the Underwriter.

**Legal Opinion**

The final approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will be furnished to the purchaser at the time of delivery of the 2014 Bonds.

A copy of the proposed form of Bond Counsel’s final approving opinion with respect to the 2014 Bonds is attached hereto as Appendix B.

In addition, certain legal matters will be passed on by Jones Hall, A Professional Law Corporation, as Disclosure Counsel and Stradling Yocca Carlson & Rauth, A Professional Corporation, as Underwriter’s Counsel.

Certain legal matters will be passed on for the Successor Agency by the Meyers, Nave, Riback, Silver & Wilson, as City Attorney and Successor Agency counsel.

*Compensation paid to Bond Counsel, Disclosure Counsel and Underwriter’s Counsel is contingent upon the sale and delivery of the 2014 Bonds.*

## **Litigation**

There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the 2014 Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing. See, however, "RISK FACTORS-Challenges to Dissolution Act".

## **Rating**

Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("S&P") has assigned its municipal bond rating of "\_\_\_" to the 2014 Bonds.

This rating reflects only the view of S&P, and an explanation of the significance of the rating, and any outlook assigned to or associated with the rating, should be obtained from the S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Successor Agency has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement).

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2014 Bonds may have an adverse effect on the market price or marketability of the 2014 Bonds.

## **Continuing Disclosure**

The Successor Agency will covenant for the benefit of owners of the 2014 Bonds to provide certain financial information and operating data relating to the Successor Agency by not later than March 31 after the end of each fiscal year of the Successor Agency (currently June 30th), commencing not later than March 31, 2015 with the report for the 2013-14 fiscal year (the "**Annual Report**"), and to provide notices of the occurrence of certain listed events. The specific nature of the information to be contained in the Annual Report or the notices of listed events is summarized in "APPENDIX D - FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE," attached to this Official Statement. These covenants have been made in order to assist the Underwriter (as defined below) in complying with Securities Exchange Commission Rule 15c2 12(b)(5) (the "**Rule**").

The City and its related governmental entities, including the Successor Agency, have previously entered into numerous disclosure undertakings under the Rule in connection with the issuance of long-term obligations. See "APPENDIX E - SUCCESSOR AGENCY FINANCIAL STATEMENTS FOR FISCAL YEAR 2012-13." [The City and the City's affiliated governmental entities have determined that certain filings relating to three issuances of tax allocation bonds of the Former Agency failed to include budget information and financial reports required by the related undertakings. The City's has further determined that previous filings relating to three issuances of certificates of participation of the City also omitted certain fund balance amounts and statements of tax increment received as required by the related undertakings. In particular, with respect to one fiscal year, the City failed to file the audited financial statements and the

annual reports for several series of the City's bonds on a timely basis and did not provide proper notice of delay. In addition, in 2007, the audited financial statements filed by the City were not properly attributed to three outstanding bond issuances of the City and reported therewith. Further, the City and the City's affiliated governmental entities failed to file material event notices regarding changes to the ratings of certain of the City's obligations as a result of changed underlying bond ratings and downgrades of the ratings of bond insurance companies that insured their bonds. As of the date hereof, the City has completed remedial filings to correct such failures.] [To be updated]

[In order to ensure future compliance with the City's continuing disclosure undertakings, the City has hired a Finance Director with significant continuing disclosure experience, and it may include in its audited financial statements all financial and operating data that is required to be included in its various annual reports, with the goal of filing only one document for each obligation on an annual basis.] [To be updated]

**Audited Financial Statements**

The City of San Leandro's Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2013 (the "City CAFR") is attached as Appendix E. The City CAFR includes the Successor Agency's audited financial statements for the fiscal year ended June 30, 2013. The Successor Agency's audited financial statements were audited by Maze & Associates(the "Auditor"). The Auditor has not been asked to consent to the inclusion of the Successor Agency's audited financial statements in this Official Statement and has not reviewed this Official Statement.

As described in "SECURITY FOR THE 2014 BONDS - Limited Obligation," the 2014 Bonds are payable from and secured by a pledge of Tax Revenues and the 2014 Bonds are not a debt of the City. The City CAFR is attached as Appendix E to this Official Statement only because it includes the Successor Agency's audited financial statements.

**Miscellaneous**

All of the preceding summaries of the Indenture, the Redevelopment Law, the Dissolution Act, other applicable legislation, the Redevelopment Plans 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 Successor Agency for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the 2014 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 its [Executive Director] has been duly authorized by the Successor Agency.

**SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE  
CITY OF SAN LEANDRO**

By: \_\_\_\_\_



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

**APPENDIX B**  
**FORM OF BOND COUNSEL OPINION**

## APPENDIX C

### BOOK-ENTRY ONLY SYSTEM

The information in this Appendix C concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2014 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2014 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2014 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 2014 Bonds. The 2014 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 2014 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing Successor Agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). The information set forth on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 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 2014 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 2014 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 2014 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 2014 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2014 Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 2014 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 2014 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the 2014 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the

Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the 2014 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2014 Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the 2014 Bonds are required to be printed and delivered.

The Successor Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the 2014 Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Successor Agency believes to be reliable, but the Successor Agency takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE

\$ \_\_\_\_\_  
**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF SAN LEANDRO  
2014 TAX ALLOCATION REFUNDING BONDS  
(REDEVELOPMENT PROJECTS)**

This CONTINUING DISCLOSURE CERTIFICATE (this “**Disclosure Certificate**”) is executed and delivered by the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO (the “**Successor Agency**”) in connection with the execution and delivery of the bonds captioned above (the “**Bonds**”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of \_\_\_\_\_ 1, 2014 (the “**Indenture**”), by and between the Successor Agency and U.S. Bank National Association, as trustee.

The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

“*Annual Report*” means any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the Successor Agency’s fiscal year (currently March 31 based on the Successor Agency’s fiscal year end of June 30).

“*Dissemination Agent*” means \_\_\_\_\_, or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the Successor Agency in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Inc., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

### Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing \_\_\_\_\_, 2014, with the report for the 2013-14 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Successor Agency) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Successor Agency to determine if the Successor Agency is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Successor Agency’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Successor Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Successor Agency hereunder.

(b) If the Successor Agency does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Successor Agency shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Successor Agency’s Annual Report shall contain or incorporate by reference the following:

(a) The Successor Agency’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Successor Agency’s audited financial statements are not available by the Annual Report Date, the Annual Report

shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Successor Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

- (i) Principal amount of Bonds outstanding as of June 30 of the most recently-completed fiscal year.
- (ii) Balance in the Reserve Account and a statement of the Reserve Requirement as of June 30 of the most recently-completed fiscal year.
- (iii) The information in the following tables of the Official Statement for the most recently completed fiscal year: Tables 1, 2, 4, 5, 6 and 11 (except that no projections are required).

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Successor Agency shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

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

#### Section 5. Reporting of Significant Events.

(a) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with



respect to the tax status of the security, or other material events affecting the tax status of the security.

- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Successor Agency obtains knowledge of the occurrence of a Listed Event, the Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Successor Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the Successor Agency obtains knowledge of the occurrence of any of these Listed Events, the Successor Agency will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Successor Agency will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver,

fiscal agent, or similar officer for the Successor Agency in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Successor Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Successor Agency.

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

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

Section 8. Dissemination Agent. The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be \_\_\_\_\_. Any Dissemination Agent may resign by providing 30 days' written notice to the Successor Agency.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the Successor Agency fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Successor Agency hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, the Bond holders or any other party. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

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

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: \_\_\_\_\_, 2014

SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE  
CITY OF SAN LEANDRO

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

AGREED AND ACCEPTED:

\_\_\_\_\_,  
as Dissemination Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Successor Agency to the Redevelopment Agency of the City of San Leandro

Name of Issue: Successor Agency to the Redevelopment Agency of the City of San Leandro 2014 Tax Allocation Refunding Bonds

Date of Issuance: \_\_\_\_\_, 2014

NOTICE IS HEREBY GIVEN that the Successor Agency has not provided an Annual Report with respect to the above-named Bonds as required by the Indenture of Trust, dated as of \_\_\_\_\_, 2014, by and between the Successor Agency and U.S. Bank National Association, as trustee. The Successor Agency anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

DISSEMINATION AGENT:

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**APPENDIX E**  
**SUCCESSOR AGENCY FINANCIAL STATEMENTS**  
**THROUGH JUNE 30, 2013**

**APPENDIX F**

**STATE DEPARTMENT OF FINANCE APPROVAL LETTER**

## APPENDIX G

### SUPPLEMENTAL INFORMATION - CITY OF SAN LEANDRO

*The following information concerning the City of San Leandro and surrounding areas is included only for the purpose of supplying general information regarding the community. The 2014 Bonds are not a debt of the City, the County, the State or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.*

#### **General**

The City of San Leandro (the “**City**”) encompasses 15.5 square miles located in central Alameda County (the “**County**”), about 20 miles southeast of San Francisco and 35 miles north of San Jose. The City is a well diversified community with residential, commercial, and industrial development within the City. The industrial makeup of the City has been changing, moving away from its traditional manufacturing base toward more of an emphasis on services and warehousing industries.

The median temperatures for January and July are 48.6 degrees Fahrenheit and 63.1 degrees Fahrenheit respectively. Rainfall averages 18.69 inches per year.

#### **Municipal Government**

Incorporated in 1872, the City is a charter city organized under a Mayor, Council, City Manager form of government. The City Council consists of six Members from six districts and a Mayor. The Mayor and Councilmembers are nominated by district and elected at large. Each may serve a maximum of two consecutive four year terms.

The City Council appoints the City Manager, who is the City’s Chief Administrative Officer. The City Manager directs and supervises all City departments, prepares and administers the annual City budget, and plans and implements key projects.



**Population**

Population figures for the City and the County for the last five years are shown in the following table.

**ALAMEDA COUNTY  
Population Estimates  
Calendar Years 2008 through 2012 as of January 1**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Alameda	72,598	73,166	73,717	74,052	74,640
Albany	17,298	18,196	18,481	18,345	18,488
Berkeley	109,762	110,982	112,363	113,925	114,821
Dublin	44,321	45,104	45,681	46,207	46,785
Emeryville	9,362	9,702	9,795	10,110	10,200
Fremont	209,257	211,506	213,524	215,391	217,700
Hayward	141,495	142,642	143,921	145,101	147,113
Livermore	79,890	80,482	80,932	81,547	82,400
Newark	42,327	42,429	42,592	42,700	43,041
Oakland	387,554	389,913	391,475	392,333	395,341
Piedmont	10,601	10,638	10,674	10,710	10,807
Pleasanton	68,796	69,579	70,135	70,537	71,269
<b>San Leandro</b>	<b>83,069</b>	<b>83,951</b>	<b>84,831</b>	<b>85,364</b>	<b>86,053</b>
Union City	68,884	69,108	69,625	69,746	70,646
Unincorporated County	138,871	140,401	141,494	141,688	142,833
County Total	1,484,085	1,497,799	1,509,240	1,517,756	1,532,137

*Source: State Department of Finance estimates (as of January 1).*

**Employment and Industry**

The City is included in the Oakland-Fremont-Hayward Metropolitan Division, which includes Alameda and Contra Costa Counties.

The unemployment rate in the Oakland-Fremont-Hayward MD was 5.9 percent in April 2014, down from a revised 6.8 percent in March 2014, and below the year-ago estimate of 7.2 percent. This compares with an unadjusted unemployment rate of 7.3 percent for California and 5.9 percent for the nation during the same period. The unemployment rate was 5.7 percent in Alameda County, and 6.1 percent in Contra Costa County

**OAKLAND-FREMONT-HAYWARD METROPOLITAN DIVISION  
ALAMEDA, CONTRA COSTA COUNTIES**  
**Civilian Labor Force, Employment and Unemployment; Employment by Industry**  
**(Annual Averages)**

	2008	2009	2010	2011	2012
Civilian Labor Force <sup>(1)</sup>	1,282,100	1,285,800	1,284,600	1,285,000	1,299,200
Employment	1,203,000	1,152,700	1,140,600	1,151,600	1,181,500
Unemployment	79,100	133,100	143,900	133,400	117,800
Unemployment Rate	6.2%	10.4%	11.2%	10.4%	9.1%
<u>Wage and Salary Employment:</u> <sup>(2)</sup>					
Agriculture	1,400	1,400	1,400	1,600	1,600
Mining and Logging	1,200	1,200	1,200	1,200	1,200
Construction	64,900	53,500	47,400	46,300	48,500
Manufacturing	93,100	82,800	79,700	79,000	77,600
Wholesale Trade	47,600	43,700	41,800	42,000	43,800
Retail Trade	109,400	102,100	100,300	100,300	101,500
Transportation, Warehousing, Utilities	35,900	33,200	31,500	31,600	32,200
Information	27,800	25,300	23,600	22,700	22,900
Finance and Insurance	36,200	32,500	33,000	32,600	31,600
Real Estate and Rental and Leasing	16,500	15,500	15,200	14,700	14,200
Professional and Business Services	162,400	148,700	152,100	154,200	158,200
Educational and Health Services	133,000	137,200	136,400	137,500	143,300
Leisure and Hospitality	89,100	85,100	85,800	87,300	88,600
Other Services	36,100	34,700	35,000	35,900	36,700
Federal Government	17,100	16,700	15,700	14,600	14,200
State Government	39,100	39,000	38,100	38,400	39,100
Local Government	121,100	116,900	111,500	109,500	109,200
Total, All Industries <sup>(3)</sup>	1,031,800	969,400	949,700	949,300	964,400

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

## Largest Employers

The following table shows the ten largest major employers in the City and the County.

### CITY OF SAN LEANDRO Major Employers 2013

Employer	Number of Employees	% of Total Employment
San Leandro Unified School District	1,095	3.36%
City of San Leandro	406	1.24
Ghirardelli Chocolate, Co.	392	1.20
Wal-Mart Store 2648	330	1.01
OSI Soft, LLC	310	0.95
BCI Coca-Cola Bottling Co-Service	185	0.87
Target Store T-1428	280	0.86
Costco Wholesale	277	0.85
Paramedics Plus LLC	262	0.80
Kindred Hospital - SF Bay Area	259	0.79

Source: San Leandro Comprehensive Annual Fiscal Report Year Ended June 30, 2013.

### ALAMEDA COUNTY Major Employers (Listed alphabetically) January 2014

Employer Name	Location	Industry
Alameda County Law Enforcement	Oakland	Sheriff
Alameda County Sheriff's Department	Hayward	Sheriff
Alameda County Sheriff's Office	Oakland	Sheriff
Alta Bates Summit Medical Center	Oakland	Hospitals
Alta Bates Summit Medical Center	Berkeley	Hospitals
Bayer Corp	Berkeley	Drug Millers (Mfrs)
Berkeley Coin & Stamp	Berkeley	Coin Dealers Supplies & Etc
California State-East Bay	Hayward	Schools-Universities & Colleges Academic
Childrens Hospital Health Library	Oakland	Special Interest Libraries
Cooper Vision Inc	Pleasanton	Physicians & Surgeons Equip & Supls-Mfrs
East Bay Water	Oakland	Transit Lines
Highland Hospital	Oakland	Hospitals
Intel Corp	Fremont	Semiconductor Devices (Mfrs)
Kaiser Permanente Hospital	Hayward	Hospitals
Kaiser Permanente Medical Center	Oakland	Hospitals
Lawrence Berkeley National Lab	Berkeley	Physicians & Surgeons
Lawrence Livermore National Lab	Livermore	Small Arms Ammunition (Mfrs)
Oakland Police Patrol Division	Oakland	Police Departments
Residential & Student Svc Program	Berkeley	Schools-Universities & Colleges Academic
Safeway Inc	Pleasanton	Grocers-Retail
Tesla Motors	Fremont	Automobile Repairing & Service
Transportation Dept-California	Oakland	State Government-Transportation Programs
University of Ca-Berkeley	Berkeley	Schools-Universities & Colleges Academic
Washington Hospital	Fremont	Hospitals
Waste Management	Oakland	Garbage Collection

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database.

### Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the County of Alameda, the State and the United States for the period 2008 through 2012. Effective Buying Income data is not yet available for year 2013.

**CITY OF SAN LEANDRO; ALAMEDA COUNTY**  
**Effective Buying Income**  
**As of January 1, 2008 through 2012**

<b>Year</b>	<b>Area</b>	<b>Total Effective Buying Income (000's Omitted)</b>	<b>Median Household Effective Buying Income</b>
2008	City of San Leandro	\$ 1,825,223	\$ 51,503
	Alameda County	38,889,500	55,987
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of San Leandro	1,916,318	52,973
	Alameda County	40,053,865	57,997
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of San Leandro	1,777,668	49,045
	Alameda County	38,097,873	54,734
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of San Leandro	1,831,193	48,748
	Alameda County	39,064,683	54,542
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of San Leandro	1,886,158	48,664
	Alameda County	43,677,855	55,396
	California	864,088,828	47,307
	United States	6,737,867,730	41,358

Source: The Nielson Company Inc.

**Commercial Activity**

During calendar year 2012, total taxable transactions in the City were reported to be \$1,867,865,000, a 4.66% increase over the total taxable transactions of \$1,775,210,000 that were reported in the City during calendar year 2011. A summary of historic taxable sales within the City during the past five years for which itemized data is available is shown in the following table. Annual figures are not yet available for 2013.

**CITY OF SAN LEANDRO  
Taxable Transactions  
Number of Permits and Valuation of Taxable Transactions  
(Dollars in Thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	1,154	\$1,212,699	2,506	\$1,787,282
2009 <sup>(1)</sup>	1,336	1,074,706	2,351	1,598,739
2010 <sup>(1)</sup>	1,414	1,110,136	2,448	1,663,900
2011 <sup>(1)</sup>	1,312	1,203,146	2,309	1,775,210
2012 <sup>(1)</sup>	1,341	1,273,883	1,322	1,867,865

<sup>(1)</sup> Retail Stores sales not comparable to prior years. "Retail" category now includes "Food Services".  
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable transactions during calendar year 2012 in the County were reported to be \$25,181,571,000, a 7.5% increase over the total taxable transactions of \$23,430,799,000 reported during calendar year 2011. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions within the County is presented in the following table. Annual figures are not yet available for 2013.

**COUNTY OF ALAMEDA  
Taxable Transactions  
Number of Permits and Valuation of Taxable Transactions  
(Dollars in Thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	20,186	\$14,547,749	41,783	\$23,862,947
2009 <sup>(1)</sup>	24,596	12,641,415	38,663	20,430,195
2010 <sup>(1)</sup>	24,596	12,641,415	38,663	20,430,195
2011 <sup>(1)</sup>	24,809	14,519,756	38,577	23,430,799
2012 <sup>(1)</sup>	26,027	15,781,349	39,706	25,181,571

<sup>(1)</sup> Retail Stores sales not comparable to prior years. "Retail" category now includes "Food Services".  
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

**Construction**

Provided below are the building permits and valuations for the City of San Leandro for calendar years 2008 through 2012.

**CITY OF SAN LEANDRO  
Total Building Permit Valuations  
(Valuations in Thousands)**

	2008	2009	2010	2011	2012
<u>Permit Valuation</u>					
New Single-family	\$954.9	\$976.5	\$2,758.1	\$905.9	\$1,665.7
New Multi-family	558.2	10,500.0	0.0	0.0	0.0
Res. Alterations/Additions	<u>9,055.8</u>	<u>5,517.1</u>	<u>4,666.9</u>	<u>7,716.9</u>	<u>13,600.4</u>
Total Residential	10,569.0	16,993.6	7,424.9	8,622.8	15,266.1
New Commercial	6,617.0	9,000.0	0.0	89,173.0	2,020.0
New Industrial	6,900.0	0.0	0.0	4,400.0	375.0
New Other	1,245.3	906.8	2,068.9	330.0	0.0
Com. Alterations/Additions	<u>26,108.7</u>	<u>21,813.1</u>	<u>12,201.7</u>	<u>11,016.3</u>	<u>7,108.2</u>
Total Nonresidential	\$40,871.0	31,719.9	14,270.6	104,919.3	9,503.2
<u>New Dwelling Units</u>					
Single Family	6	3	7	4	4
Multiple Family	<u>2</u>	<u>51</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	8	54	7	4	4

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

Provided below are the building permits and valuations for the County for calendar years 2008 through 2012.

**ALAMEDA COUNTY  
Total Building Permit Valuations  
(Valuations in Thousands)**

	2008	2009	2010	2011	2012
<u>Permit Valuation</u>					
New Single-family	\$238,743.0	\$227,982.5	\$276,660.5	\$269,312.8	\$372,939.4
New Multi-family	201,122.3	96,518.0	157,459.3	249,684.1	343,669.8
Res. Alterations/Additions	<u>285,782.4</u>	<u>229,873.2</u>	<u>243,289.9</u>	<u>273,631.8</u>	<u>235,264.8</u>
Total Residential	\$725,647.7	554,373.7	677,409.6	792,628.7	951,874.0
New Commercial	197,181.1	72,055.6	14,689.1	261,804.2	94,705.8
New Industrial	60,200.0	89,535.4	82,475.8	17,485.7	29,808.2
New Other	95,640.7	45,100.3	69,060.1	37,504.6	6,764.1
Com. Alterations/Additions	<u>457,412.5</u>	<u>391,295.8</u>	<u>398,430.5</u>	<u>392,163.7</u>	<u>352,261.1</u>
Total Nonresidential	\$810,434.3	\$597,987.1	\$564,655.4	\$708,958.2	483,539.2
<u>New Dwelling Units</u>					
Single Family	761	802	907	817	1,119
Multiple Family	<u>1,296</u>	<u>536</u>	<u>936</u>	<u>1,352</u>	<u>1,508</u>
TOTAL	2,057	1,338	1,843	2,169	2,627

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

## **Education**

The City is served by two school districts. The San Leandro Unified School District is composed of 12 public schools consisting of eight elementary schools, two middle schools, one continuation high school, and one comprehensive high school. The San Lorenzo Unified School District also serves a portion of San Leandro students at two elementary schools, one middle school, and one high school. Attuned to the varied needs of today's students, the school boards have developed a broad and comprehensive core curriculum from kindergarten to 12th grade. The schools feature state-of-the-art technology and computer labs, subjects as diverse as ocean studies, advanced science and math programs, award-winning language arts programs, and outstanding programs sponsored by the Lawrence Hall of Science, University of California. In addition, the schools also offer school-to-work and mentor academy programs. San Leandro also has a number of parochial schools located within the city and in adjacent communities. Higher education opportunities are available nearby at some of the nation's best educational institutions. These include the University of California at Berkeley, Stanford University in Palo Alto, California State University East Bay in Hayward, and Chabot Community College in Hayward.

## **Recreation and Leisure**

The Main Library is located in the downtown area and includes a senior meeting facility, lecture hall, and meeting rooms. The Main Library is the hub for many community recreational activities, including leisure classes for all ages, special events, and programs such as the Trivia Bee and Project Literacy. The community is also served by three neighborhood branch libraries. The community enjoys a variety of celebrations such as a Holiday Tree Lighting event, the Miracle on East 14th Street festival, and a variety of multicultural celebrations. The Marina Community Center, located in the western part of the City, is available to the community for celebrations, meetings, and leisure classes. The Shoreline Recreation Area offers opportunities for outdoor enthusiasts. This destination spot includes 27 holes of nationally acclaimed Bayside golf with a full service clubhouse and an all-weather practice facility, a 131-room hotel, two restaurants overlooking the Bay, a 455-slip yacht harbor, a sheltered sailing lagoon, and a marina. There is also a 20-acre park with a sand volleyball court, picnic tables with barbecues, two playgrounds, an exercise par course, and the San Francisco Bay trail for hiking and bicycling.

## **Transportation**

Interstate Highway 580 (east-west), Interstate Highway 680 (north-south) and Highway 61 provide access to the nearby cities of Oakland, San Francisco, Sacramento, San Jose, and the Central Valley.

San Leandro is located 7 miles from the Oakland International Airport, 35 miles from San Jose Municipal Airport and 25 miles from San Francisco International Airport. Deep water shipping facilities are available at the Port of Oakland and the Port of San Francisco, 10 miles and 20 miles from the City, respectively.

A.C. Transit provides regional bus service and connects with the Greyhound Terminal and two San Leandro Bay Area Rapid Transit (BART) stations. Two Bay Area Rapid Transit (BART) stations in the city connect San Leandro with San Francisco and cities in four county areas. San Leandro LINKS is a shuttle bus program for transporting employees in west San Leandro to and from the Downtown BART station. Three nearby international airports link San

Leandro residents and businesses with every destination in the world. Oakland International Airport is just minutes away. The Port of Oakland, one of the West Coast's largest containerized cargo shipping facilities, is just 10 miles north of San Leandro. The Port's deep-water container terminal is the fourth largest and busiest in the nation, one of the top 40 container ports globally, and is served by over 35 shipping lines. San Leandro's prime location in the Bay Area benefits both the residents and the business community.



**APPENDIX H**  
**FISCAL CONSULTANT'S REPORT**