

NEW ISSUE—BOOK-ENTRY ONLYRatings: S&P “[____]” [(Insured Series 2016 Bonds)]
S&P “[____]” [(Uninsured Bonds)]

See the caption “CONCLUDING INFORMATION—Ratings”

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Agency, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Series 2016A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Series 2016 Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2016 Bonds. See “TAX MATTERS” herein.

[2016A PAR]*

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
2016 TAX ALLOCATION REFUNDING BONDS,
SERIES A**

[2016B PAR]*

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
2016 TAX ALLOCATION REFUNDING BONDS,
SERIES B (FEDERALLY TAXABLE)**

Dated: Closing Date**Due: September 1, as shown on the inside front cover page**

The Successor Agency to the Redevelopment Agency of the City of Stockton 2016 Tax Allocation Refunding Bonds, Series A, in an aggregate principal amount of [2016A PAR]* (the “Series 2016A Bonds”), and the Successor Agency to the Redevelopment Agency of the City of Stockton 2016 Tax Allocation Refunding Bonds, Series B (Federally Taxable), in an aggregate principal amount of [2016B PAR]* (the “Series 2016B Bonds”) and, together with the Series 2016A Bonds, the “Series 2016 Bonds”), are being issued pursuant to an Indenture of Trust, dated as of [____] 1, 2016 (the “Indenture”), by and between Wells Fargo Bank, National Association, as trustee (the “Trustee”) and the Successor Agency to the Redevelopment Agency of the City of Stockton (the “Agency”): (i) to refund certain obligations of the Agency and the former Redevelopment Agency of the City of Stockton (the “Former Agency”) that were incurred in connection with certain redevelopment activities of the Former Agency and which are currently outstanding in the aggregate principal amount of \$[____], as described under the caption “REFUNDING PLAN”; (ii) [to pay the premiums for a policy of bond insurance and a municipal bond debt service reserve insurance policy from [SERIES 2016 INSURER]]; [(iii) fund the reserve account with respect to the Series 2016 Bonds and (iv)] to pay the costs of issuing the Series 2016 Bonds. The Series 2016 Bonds will be issued in integral multiples of \$5,000 and will mature on the dates and in the amounts set forth herein. Interest on the Series 2016 Bonds is payable semiannually on March 1 and September 1, commencing March 1, 2017.

The Series 2016 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”). DTC will act as securities depository of the Series 2016 Bonds. Individual purchases of the Series 2016 Bonds will be made in book-entry form only. So long as the Series 2016 Bonds are registered in the name of Cede & Co., payment of the principal of and interest and premium, if any, on the Series 2016 Bonds will be payable to DTC or its nominee. DTC in turn is obligated to remit such payments to DTC Participants for subsequent disbursement to the beneficial owners of the Series 2016 Bonds. See the caption “THE SERIES 2016 BONDS—Book-Entry System.”

The Series 2016 Bonds are subject to optional and sinking fund redemption prior to maturity. See the caption “THE SERIES 2016 BONDS—Redemption.”

The Series 2016 Bonds are payable from and secured by the Tax Revenues deposited in the Redevelopment Property Tax Trust Fund, which are subject to the prior payment of certain existing obligations of the Agency as more fully described under the caption “SECURITY FOR THE SERIES 2016 BONDS—Senior Negotiated Tax Sharing Agreements.” Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll, to the extent that such taxes constitute Tax Revenues, will be deposited in the Redevelopment Obligation Retirement Fund and administered by the Agency and the Trustee in accordance with the Indenture.

[The scheduled payment of principal of and interest on the Series 2016A Bonds and the Series 2016B Bonds maturing on September 1 in the years 20[____] through 20[____], inclusive (the “Insured Series 2016 Bonds”), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Series 2016 Bonds by [SERIES 2016 INSURER] (the “2016 Insurer” or “[____]”). See the captions “INTRODUCTORY STATEMENT—Bond Insurance” and “BOND INSURANCE” and Appendix H—“SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”]

[[SERIES 2016 INSURER] Logo]

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Series 2016 Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain risk factors more fully described herein.

The Series 2016 Bonds are not a debt of the City of Stockton, the County of San Joaquin (the “County”), the State of California or any other political subdivision of the State (except the Agency), and neither said City, said County, said State, nor any of its political subdivisions (except the Agency) is liable hereon, nor in any event shall the Series 2016 Bonds be payable out of any funds or properties other than those of the Agency. The Series 2016 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The principal of and interest on the Series 2016 Bonds are payable solely from the Tax Revenues allocated to the Agency from the Project Areas (all as defined herein and in the Indenture) and other funds as set forth in the Indenture.

* Preliminary, subject to change.
OHSUSA:765481467.8

The Series 2016 Bonds are offered, when, as and if issued, subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain legal matters will be passed on for the Agency by the City Attorney of the City of Stockton, as counsel to the Agency, and by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, as disclosure counsel for the Agency, for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation., Newport Beach, California, and for the Trustee by its counsel. It is anticipated that the Series 2016 Bonds will be available for delivery through the facilities of DTC on or about [____], 2016.

STIFEL

Dated: [____], 2016

MATURITY SCHEDULE*

\$(2016A PAR)*
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON

2016 TAX ALLOCATION REFUNDING BONDS,
SERIES A

Base CUSIP[†] [_____]

<i>Maturity Date</i> <i>(September 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest</i> <i>Rate</i>	<i>Yield[‡]</i>	<i>Price[‡]</i>	<i>CUSIP[†]</i>
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* Insured. See “BOND INSURANCE.”

\$_____ % Term Bonds due September 1, 20__ Price ____%[‡] CUSIP[†] _____

\$(2016B PAR)*
2016 TAX ALLOCATION REFUNDING BONDS,
SERIES B (FEDERALLY TAXABLE)

Base CUSIP[†] [_____]

<i>Maturity Date</i> <i>(September 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest</i> <i>Rate</i>	<i>Yield[‡]</i>	<i>Price[‡]</i>	<i>CUSIP[†]</i>
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* Insured. See “BOND INSURANCE.”

\$_____ % Term Bonds due September 1, 20__ Price ____%[‡] CUSIP[†] _____

* Preliminary, subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. Copyright© 1999-2016 American Bankers Association. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP® numbers are provided for convenience of reference only. Neither the Agency nor the Underwriter takes any responsibility for the accuracy of such numbers.

[‡] Reoffering prices and yields have been provided by the Underwriters. See “CONCLUDING INFORMATION—Underwriting.”

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
Stockton, California**

BOARD OF DIRECTORS

Anthony Silva, *Chairmain/Mayor*
Michael Blower
Christina Fugazi
Elbert Holman
Susan Lofthus
Michael Tubbs
Dan Wright

AGENCY OFFICIALS

Kurt O. Wilson, *Executive Director/City Manager*
Laurie K. Montes, *Deputy City Manager*
Scott Carney, *Deputy City Manager*
Matt Paulin, *Chief Financial Officer*
John M. Luebberke, *City Attorney*
Micah Runner, *Director of Office of Economic Development*
Bonnie Paige, *Secretary/City Clerk*

SPECIAL SERVICES

Municipal Advisor

Del Rio Advisors, LLC
Modesto, California

Bond and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Fiscal Consultant

Fraser & Associates
Roseville, California

Trustee

Wells Fargo Bank, National Association
San Francisco, California

[Verification Agent]

Grant Thornton, LLP
Minneapolis, Minnesota

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the Agency or the Underwriter to give any information or to make any representations with respect to the Series 2016 Bonds other than as contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been given or authorized by the Agency or the Underwriter.

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Series 2016 Bonds described in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement does not constitute a contract between any Bond owner and the Agency or the Underwriter.

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.

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

This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Series 2016 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Agency or the other parties described in this Official Statement, since the date of this Official Statement.

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

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

No Registration with the SEC. The issuance and sale of the Series 2016 Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

Public Offering Prices. The Underwriter may offer and sell the Series 2016 Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside front cover page of this Official Statement, and the Underwriter may change such public offering prices from time to time.

Website. The City of Stockton maintains an Internet website. However, the information maintained on such website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2016 Bonds.

2016 Insurer. [SERIES 2016 INSURER] (“[_____]” or “2016 Insurer”) makes no representation regarding the Series 2016 Bonds or the advisability of investing in the Series 2016 Bonds. In addition, [SERIES 2016 INSURER] has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding [SERIES 2016 INSURER] supplied by [SERIES 2016 INSURER] and presented under the heading “BOND INSURANCE” and Appendix H— “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

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[\$2016A PAR]*
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF
STOCKTON 2016 TAX ALLOCATION
REFUNDING BONDS, SERIES A

[\$2016B PAR]*
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF
STOCKTON 2016 TAX ALLOCATION
REFUNDING BONDS, SERIES B (FEDERALLY
TAXABLE)

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, inside front cover page and appendices is provided to furnish information in connection with the sale by the Successor Agency to the Redevelopment Agency of the City of Stockton (the “Agency”) of its \$[2016A PAR]* 2016 Tax Allocation Refunding Bonds, Series A (the “Series 2016A Bonds”) and \$[2016B PAR]* 2016 Tax Allocation Refunding Bonds, Series B (Federally Taxable) (the “Series 2016B Bonds” and, together with the Series 2016A Bonds, the “Series 2016 Bonds”).

Authority and Purpose

The Series 2016 Bonds are being issued pursuant to the Constitution and laws of the State of California (the “State”), including Part 1 and Part 1.85 (commencing with Section 33000 and Section 34170, respectively) of Division 24 of the California Health and Safety Code and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Bond Law”) and an Indenture of Trust, dated as of [_____] 1, 2016 (the “Indenture”), by and between the Agency and Wells Fargo Bank, National Association, as trustee (the “Trustee”). See the caption “THE SERIES 2016 BONDS—Authority for Issuance.”

The Series 2016 Bonds are being issued: (i) to refund certain obligations of the Agency and the former Redevelopment Agency of the City of Stockton (the “Former Agency”) that were incurred in connection with certain redevelopment activities of the Former Agency and which are currently outstanding in the aggregate principal amount of \$[____], as described under the caption “REFUNDING PLAN”; (ii) [to pay the premiums for a policy of bond insurance and a municipal bond debt service reserve insurance policy from [SERIES 2016 INSURER]]; [(iii) fund the reserve account with respect to the Series 2016 Bonds and (iv)] to pay the costs of issuing the Series 2016 Bonds. See the caption “SOURCES AND USES OF FUNDS.”

The Series 2016 Bonds are payable from and secured by the Tax Revenues (as defined below) deposited in the Redevelopment Property Tax Trust Fund (referred to in this Official Statement as the “RPTTF”), which are subject to the prior payment of certain obligations of the Agency (referred to in this Official Statement as the “Senior Negotiated Tax Sharing Agreements”) as more fully described under the caption “SECURITY FOR THE SERIES 2016 BONDS—Senior Negotiated Tax Sharing Agreements.”

The City and the Agency

The City of Stockton (the “City”) is located in California’s San Joaquin Valley, 78 miles east of the San Francisco Bay area, 345 miles north of Los Angeles and 45 miles south of Sacramento. The Stockton Metropolitan Statistical Area, which encompasses the entire County, covers approximately 1,400 square miles. The City is a municipal corporation and a charter city, duly organized and existing under the constitution and laws of the State. The City’s boundaries encompass 55.1 square miles. See APPENDIX F—“SUPPLEMENTAL INFORMATION—CITY OF STOCKTON.”

The Former Agency was established pursuant to the Community Redevelopment Law (Part 1, Division 24, commencing with Section 33000 of the Health & Safety Code of the State) (the “Redevelopment Law”) and was activated by the City Council on August 13, 1956, at which time the City Council declared itself

* Preliminary, subject to change.

to be the Former Agency's governing board. The Former Agency was charged with the authority and responsibility of redeveloping and upgrading blighted areas of the City.

On June 28, 2011, Assembly Bill No. 26 ("AB X1 26") was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 ("AB X1 27"). A lawsuit entitled *California Redevelopment Association, et al. v. Matosantos, et al.*, was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231 (Dec. 29, 2011)), the State Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Former Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions of AB X1 26 relating to the dissolution and winding down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health & Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012. Additional amendment resulted from the enactment of Senate Bill No. 107 ("SB 107") (Chapter 325, Statutes of 2015), which became effective on September 22, 2015 (collectively, as amended from time to time, the "Dissolution Act").

On [____], pursuant to Resolution No. [____] and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the successor agency to the Former Agency. Subdivision (g) of Section 34173 of the Dissolution Act, which was added by AB 1484, expressly affirms that the Agency is a separate public entity from the City, that the two entities shall not merge and that the liabilities of the 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

The City Council previously adopted the following redevelopment plans, which were administered by the Former Agency. Each of the following redevelopment plans was adopted by ordinance of the City Council of the City.

1. The Redevelopment Plan for the Midtown Merged Redevelopment Project Area (the "Midtown Merged Redevelopment Project") was adopted on July 2, 2002 by Ordinance No. 034-02;
2. The Redevelopment Plan for the South Stockton Merged Redevelopment Project Area (the "South Stockton Merged Redevelopment Project") was adopted on July 2, 2002 by Ordinance No. 036-02.
3. The Redevelopment Plan for the North Stockton Redevelopment Project Area (the "North Stockton Redevelopment Project") was adopted on July 13, 2004 by Ordinance No. 012-04 and subsequently amended; and
4. The Redevelopment Plan for the Waterfront Merger Redevelopment Project Area (the "Waterfront Merger Redevelopment Project") was adopted on June 23, 2009 by Ordinance No. 009-09.

The Midtown Merged Redevelopment Project, the North Stockton Redevelopment Project, the South Stockton Merged Redevelopment Project and the Waterfront Merger Redevelopment Project are referred to collectively in this Official Statement as the "Project Areas" and each, individually, as a "Project Area." The redevelopment plans for the Project Areas are referred to collectively in this Official Statement as the "Redevelopment Plans" and each, individually, as a "Redevelopment Plan."

The above-listed Project Areas constitute all of the Former Agency's active redevelopment project areas. The Project Areas are discussed in detail under the caption "THE PROJECT AREAS."

The Agency covenants and agrees in the Indenture that, subject to the prior application in favor of the Senior Negotiated Tax Sharing Agreements, all Tax Revenues when and as received, will be received by the Agency in trust under the Indenture and will be transferred to the Trustee within a reasonable period of time from the receipt by the Agency thereof, for deposit by the Trustee in the “Successor Agency to the Redevelopment Agency of the City of Stockton Tax Increment Fund” (the “Tax Increment Fund”) and will be accounted for through and held in trust in the Tax Increment Fund, and the Agency will have no beneficial right or interest in any of such money, except only as specifically provided otherwise in the Indenture. The Indenture provides that all such Tax Revenues, whether received by the Agency and held in trust pending transfer or deposited with the Trustee, all as herein provided, will nevertheless be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and will be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency. See the caption “SECURITY FOR THE SERIES 2016 BONDS.”

Tax Increment Financing

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

Section 34177.5 of the Dissolution Act authorizes the Agency to issue bonds for limited purposes only, including for the purpose of refunding bonds and other obligations of the Agency for debt service savings and to finance debt service spikes, including balloon maturities. The Series 2016 Bonds are being issued for these purposes. Agency bonds issued pursuant to Section 34177.5(a) of the Dissolution Act may be secured by a pledge of moneys deposited from time to time in a RPTTF held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects.

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

Security for the Series 2016 Bonds

The Dissolution Act requires the Auditor-Controller of the County of San Joaquin (the “County Auditor-Controller”) to determine the amount of property taxes that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on [____], and to deposit such amount in the RPTTF pursuant to the Dissolution Act. The Dissolution Act further provides that bonds authorized to be issued by the Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in, the RPTTF, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Series 2016 Bonds, are taxes allocated to the Agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law. See Appendix B and the caption “SECURITY FOR THE SERIES 2016 BONDS—Recognized Obligation Payment Schedule.”

In accordance with the Dissolution Act, the Indenture provides that the Series 2016 Bonds are payable from and secured by, and “Tax Revenues” include, taxes annually allocated and paid to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law, Section 16 of Article XVI

of the Constitution of the State and other applicable state laws and as provided in the Redevelopment Plans available for or deposited into the RPTTF, but excluding (i) amounts, if any, payable pursuant to Section 33607.5 and Section 33607.7 of the Redevelopment Law, but only to the extent such amounts are not subordinated to the payment of debt service on the Bonds (including by reason of any subordination pursuant to Section 34177.5 of the Redevelopment Law), and (ii) amounts payable with respect to the fiscal agreements between the Agency and (a) the County, dated May 21, 1990 (Eastland Project Area) and July 27, 1991 (West End Project Area); (b) the Stockton Unified School District, dated August 6, 1990 (Eastland Project Area) and April 23, 1993 (West End Project Area); (c) the San Joaquin County Superintendent of Schools, dated August 6, 1990 (Eastland Project Area) and May 17, 1993 (West End Project Area); and (d) the San Joaquin Delta Community College District, dated August 6, 1990 (Eastland Project Area) and May 17, 1993 (West End Project Area) (referred to collectively herein as the “Senior Negotiated Tax Sharing Agreements”). If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act are invalidated at any time as a result of legislative or judicial process, then Tax Revenues will include all tax revenues allocated to the payment of indebtedness pursuant to California Health and Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution. See the caption “SECURITY FOR THE SERIES 2016 BONDS—Tax Increment Financing.”

Pursuant to the Indenture, and except as provided therein, all of the Tax Revenues and all amounts on deposit from time to time in the funds and accounts established thereunder (other than the Expense Account and the Rebate Fund) are pledged to the payment of the principal of and interest on the Outstanding Bonds and any Additional Bonds. In the Indenture, the Agency irrevocably grants to the Trustee for the benefit of [the 2016 Insurer, the issuer of the 2016 Reserve Policy and] the Owners of the Outstanding Bonds, a first charge and lien on, and a security interest in, and pledges and assigns the Tax Revenues, whether held by the Agency, the County Auditor-Controller or the Trustee, and all amounts in the funds and accounts established thereunder (other than the Expense Account and the Rebate Fund), including the Tax Increment Fund, which is created by the Agency pursuant to the Indenture and which fund the Agency covenants and agrees to maintain with the Trustee so long as any Bonds are Outstanding under the Indenture [or amounts are owed to the 2016 Insurer or the issuer of the 2016 Reserve Policy], to the Trustee for the benefit of [the 2016 Insurer, the issuer of the 2016 Reserve Policy and] the Owners of the Outstanding Bonds. See “SECURITY FOR THE SERIES 2016 BONDS.”

The Agency has no power to levy property taxes and must look specifically to the allocation of taxes as described herein. See the caption “RISK FACTORS.”

Senior Negotiated Tax Sharing Agreements

The use of tax increment revenues from the Project Areas to pay debt service on the Series 2016 Bonds is subject to the prior payment of certain tax increment revenues in satisfaction of the Senior Negotiated Tax Sharing Agreements. See the caption “SECURITY FOR THE SERIES 2016 BONDS—Senior Negotiated Tax Sharing Agreements” for a description of the Senior Negotiated Tax Sharing Agreements.

Teeter Plan

The County utilizes the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, the County calculates tax increment to redevelopment project areas by applying the current year secured tax rate to secured incremental taxable value. See “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Delinquencies” and “—Teeter Plan.”

Tax increment generated from the secured tax roll is allocated to the Agency based on 100% of the County calculated levy. Under the Teeter Plan, the Agency is shielded from the impact of delinquent property taxes. However, because the County adjusts tax increment payments for roll corrections based on a project area’s “AB 8 apportionment factor,” which represents tax increment revenues in relation to countywide property

taxes, refunds from appeals occurring outside the Project Areas could negatively affect the Project Area's future tax increment revenues. For example, if a project area represents 1.0% of total countywide property taxes, and countywide refunds in a given year equal \$1.0 million, the project area's share of refunds would equal \$10,000. There is no methodology to precisely quantify the potential impact of refunds from appeals occurring outside the Project Areas. However, as shown in Table 7 herein, the Agency has received over 99.7% of the tax increment levy, on average, for the past five years. Accordingly, refunds from outside the Project Areas have had little impact on the Agency's receipt of tax increment revenues during this time. See the caption "THE PROJECT AREAS—Levy and Collection." No assurance can be made that the Teeter Plan will not be terminated by the County in the future.

[Reserve Account]

A Reserve Account is established pursuant to the Indenture and will be funded with respect to the Series 2016 Bonds from proceeds of the Series 2016 Bonds in an amount equal to the Reserve Requirement of \$[_____]. [The Reserve Requirement for the Series 2016 Bonds is initially being satisfied by the deposit of a municipal bond debt service reserve insurance policy (the "Reserve Policy") into the Reserve Account.] See the caption "SECURITY OF BONDS; FLOW OF FUNDS—Deposit of Amounts by Trustee—Reserve Account."

[Bond Insurance]

The scheduled payment of principal of and interest on the Series 2016A Bonds and the Series 2016B Bonds maturing on September 1 in the years 20[___] through 20[___], inclusive (the "Insured Series 2016 Bonds") when due will be guaranteed under the Policy to be issued concurrently with the delivery of the Insured Series 2016 Bonds by the 2016 Insurer. See the caption "BOND INSURANCE" and Appendix H—"SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Further Information

Brief descriptions of the Series 2016 Bonds, the Indenture, the 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 herein to the Indenture, the Bond Law, the Redevelopment Law, the Dissolution Act, the Constitution and the laws of the State as well as the proceedings of the Former Agency, the Agency and the City are qualified in their entirety by reference to such documents. References herein to the Series 2016 Bonds are qualified in their entirety by the form thereof included in the Indenture and the information with respect thereto included herein, copies of which are all available for inspection at the offices of the Agency. Copies of the forms of all documents are available from the Office of the City Clerk, City of Stockton, 425 N. El Dorado Street, Stockton, California 95202.

Capitalized terms used herein and not defined have the meanings set forth in Appendix B.

REFUNDING PLAN

Background and City Bankruptcy Case

The City was previously a debtor in a bankruptcy case under chapter 9 of Title 11 of the United States Code, Case No. 2012-32118 in the United States Bankruptcy Court for the Eastern District of California, Sacramento Division (the "Bankruptcy Court"), styled *In re City of Stockton, California* (the "Bankruptcy Case"). In connection with the effectiveness of the City's Plan for the Adjustment of Debts of City of Stockton, California, as filed in connection with the Bankruptcy Case and subsequently amended, the Agency entered into certain settlement agreements, including:

(a) that certain Forbearance Agreement, dated as of February 25, 2015 (the “Forbearance Agreement”), by and among the City, the Agency, National Public Finance Guarantee Corporation and Wells Fargo Bank, National Association, as trustee of the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center—Arena Project) (the “2004 Arena Bonds”);

(b) that certain Amended and Restated Pledge Agreement, dated as of February 25, 2015 (the “2004 Amended and Restated Pledge Agreement” and, together with the Forbearance Agreement, the “Arena Settlement Agreements”), by and between the City and the Agency; and

(c) that certain Amended and Restated Stipulation and Settlement Agreement, dated as of July 1, 2014 (the “Ambac Settlement Agreement”), by and among the City, the Stockton Public Financing Authority, Ambac Assurance Corporation and Wells Fargo Bank, National Association, as trustee of the City of Stockton Certificates of Participation (Redevelopment Housing Projects) Series 2003A (the “2003A Certificates of Participation”) and the City of Stockton Certificates of Participation (Redevelopment Housing Projects) Taxable Series 2003B (the “2003B Certificates of Participation” and, together with the 2003A Certificates of Participation, the “2003 Certificates of Participation”).

On February 4, 2015, the Bankruptcy Court filed an order confirming the City’s Plan for the Adjustment of Debts of City of Stockton, California, as amended and supplemented, including as supplemented by a Second Supplemental Plan Supplement filed by the City on January 7, 2015 (collectively, the “Plan of Adjustment”). The Plan of Adjustment became effective on February 25, 2015, as described in a Voluntary Notice the City filed with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system on February 26, 2015. The order confirming the Plan of Adjustment is now final and no longer subject to appeal.

The City’s general fund is not pledged to the repayment of the Series 2016 Bonds.

General

The Agency expects to apply a portion of the proceeds of the Series 2016 Bonds, together with other funds on hand, to refund all Former Agency and Agency obligations (referred to collectively as the “Refunded Obligations”) in connection with the 2003 Certificates of Participation (including the termination of the Ambac Settlement Agreement), the 2004 Arena Bonds (including the refunding of the Agency’s obligations under the 2004 Amended and Restated Pledge Agreement and the termination of the Arena Settlement Agreements), the 2006A Bonds and the 2006C Bonds, each as defined below if not already defined:

- (a) \$945,000 aggregate principal amount of outstanding 2003A Certificates of Participation;
- (b) \$10,145,000 aggregate principal amount of outstanding 2003B Certificates of Participation;
- (c) the Ambac Settlement Agreement;
- (d) \$42,615,000 aggregate principal amount of outstanding 2004 Arena Bonds;
- (e) the Arena Settlement Agreements;
- (f) the \$47,775,000 aggregate principal amount of outstanding Stockton Public Financing Authority Revenue Bonds (Redevelopment Projects), 2006 Series A (the “2006A Bonds”); and
- (g) the \$21,685,000 aggregate principal amount of outstanding Stockton Public Financing Authority Taxable Revenue Bonds (Housing Projects), 2006 Series C (the “2006C Bonds”).

[Such amounts to be delivered by or on behalf of the Agency to the Escrow Agent on the Closing Date, together with amounts transferred from funds and accounts established in connection with certain of the

Refunded Obligations, will be held in cash in amounts sufficient to pay accrued interest and the redemption price on the Refunded Obligations on [____], 2016.]] The refunding of the Refunded Obligations will cause the concurrent [defeasance/redemption] of certain obligations of the City and the Stockton Public Financing Authority in connection with the 2003 Certificates of Participation, the 2004 Arena Bonds, the 2006A Bonds and the 2006C Bonds (collectively, the “Refunded City and Authority Obligations”).

The amounts held by [the [TRUSTEES / the Escrow Agent in each Escrow Fund] are pledged solely to the redemption of the applicable Refunded Obligations and, by application pursuant to the terms of the applicable indenture or agreement under which each of the Refunded City and Authority Obligations was issued, to the redemption of the Refunded City and Authority Obligations. [The / Neither] the moneys deposited [with the respective TRUSTEES / in the Escrow Funds nor the interest on the invested moneys] will [not] be available for the payments of principal of and interest on the Series 2016 Bonds.

[Verification of Mathematical Computations]

Sufficiency of the deposits in the Escrow Funds for such purposes will be verified by Grant Thornton, LLP, Minneapolis, Minnesota (the “Verification Agent”). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the Escrow Agreement, the Refunded Obligations will each be defeased pursuant to the provisions of the applicable indenture or agreement under which they each were issued as of the date of issuance of the Series 2016 Bonds. Concurrently with the defeasance of the Refunded Obligations, the associated Refunded City and Authority Obligations will also be defeased.

Upon issuance of the Series 2016 Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriter relating to the adequacy of the cash to be deposited in the respective Escrow Funds to pay the redemption price of the applicable Refunded Obligations.

Sources and Uses of Funds

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

	<i>Series 2016A Bonds</i>	<i>Series 2016B Bonds</i>	<i>Total</i>
Sources:			
Principal Amount of Bonds	\$	\$	\$
Plus/Less Net Original Issue Premium/Discount			
Plus Other Moneys ⁽¹⁾			
Total Sources:	<u>\$</u>	<u>\$</u>	<u>\$</u>
Uses:			
[Transfer to TRUSTEES / Deposit to Escrow Funds]	\$	\$	\$
Costs of Issuance Fund ⁽²⁾			
Underwriter’s Discount			
Total Uses:	<u>\$</u>	<u>\$</u>	<u>\$</u>

⁽¹⁾ Reflects moneys held in funds and accounts established in connection with the Refunded Obligations.

⁽²⁾ Includes fees and expenses of Bond Counsel, Municipal Advisor, Fiscal Consultant, Trustee, Escrow Agent, [and Verification Agent] and printing expenses, rating agency fees, premiums for the [Policy and the Reserve Policy], and other miscellaneous costs.

THE SERIES 2016 BONDS

Authority for Issuance

The Series 2016 Bonds were authorized for issuance pursuant to the Indenture, the Bond Law, the Redevelopment Law and the Dissolution Act. Direction to undertake the issuance of the Series 2016 Bonds and the execution of the related documents was authorized by the Agency pursuant to a resolution adopted on June 28, 2016 (the “Resolution”), and by the Oversight Board of the Agency pursuant to a resolution adopted on June 29, 2016 (the “Oversight Board Action”).

Written notice of the Oversight Board Action was provided to the State Department of Finance (the “DOF”) and the DOF requested a review. On [____], 2016, which is within the time period allotted under the Dissolution Act for the DOF to review the Oversight Board’s approving resolution, the DOF provided a letter to the Agency stating that based on the DOF’s review and application of the law, the Oversight Board Action approving the Series 2016 Bonds is approved by the DOF.

Description of the Series 2016 Bonds

The Series 2016 Bonds will be issued as fully-registered bonds in integral multiples of \$5,000 (not exceeding the principal amount of such Bonds maturing at any one time) for each maturity, initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as registered owner of all Series 2016 Bonds. See the caption “—Book-Entry System.” The Series 2016 Bonds will be dated the Closing Date and mature on September 1 in the years and in the amounts shown on the inside front cover page of this Official Statement. Interest on the Series 2016 Bonds will be calculated 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, 2017 (each, an “Interest Payment Date”).

Each Series of Series 2016 Bonds will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date, in which event they will bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Interest Payment Date, in which event they will bear interest from the Closing Date, provided, however, that if, at the time of authentication of any Series 2016 Bond, interest is then in default on such Series of Series 2016 Bond, such Series of Series 2016 Bond will bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment. Interest on the Series 2016 Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Payment of interest on the Series 2016 Bonds will be made to Cede & Co. as registered owner, or such other person whose name appears on the bond registration books of the Trustee as the registered owner of the Series 2016 Bonds, as of the close of business on the 15th day of the calendar month preceding the Interest Payment Date (the “Record Date”), except with respect to defaulted interest for which a special record date will be established, provided, that in the case of an owner of \$1,000,000 or more in aggregate principal amount of Bonds, upon written request of such owner to the Trustee received not later than the Record Date, such interest shall be paid on the interest payment date in immediately available funds by wire transfer. Principal and redemption premiums, if any, on the Series 2016 Bonds will be payable in immediately available funds. Principal and redemption premiums, if any, and interest on the Series 2016 Bonds will be paid in lawful money of the United States of America.

Book-Entry System

DTC will act as securities depository for the Series 2016 Bonds. The Series 2016 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. See Appendix D for further information with respect to DTC and its book-entry system.

Redemption

Optional Redemption. The Series 2016A Bonds maturing on or after September 1, 20[___], are subject to optional redemption before maturity on or after September 1, 20[___], at the option of the Agency, in whole or in part, on any date, at a redemption price equal to the principal amount of the Series 2016A Bonds to be redeemed, plus accrued but unpaid interest to the redemption date.

[The Series 2016B Bonds maturing on or after September 1, 20[___], are subject to optional redemption before maturity on or after September 1, 20[___], at the option of the Agency, in whole or in part, on any date, at a redemption price equal to the principal amount of the Series 2016B Bonds to be redeemed, plus accrued but unpaid interest to the redemption date.]

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

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

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

Selection of Bonds for Redemption. Whenever less than all the Outstanding Bonds of any one maturity are to be redeemed on any one date, the Trustee will select the particular Bonds to be redeemed by lot [(subject in the case of any such redemption of Insured Series 2016 Bonds to the prior written approval of the 2016 Insurer)] and in selecting the Bonds for redemption the Trustee will treat each Bond of a denomination of more than \$5,000 as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond by \$5,000, and the portion of any Bond of a denomination of more than \$5,000 to be redeemed will be redeemed in an Authorized Denomination. The Trustee will promptly notify the Agency in writing of the numbers of the Bonds so selected for redemption in whole or in part on such date.

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

like interest rate and maturity in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Bonds so surrendered in such authorized denominations as will be specified by the Owner.

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

Purchase in Lieu of Redemption. In lieu of redemption of any Bond pursuant to the Indenture, amounts on deposit in the Term Bonds Sinking Account may also be used and withdrawn by the Trustee at any time prior to selection of Bonds for redemption having taken place with respect to such amounts, upon a Written Request of the Agency, for the purchase of such Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges) as the Agency may in its discretion determine, but not in excess of par plus accrued interest. Any accrued interest payable upon the purchase of Bonds will be paid from amounts held in the Tax Increment Fund for the payment of interest on the next following Interest Payment Date. Any Term Bonds so purchased will be cancelled by the Trustee forthwith and will not be reissued. The principal of any Term Bonds so purchased by the Trustee in any twelve-month period ending 60 days prior to any Sinking Account Payment Date in any year will be credited towards and will reduce the principal of such Term Bonds required to be redeemed on such Sinking Account Payment Date in such year.

Annual Debt Service

The table below sets forth debt service on the Series 2016 Bonds.

<i>Period Ending September 1</i>	<i>Series 2016A Bonds</i>			<i>Series 2016B Bonds</i>			<i>Total</i>
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
2017	\$	\$	\$	\$	\$	\$	\$
2018							
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
Total	\$	\$	\$	\$	\$	\$	\$

Source:

SECURITY FOR THE SERIES 2016 BONDS

General

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 X1 26, using current assessed values on the last equalized roll on August 20, and to deposit such amount in the RPTTF for the Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. Section 34177.5(g) of the Dissolution Act provides that any bonds authorized thereunder to be issued by the Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, will be included in the Agency's Recognized Obligation Payment Schedule ("ROPS") and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the RPTTF established pursuant to the Dissolution Act. Property tax revenues pledged to any bonds authorized to be issued by the Agency under the Dissolution Act, including the Series 2016 Bonds, are taxes allocated to the Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution. See Appendix B and the caption "—Recognized Obligation Payment Schedule."

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

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

(b) To the Former Agency/Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency (as discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIII A of the State Constitution"), that portion of the levied taxes each year in excess of such amount, annually allocated within the redevelopment plan limit, when collected will be paid into a special fund of the Former Agency. Section 34172(a) of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the RPTTF will be deemed to be a special fund of the Agency to pay the debt service on indebtedness incurred by the Former Agency or the 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 (as discussed under the caption “PROPERTY TAX COLLECTION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs”), constitutes the amount required under the Dissolution Act to be deposited by the County Auditor-Controller into the RPTTF. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date referred to in paragraph (b) above.

Subject to prior application of amounts, if any, payable pursuant to Section 33607.5 and Section 33607.7 of the Redevelopment Law, but only to the extent such amounts are not subordinated to the payment of debt service on the Bonds (including by reason of any subordination pursuant to Section 34177.5 of the Redevelopment Law), and amounts payable with respect to the Senior Negotiated Tax Sharing Agreements (as described under the caption “—Senior Negotiated Tax Sharing Agreements”), the Series 2016 Bonds are payable from and secured by deposits into the RPTTF to be derived from the Project Areas. See the caption “—Security of Bonds; Equal Security.”

The Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period to pay the principal of and interest on the Series 2016 Bonds. See the captions “—Tax Increment Financing,” “—Recognized Obligation Payment Schedule,” “PROPERTY TAXATION IN CALIFORNIA” and “RISK FACTORS.”

The Series 2016 Bonds are not a debt of the City, the State, or any of its political subdivisions (except the Agency), and neither said City, said State, nor any of its political subdivisions (except the Agency) is liable thereon, nor in any event will the Series 2016 Bonds be payable out of any funds or properties other than those of the Agency. The Series 2016 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Security of Bonds; Equal Security

Pursuant to Section 34177.5(g) of the Dissolution Act, except as provided in the Indenture, the Series 2016 Bonds will be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues and the moneys in the Tax Increment Fund, and the Series 2016 Bonds will also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Tax Increment Fund, the Interest Account, the Principal Account, the Term Bonds Sinking Account, and the Reserve Account (including any subaccounts). Except for the Tax Revenues, which constitute the amounts deposited in the RPTTF that are not pledged to other obligations of the Former Agency or the Agency, and such moneys, no funds or properties of the Agency will be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Series 2016 Bonds.

As defined in the Indenture, Tax Revenues means taxes annually allocated and paid to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law, Section 16 of Article XVI of the Constitution of the State and other applicable state laws and as provided in the Redevelopment Plans available for or deposited into the RPTTF, but excluding (i) amounts, if any, payable pursuant to Section 33607.5 and Section 33607.7 of the Redevelopment Law, but only to the extent such amounts are not subordinated to the payment of debt service on the Bonds (including by reason of any subordination pursuant to Section 34177.5 of the Redevelopment Law), and (ii) amounts payable with respect to the Senior Negotiated Tax Sharing Agreements. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act are invalidated by a final judicial decision, then Tax Revenues will include all tax revenues allocated to the payment of indebtedness pursuant to California Health and Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution. See the caption “SECURITY FOR THE SERIES 2016 BONDS—Tax Increment Financing” and Appendix B.

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

See the caption "—Redevelopment Obligation Retirement Fund; Tax Increment Fund; Deposit of Tax Revenues" and Appendix B.

Under the Dissolution Act, Tax Revenues derived from one Project Area and deposited in the RPTTF are available to pay debt service on the obligations incurred with respect to other Project Areas of the Agency.

Redevelopment Obligation Retirement Fund; Special Fund; Deposit of Tax Revenues

The Agency has established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Dissolution Act. The Indenture establishes the Tax Increment Fund, a special fund to be held by the Trustee within the Redevelopment Obligation Retirement Fund.

Pursuant to the Indenture, and except as provided therein, all of the Tax Revenues and all amounts on deposit from time to time in the funds and accounts established thereunder (other than the Expense Account and the Rebate Fund) are pledged to the payment of the principal of and interest on the Outstanding Bonds and any Parity Debt. In the Indenture, the Agency irrevocably grants to the Trustee for the benefit of [the 2016 Bond Insurer, the issuer of the 2016 Reserve Policy and] the Owners of the Outstanding Bonds, a first charge and lien on, and a security interest in, and pledges and assigns the Tax Revenues, whether held by the Agency, the County Auditor-Controller or the Trustee, and all amounts in the funds and accounts established thereunder (other than the Expense Account and the Rebate Fund), including the Tax Increment Fund, which is created by the Agency pursuant to the Indenture and which fund the Agency covenants and agrees to maintain with the Trustee so long as any Bonds are Outstanding under the Indenture [or amounts are owed to the 2016 Insurer or the issuer of the 2016 Reserve Policy], to the Trustee for the benefit of [the 2016 Insurer, the issuer of the 2016 Reserve Policy and] the Owners of the Outstanding Bonds.

The Agency further covenants and agrees in the Indenture that all Tax Revenues when and as received, will be received by the Agency in trust hereunder and will be transferred to the Trustee within a reasonable period of time from the receipt by the Agency thereof, for deposit by the Trustee in the Tax Increment Fund and will be accounted for through, and held in trust in, the Tax Increment Fund, and the Agency shall have no beneficial right or interest in any of such money, except only as specifically provided otherwise in the Indenture. All such Tax Revenues, whether received by the Agency and held in trust pending transfer or deposited with the Trustee, all as herein provided, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes hereinafter set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency. Any Tax Revenues received by the Trustee in the Tax Increment Fund (other than amounts deposited in the Reserve Account) in excess of the amounts required to be held by the Trustee in the Tax Increment Fund shall be released from the pledge and lien under the Indenture and transferred to the Agency and may be used for any lawful purpose of the Agency.

Pursuant to the laws of the State of California, including California Health and Safety Code Sections 34183 and 34170.5(b), the County Auditor-Controller is obligated to deposit the Tax Revenues into the RPTTF. The Agency covenants in the Indenture to take all steps to ensure that the County Auditor-Controller (1) deposits the Tax Revenues into the RPTTF, (2) allocates funds for the principal and interest payments due on the Outstanding Bonds and any Parity Debt and any deficiency in the Reserve Account [(including amounts due to the issuer of the 2016 Reserve Policy)] pursuant to each valid ROPS in accordance with the Dissolution Act and as provided in the Indenture, and (3) make the transfers to the Trustee required by the Indenture.

Deposit of Amounts by Trustee

There has been established under the Indenture a trust fund to be known as the Tax Increment Fund, which will be held by the Trustee in trust. All Tax Revenues in the Tax Increment Fund will be set aside by the Trustee in each Bond Year when and as received in the following respective special accounts within the Tax Increment Fund (each of which is created by the Indenture and each of which the Agency covenants and agrees to cause to be maintained with the Trustee so long as the Bonds are Outstanding under the Indenture), in the following order of priority (except with respect to the Expense Account, as described below):

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

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

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

Term Bonds Sinking Account. The Trustee will deposit in the Term Bonds Sinking Account an amount of money which, together with any money contained therein, is equal to the Sinking Account Installments payable on the Sinking Account Payment Date in such Bond Year. No deposit need be made in the Term Bonds Sinking Account if the amount contained therein is at least equal to the aggregate amount of all Sinking Account Installments required to be made on the Sinking Account Payment Date in such Bond Year. All moneys in the Term Bonds Sinking Account will be used and withdrawn by the Trustee solely for the purpose of purchasing or redeeming the Term Bonds in accordance with the Indenture.

Reserve Account. The Indenture establishes a separate account known as the “Reserve Account,” to be set aside from the Tax Increment Fund by the Trustee, into which the Trustee will deposit an amount equal to the Reserve Account Requirement (defined below). No deposit need be made into the Reserve Account so long as there is on deposit therein an amount equal to the Reserve Account Requirement. All money in or credited to the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account, the Principal Account or the Term Bonds Sinking Account in such order, in the event of any deficiency in any of such accounts occurring on any Interest Payment Date, Principal Payment Date or Sinking Account Payment Date, or for the purpose of paying the interest on or the principal of the Bonds in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all Bonds then Outstanding, except that for so long as the Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Account Requirement will be transferred to the Tax Increment Fund.

The initial Reserve Account Requirement for the Series 2016 Bonds is \$[] and will be satisfied by the deposit of the Reserve Policy into the Reserve Account. The Reserve Requirement will be equal, as of the date of any calculation, with respect to all Outstanding Bonds an amount equal to the lesser of (i) the maximum annual debt service attributable to the Outstanding Bonds or (ii) 125% of average annual debt service attributable to the Outstanding Bonds; provided however, that the Reserve Account Requirement when issuing a new Series of Bonds will be the lesser of (i) or (ii) above, but limited to the addition to the Reserve Account of no more than 10% of the proceeds from the sale of such new Series of Bonds.

See Appendix B under the caption “TAX REVENUES; CREATION OF FUNDS—Establishment and Maintenance of Accounts for Use of Moneys in the Tax Increment Fund—Reserve Account” for further information with respect to the procedure for drawing upon the Reserve Account.

Expense Account. The Trustee will set aside from the Tax Increment Fund and deposit in the Expense Account such amount as may be necessary to pay from time to time Compliance Costs (defined in the Indenture) as specified in a Written Request of the Agency setting forth the amounts. All moneys in the Expense Account will be applied to the payment of Compliance Costs, upon presentation of a Written Request of the Agency setting forth the amounts, purposes, the names of the payees and a statement that the amounts to be paid are proper charges against the Expense Account. So long as any of the Bonds herein authorized, or any interest thereon, remain unpaid, the moneys in the Expense Account will be used for no purpose other than those required or permitted by the Indenture and the Redevelopment Law.

Tax Increment Financing

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

The Dissolution Act authorizes refunding bonds, including the Series 2016 Bonds, to be secured by a pledge of moneys deposited from time to time in a RPTTF held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Under the Indenture, Tax Revenues consist of the amounts deposited from time to time in the RPTTF established pursuant to and as provided in the Dissolution Act, but excluding (i) amounts, if any, payable pursuant to Section 33607.5 and

Section 33607.7 of the Redevelopment Law, but only to the extent such amounts are not subordinated to the payment of debt service on the Bonds (including by reason of any subordination pursuant to Section 34177.5 of the Redevelopment Law), and (ii) amounts payable with respect to the Senior Negotiated Tax Sharing Agreements. All statutory pass through payments of the Agency payable as described in clause (i) above have been subordinated to payment of debt service on the Bonds. See “—Subordinate Obligations—Subordination of Statutory Pass-Through Obligations.” Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the caption “RISK FACTORS.”

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could not be used to repay indebtedness incurred for another project area. However, the Dissolution Act requires only that county auditor-controllers establish a single RPTTF with respect to each former redevelopment agency within the respective county. Additionally, the Dissolution Act now requires that all revenues equivalent to the amount that would have been allocated as tax increment to the former redevelopment agency will be allocated to the RPTTF of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area (as did the Former Agency), the Dissolution Act combines the property tax revenues derived from all project areas into a *single trust fund*, the RPTTF, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent that the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act states that “It is the intent ... that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency will not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge.” The Agency believes that, subject to the prior claim of the Senior Negotiated Tax Sharing Agreements and certain permitted administrative costs, all of the Tax Revenues from all Project Areas will secure all of the Series 2016 Bonds.

Tax Sharing. The Redevelopment Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. The Former Agency entered into eight agreements for this purpose, referred to as Senior Negotiated Tax Sharing Agreements. Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the “Statutory Pass-Through Amounts”).

The Dissolution Act requires county auditor-controllers to distribute from the RPTTF amounts required to be distributed under the Senior Negotiated Tax Sharing Agreements and for Statutory Pass-Through Amounts to the taxing entities for each six-month period before amounts are distributed by the County Auditor-Controller from the RPTTF to the Agency’s Redevelopment Obligation Retirement Fund each January 2 and June 1, unless: (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded to by the Agency; (ii) the Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Agency from the RPTTF allocation to the Agency’s Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Agency’s enforceable obligations, pass-through payments and the Agency’s administrative cost allowance for the applicable six month period; and (iii) the State Controller has concurred with the Agency that there are insufficient funds for such purposes for the applicable six-month period.

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

the amount of the remaining deficiency will be deducted from amounts available for distribution to the Agency for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under subordinated pass-through obligations, if any, in order to be paid to the Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted. The Dissolution Act provides for a procedure by which the Agency may make Statutory Pass-Through Amounts subordinate to the Series 2016 Bonds. The Agency has undertaken the requisite procedures to obtain such subordination of the Statutory Pass-Through Amounts and, therefore, Statutory Pass-Through Amounts are subordinate to the Series 2016 Bonds. See “—Subordinate Obligations—Subordination of Statutory Pass-Through Obligations.” The Senior Negotiated Tax Sharing Agreements, however, have not been expressly subordinated to the Series 2016 Bonds. See the captions “—Senior Negotiated Tax Sharing Agreements” and “—Recognized Obligation Payment Schedule.” See also the caption “THE PROJECT AREAS” for information regarding the revenues derived from the Project Areas and the caption “TAX REVENUES—Projected Tax Revenues” for projections of Tax Revenues after deduction of Senior Negotiated Tax Sharing Agreements.

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

The Dissolution Act has eliminated the Housing Fund and the requirement to deposit the Housing Set-Aside into such fund. None of the property tax revenues deposited in the RPTTF are designated as the Housing Set-Aside. The RPTTF flow of funds under the Dissolution Act makes no distinction between bonds that were, in whole or in part, secured by and payable from the Housing Set-Aside and bonds that were solely secured by and payable from the 80 Percent Portion. In effect, after the Former Agency’s dissolution, all of the Agency’s outstanding bonds are paid from RPTTF disbursements without distinction between obligations related to housing and non-housing projects.

Recognized Obligation Payment Schedule

On or before each February 1, commencing February 1, 2016, with respect to each fiscal year, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency’s oversight board and the DOF for approval, a ROPS pursuant to which enforceable obligations (as such term is defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, “enforceable obligation” includes bonds, including the required debt service, reserve set-asides and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Housing Fund. The Dissolution Act permits a successor agency to request additional amounts on a ROPS to fund a reserve when required by a bond indenture or when the next property tax allocation will be insufficient to pay all enforceable obligations due under the provisions of the bonds for the next payment due in the following half of the calendar year.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a ROPS are the following: (i) the Housing Fund; (ii) bond proceeds; (iii) reserve balances; (iv) administrative cost allowance; (v) the RPTTF (but only to the extent that no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act); or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by its oversight board).

The Dissolution Act provides that, commencing on the date that the first ROPS is valid, only those payments listed in the ROPS may be made by the Agency from the funds specified in the ROPS. Each annual ROPS may be amended once, provided that (i) the Agency submits the amendment to DOF no later than October 1, (ii) the Oversight Board makes a finding that the amendment is necessary for the payment of approved enforceable obligations during the second half of the ROPS period (from January 1 to June 30, inclusive), and (iii) the Agency may only amend the amount requested for payment of approved enforceable obligations. DOF shall notify the Agency and the County Auditor-Controller as to whether the Agency's requested amendment is approved at least 15 days before the January 2 property tax distribution.

The ROPS must be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller by February 1 in each year, commencing February 1, 2016. If the Agency does not submit an Oversight Board-approved ROPS by such deadline, the City will be subject to a civil penalty equal to \$10,000 per day for every day that the schedule is not submitted. Additionally, the Agency's administrative cost allowance will be reduced by 25% for any fiscal year for which the Agency does not submit an Oversight Board-approved ROPS within 10 days of the February 1 deadline. If the Agency fails to submit a ROPS by the February 1 deadline, any creditor of the successor agency or the department or any affected taxing entity shall have standing to, and may request a writ of mandate to, require the Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late ROPSs and implications thereof on the Series 2016 Bonds, see the caption "RISK FACTORS—Recognized Obligation Payment Schedule."

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

The Agency has submitted each ROPS to DOF on or before the applicable statutory deadline.

See the caption “—Last and Final Recognized Obligation Payment Schedule” for a description of the Last and Final Recognized Obligation Payment Schedule (“Last and Final ROPS”) authorized by the Dissolution Act pursuant to SB 107.

In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the RPTTF, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of: (i) property tax to be allocated and distributed; and (ii) the amounts of pass-through payments to be made for the upcoming fiscal year, and provide those estimates to the entities receiving the distributions and DOF by no later than October 1 and April 1 of each year, as applicable. If, after receiving such estimate from the County Auditor-Controller, the Agency determines and reports, no later than December 1 or May 1, as applicable, that the total amount available to the Agency from the RPTTF allocation to the Agency’s Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, Agency enforceable obligations listed on the ROPS and the Agency’s administrative cost allowance, the County Auditor-Controller must notify the State Controller and the DOF by no later than 10 days from the date of the Agency’s notification. If the State Controller concurs that there are insufficient funds to pay required debt service, and if the Agency’s tax sharing obligations described in Section 38183(a)(1) of the Dissolution Act have been subordinated to the Agency’s enforceable obligations, then the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under the caption “—Tax Increment Financing.”

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

The Agency covenants in the Indenture to take all actions required under the Dissolution Act to include on its ROPS the amounts described below to be transmitted to the Trustee for the applicable ROPS Period in order to satisfy the requirements of the Indenture, including any amounts required to pay amounts due under the Senior Negotiated Tax Sharing Agreements and principal and interest payments due on Outstanding Bonds and any Parity Debt, any Compliance Costs and any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement. The Agency shall submit an Oversight Board-approved ROPS to the County

Auditor-Controller and the Department of Finance on or before each February 1 with respect to the ROPS Period commencing the following July 1.

The amount due to the Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund on January 2 of the then-current calendar year from Tax Revenues required to be deposited into the RPTTF shall equal (1) 100% of the sum of (a) all scheduled principal payments and Sinking Account Installments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as shown in the Indenture, and (b) all scheduled interest payments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as shown in the Indenture, plus (2) the amount of any deficiency in the Reserve Account [(including amounts due to the issuer of the 2016 Reserve Policy)], less (3) the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission for the ROPS pursuant to the Indenture that are in excess of the amounts required to be applied to payment of principal of or interest or sinking account payments on the Outstanding Bonds and any Parity Debt in the then current calendar year. The amount due to the Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund on June 1 of the then-current calendar year from amounts required to be deposited into the RPTTF will be equal to the remainder due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year in an amount equal to not less than (1) any amounts remaining of the sum of (a) all scheduled principal payments and Sinking Account Installments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as shown in the Indenture, and (b) all scheduled interest payments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as shown in the Indenture, plus (2) the amount of any remaining deficiency in the Reserve Account. See Appendix B.

Last and Final Recognized Obligation Payment Schedule

SB 107 amended the Dissolution Act to permit a successor agency to submit a Last and Final ROPS for approval by the oversight board and DOF if: (i) The successor agency's only remaining debt is administrative costs and payments pursuant to enforceable obligations with defined payment schedules, (ii) All remaining obligations have been previously listed on a ROPS and approved by DOF, and (iii) The successor agency is not a party to outstanding or unresolved litigation. The Last and Final ROPS must list the remaining enforceable obligations of the successor agency in the following order: (A) enforceable obligations to be funded from the RPTTF, (B) enforceable obligations to be funded from bond proceeds or other legally or contractually dedicated or restricted funding sources, and (C) loans or deferrals authorized for repayment to the city that created the redevelopment agency or the successor to the former redevelopment agency's housing functions and assets. The Last and Final ROPS must also include the total outstanding obligation and a schedule of remaining payments for each enforceable obligation described in (A) and (B) above, and the total outstanding obligation and an interest rate of 4%, for any loans or deferrals listed pursuant to (C) above. The Last and Final ROPS will also establish the maximum amount of RPTTFs to be distributed to the successor agency for each remaining fiscal year until all obligations have been fully paid. DOF approval is required for any Last and Final ROPS to become effective. The county auditor-controller is also required to review the Last and Final ROPS and provide any objection to the inclusion of any items or amounts to DOF. Successor agencies may only amend an approved Last and Final ROPS twice. Commencing on the effective date of the approved Last and Final ROPS, the successor agency will not prepare or transmit annual ROPS.

After the Last and Final ROPS is approved by DOF, the county auditor-controller will continue to allocate moneys in the successor agency's RPTTF pursuant to Section 34183 of the Dissolution Act; however, the county auditor-controller will allocate such moneys in each fiscal period, after deducting the county auditor-controller's administrative costs, in the following order of priority: (A) pass through payments pursuant to Section 34183(a)(1) of the Dissolution Act, (B) scheduled debt service payments on tax allocation bonds listed and approved in the Last and Final ROPS, (C) scheduled payments on revenue bonds listed and approved in the Last and Final ROPS, but only to the extent the revenues pledged for them are insufficient to make the payments and only if the successor agency's tax increment revenues were also pledged for the repayment of bonds, (D) scheduled payments for debts and obligations listed and approved in the Last and Final ROPS to be paid from the RPTTF, (E) payments listed and approved on the Last and Final ROPS that were authorized but

unfunded in prior periods, (F) repayment of loans and deferrals to the city that created the redevelopment agency or the successor to the former redevelopment agency's housing functions and assets that are listed and approved on the Last and Final ROPS, and (G) any moneys remaining in the RPTTF after the payments and transfers described in (A) to (F), above, will be distributed to taxing entities in accordance with Section 34183(a)(4) of the Dissolution Act.

If the successor agency reports to the county auditor-controller that the total available amounts in the RPTTF will be insufficient to fund the successor agency's current or future fiscal year obligations, and if the county auditor-controller concurs that there are insufficient funds to pay the required obligations, the county auditor-controller may distribute funds pursuant to Section 34183(b) of the Dissolution Act. See the caption "— Tax Increment Financing."

The Agency is not currently eligible to submit a Last and Final ROPS and has no current plans to seek approval of a Last and Final ROPS.

Senior Negotiated Tax Sharing Agreements

The Agency's pledge of moneys deposited in the RPTTF to payment on the Series 2016 Bonds is subject to certain payments due pursuant to the Senior Negotiated Tax Sharing Agreements, as described below. The Agency's obligations pursuant to the Senior Negotiated Tax Sharing Agreements are payable from moneys deposited in the RPTTF and have not been expressly subordinated to the Series 2016 Bonds; therefore the payments under these Senior Negotiated Tax Sharing Agreements is excluded from the definition of "Tax Revenues" in the Indenture and such amounts are deducted from the projections of Tax Revenues set forth in this Official Statement and the Fiscal Consultant's Report attached as Appendix A. The Senior Negotiated Tax Sharing Agreements include the following agreements:

- that certain Senior Negotiated Tax Sharing Agreement in connection with the Eastland Project Area, dated May 21, 1990, by and between the Agency and San Joaquin County;
- that certain Senior Negotiated Tax Sharing Agreement in connection with the Eastland Project Area, dated August 6, 1990, by and between the Agency and the Stockton Unified School District;
- that certain Senior Negotiated Tax Sharing Agreement in connection with the Eastland Project Area, dated August 6, 1990, by and between the Agency and the San Joaquin County Superintendent of Schools;
- that certain Senior Negotiated Tax Sharing Agreement in connection with the Eastland Project Area, dated August 6, 1990, by and between the Agency and the San Joaquin Delta Community College District;
- that certain Senior Negotiated Tax Sharing Agreement in connection with the West End Project Area, dated July 27, 1991, by and between the Agency and San Joaquin County;
- that certain Senior Negotiated Tax Sharing Agreement in connection with the West End Project Area, dated February 16, 1993, by and between the Agency and the San Joaquin Delta Community College District;
- that certain Senior Negotiated Tax Sharing Agreement in connection with the West End Project Area, dated April 23, 1993, by and between the Agency and the Stockton Unified School District; and
- that certain Senior Negotiated Tax Sharing Agreement in connection with the West End Project Area, dated May 17, 1993, by and between the Agency and the San Joaquin County Superintendent of Schools.

The Agency may not issue additional bonds or incur additional obligations that are payable from moneys deposited in the RPTTF on a senior basis to the Series 2016 Bonds. See “—Limitation on Additional Indebtedness—No Future Senior Debt.”

Subordinate Obligations

Subordination of Statutory Pass-Through Obligations. Pursuant to Section 34177.5 of the Dissolution Act, the City delivered requests to subordinate to pledge of Tax Revenues securing repayment of the Series 2016 Bonds certain obligations of the Agency to make payments to taxing entities pursuant to the Redevelopment Law (collectively, the “Statutory Pass-Through Obligations”). [All such taxing entities either approved the Agency’s request or did not take action within the statutorily prescribed deadline and are therefore deemed to have approved the Agency’s respective subordination requests.]

Other Subordinate Obligations. In addition to the Statutory Pass-Through Obligations, the Agency has various enforceable obligations that are, or will be, listed on the Agency’s ROPSs and paid from moneys deposited in the Agency’s RPTTF from time to time. The Agency has determined that these obligations are either subordinate to the pledge of Tax Revenues securing repayment of Series 2016 Bonds or not secured by a pledge of Tax Revenues.

Limitation on Additional Indebtedness

No Future Senior Debt. The Indenture prohibits the Agency from issuing additional debt or incurring additional obligations on a basis senior to the Series 2016 Bonds.

Parity Obligations for Refunding Only. The Agency may issue tax allocation bonds pursuant to the Indenture (collectively, “Additional Bonds”) payable from Tax Revenues and secured by a lien and charge upon the Tax Revenues equal to and on a parity with the lien and charge securing the Outstanding Bonds theretofore issued under the Indenture, only for the purpose of refunding bonds or other indebtedness of the Agency or the Former Agency (including, without limitation, refunding Bonds outstanding under the Indenture) in accordance with the Redevelopment Law, including payment of all costs incidental to or connected with such refunding and funding or providing for the funding of related reserves, but only subject to the specific conditions set forth in the Indenture and provided that the issuance of such Additional Bonds will comply with the terms of California Health and Safety Code Section 34177.5. See Appendix B under the caption “ISSUANCE OF ADDITIONAL BONDS—Conditions for the Issuance of Additional Bonds,” which are conditions precedent to the issuance of any such Additional Bonds.

Subordinate Obligations. The Indenture permits the Agency to issue or incur tax increment bonds or other obligations of the Agency payable on a basis subordinate to debt service on the Series 2016 Bonds in such principal amount as may be determined by the Agency. Such subordinate debt may be payable from any assets or property of the Agency, including Tax Revenues, on a subordinate basis to the payment of debt service on the Series 2016 Bonds. Current State law prohibits the Agency from entering into any new Agency obligations other than for the purpose of refunding existing obligations of the Agency.

[BOND INSURANCE]

The information under this caption has been prepared by [SERIES 2016 INSURER] (“[]” or “2016 Insurer”) for inclusion in this Official Statement. Neither the Agency nor the Underwriter has reviewed this information, nor do the Agency or the Underwriter make any representation with respect to the accuracy or completeness thereof. The following information is not complete and reference is made to Appendix H for a specimen of the Policy.

The following information applies only to the Insured Series 2016 Bonds. The principal of and interest on the 2016B Bonds maturing on September 1, 20[___] through September 1, 20[___], inclusive (the “Uninsured Bonds”), is not insured by the Policy.

[Bond Insurance Policy]

[SERIES 2016 INSURER]

[Current Financial Strength Ratings]

Capitalization of [SERIES 2016 INSURER]

Miscellaneous Matters

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

Classification. In the State, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” Secured and unsecured property is entered on separate parts of the assessment roll maintained by county assessors. The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens. See the caption “RISK FACTORS—Bankruptcy and Foreclosure” for certain limitations on the priority of secured tax liens under federal law, however.

Generally, *ad valorem* taxes are collected by a county for the benefit of the various taxing agencies (cities, schools and special districts) that share in the *ad valorem* tax (each, a taxing entity) and successor agencies eligible to receive distributions from the respective RPTTF.

Collections. The method of collecting delinquent taxes is substantially different for secured and unsecured property. Counties have four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer; (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (iii) filing a certificate of delinquency for record in the county recorder’s office to obtain a lien on certain property of the taxpayer; and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

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

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

Delinquencies. The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31. The County utilizes the Teeter Plan, as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the County calculates tax increment to redevelopment project areas by applying the current year secured tax rate to secured incremental taxable value. Tax increment generated from the secured tax roll is allocated to the Agency based on 100% of the County calculated levy. Under the Teeter Plan, the Agency is shielded from the impact of delinquent property taxes. However, because the County adjusts tax increment payments for roll corrections based on a project area's "AB 8 apportionment factor," which represents tax increment revenues in relation to countywide property taxes, refunds from appeals that occur outside the Project Areas could negatively affect the Project Area's future tax increment revenues. For example, if a project area represents 1.0% of total countywide property taxes, and countywide refunds in a given year equal \$1.0 million, the project area's share of refunds would equal \$10,000. There is no methodology to precisely quantify the potential impact of refunds from appeals occurring outside the Project Areas. However, as shown in Table 7 herein, the Agency has received over 99.7% of the tax increment levy, on average, for the past five years. Accordingly, refunds from outside the Project Areas have had little impact on the Agency's receipt of tax increment revenues during this time. See the caption "THE PROJECT AREAS—Levy and Collection." No assurance can be made that the Teeter Plan will not be terminated by the County in the future. See "—Teeter Plan."

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, which delayed the realization of increased property taxes from the new assessments for up to 14 months. Revenue and Taxation Code Section 75.70 provides increased revenue to the RPTTF to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of the Project Areas subsequent to the January 1 lien date. To the extent that such supplemental assessments occur within the Project Areas, Tax Revenues may increase. However, because supplemental assessments cannot be accurately projected, no provision has been made by the Fiscal Consultant to reflect the impact of supplemental assessments on Tax Revenues. See Appendix A.

Property Tax Administrative Costs. In 1990, the State Legislature enacted Senate Bill ("SB") 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 2557 amounts, to be deducted from property tax revenues before moneys are deposited into the RPTTF. For Fiscal Year 2015-16, the County's administrative charge to the Agency for the Project Areas was [2.00]% of gross tax increment revenues received by the Agency in such Fiscal Year.

Teeter Plan

The County has adopted the Teeter Plan, as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code. Under the Teeter Plan, each participating local agency, including the City of Stockton, levying property taxes in its county may receive the amount of uncollected taxes credited to its fund from the

secured tax roll in the same manner as if the amount credited had been collected. In return, the county would receive and retain delinquent payments, penalties and interest, as collected, that would have been due to the local agency. However, although a local agency could receive the total levy for its property taxes without regard to actual collections, funded from a reserve established and held by the county for this purpose, the basic legal liability for property tax deficiencies at all times remains with the local agency. The County's Teeter Plan includes tax increment generated from the secured tax roll payable to the Agency.

The Teeter Plan remains in effect unless the Board of Supervisors of the County (the "Board of Supervisors") orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors shall receive a petition for its discontinuance joined in by resolutions adopted by two thirds of the participating revenue districts in the County, in which event, the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year.

The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secure tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency.

Unitary Property

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

AB 454 (Statutes of 1987, Chapter 921) further modified Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. AB 454 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. AB 454 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is located. The intent of AB 2890 and AB 454 is to provide redevelopment agencies with their appropriate share of revenue generated from property assessed by the State Board of Equalization.

The County Auditor-Controller allocated an aggregate total of \$[202,635] of unitary tax revenue to the Project Areas for Fiscal Year 2015-16. Tax Revenues from unitary property are assumed to remain at \$202,635 per year for purposes of gross tax increment projections in the Fiscal Consultant's Report and Tables 9 and 10 herein.

Article XIII A of the State Constitution

On June 6, 1978, State voters approved an amendment (commonly known as Proposition 13 or the Jarvis-Gann Initiative) which added Article XIII A to the State Constitution. Article XIII A limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article XIII A defines "full cash value" to mean "the county assessor's valuation of real property as shown on the State Fiscal Year 1975-76 tax bill under 'full cash value,' or, thereafter, the appraised value of real

property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” Furthermore, the “full cash value” of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

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

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

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

In the general election held on November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIII A. Proposition 58 amended Article XIII A to provide that the terms “purchase” and “change of ownership,” for the purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of: (1) real property between spouses; and (2) the principal residence and the first \$1,000,000 of other property between parents and children. This amendment to Article XIII A may reduce the rate of growth of local property tax revenues.

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

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

Appropriations Limitation – Article XIII B

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

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness is not deemed to be the receipt by an agency of proceeds of taxes levied by or on behalf of an agency within the meaning of Article XIII B, nor will such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678

has been upheld in two State appellate court decisions. On the basis of these decisions, the Agency does not believe that it is subject to Article XIII B and has not adopted an appropriations limit.

Articles XIII C and XIII D of the State Constitution

At the election held on November 5, 1996, Proposition 218 was passed by the voters of California. The initiative added Articles XIII C and XIII D to the State Constitution. Provisions in the two articles affect the ability of local government to raise revenues. The Series 2016 Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218. See the caption “—Propositions 218 and 26.”

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (not the Former Agency or the Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness, and *not* to redevelopment agencies. SB 107 (Chapter 325, Statutes of 2015), which became effective on September 22, 2015, amended Section 34183(a)(1) of the Dissolution Act to provide that such debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects or programs related to the State Water Project that are not pledged to or not needed for debt service on Agency debt will be allocated and paid to the entity that levies the override.

Appeals of Assessed Values

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

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

Proposition 8

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions pursuant to Proposition 8 may be initiated by the County Assessor or requested by the property owner, and such reductions apply only to a single tax year.

After a roll reduction is granted pursuant to Proposition 8, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

The County Assessor has the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of property affected by particular negative economic conditions. The Agency is aware that the County Assessor made such reductions to assessed values of residential property in the Project Areas and the City generally in prior fiscal years, a majority of which reductions have now been restored. The Fiscal Consultant's Report does not assume any future reductions in assessed valuations as a result of Proposition 8, but there can be no assurance that such reductions will not be made in the future. See the caption "THE PROJECT AREAS" for further information with respect to reductions in assessed value within the Project Areas in the last ten fiscal years. See the caption "THE PROJECT AREAS—Assessment Appeals—Proposition 8 Appeals" for further discussion on Proposition 8 appeals within the County.

Propositions 218 and 26

On November 5, 1996, State voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles 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 State Constitution by adding an expansive definition for the term "tax," which previously was not defined under the State Constitution. Tax Revenues securing the Series 2016 Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and outside of the scope of taxes which are limited by Proposition 26.

Future Initiatives

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

THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON

The Former Agency was established pursuant to the Redevelopment Law and was activated by the City Council on August 13, 1956, at which time the City Council declared itself to be the Former Agency's governing

board. The Former Agency was charged with the authority and responsibility of redeveloping and upgrading blighted areas of the City.

On June 28, 2011, AB X1 26 was enacted as Chapter 5, Statutes of 2011, together with a companion bill, AB X1 27. A lawsuit entitled *California Redevelopment Association, et al. v. Matosantos, et al.*, was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231 (Dec. 29, 2011)), the State Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Former Agency to the extent of its redevelopment functions, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

On August 23, 2011, pursuant to Resolution No. 11-0251 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the Successor Agency to the Redevelopment Agency of the City of Stockton. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Agency is a separate public entity from the City, that the two entities shall not merge and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The Agency is governed by a seven-member Board of Directors (the “Board”) which consists of the Mayor and members of the City Council of the City of Stockton. The Mayor acts as the Chair of the Board, the City Manager as the Agency’s Executive Director and the City Clerk as its Secretary.

Agency Powers

All powers of the Agency are vested in its seven members, who are elected members of the City Council. Pursuant to the Dissolution Act, the Agency is a separate public body from the City and successor 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 Agency is tasked with expeditiously winding down the affairs of the Former Agency pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Agency actions are subject to approval by the Oversight Board, as well as review by the DOF. The State’s laws regarding public meetings (known as the Ralph M. Brown Act) generally make all Agency and Oversight Board meetings open to the public in a similar manner as City Council meetings.

THE PROJECT AREAS

The Project Areas include the Midtown Merged Redevelopment Project, the North Stockton Redevelopment Project, the South Stockton Merged Redevelopment Project and the Waterfront Merger Redevelopment Project. Under the Redevelopment Law, a city or county that activated a redevelopment agency was required to adopt, by ordinance, a redevelopment plan for each redevelopment project to be undertaken by the redevelopment agency. A redevelopment agency could only undertake those activities within a redevelopment project specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law, rather than a “plan” in the customary sense of the word. Each Redevelopment Plan originally included separate time and financial limitations applicable to each Project Area. SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Agency set forth in the Redevelopment Plans are not effective for purposes of paying the Agency’s enforceable obligations. Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant’s Report attached to this Official Statement as Appendix A were prepared without regard to the time and financial limitations set

forth in the Redevelopment Plans for the Project Areas. See also “—General” and “—Characteristics of Project Areas” for additional information regarding the Project Areas, including information on land use, assessed valuation and property ownership, assessed valuation and Tax Revenues generated within the Project Areas. See “SECURITY FOR THE SERIES 2016 BONDS—Tax Revenues.

General

Collectively, the Project Areas encompass over 14,700 acres and include approximately 30,000 parcels of land. The Project Areas, in aggregate, comprise approximately []% of the City’s total area.

The table below provides a breakdown of acreage, taxable valuation and gross tax increment on each Project Area for Fiscal Year [2016-17]:

Table 1
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
Assessed Values and Tax Increment Revenues
(Fiscal Year [2016-17])

<i>Project Area</i>	<i>Acres</i>	<i>Total Valuation</i>	<i>Percent of Total⁽¹⁾</i>	<i>Less Base Year Valuation</i>	<i>Incremental Valuation</i>	<i>Percent of Total Incremental Valuation⁽¹⁾</i>	<i>Estimated⁽²⁾ Gross Tax Increment</i>
Waterfront Merger	3,260						
West End ⁽³⁾		\$400,994,855	7%	\$237,441,822	\$163,553,033	8%	\$1,678,624
Port Industrial		561,192,197	10%	175,343,404	385,848,793	19%	3,867,347
Rough and Ready Island ⁽³⁾		141,760,746	2%	14,550,505	127,210,241	6%	1,279,173
Total		\$1,103,947,798	19%	\$427,335,731	\$676,612,067	33%	\$6,834,145
Midtown Merged	3,492						
Midtown		\$1,272,131,570	22%	\$912,756,484	\$359,375,086	18%	\$3,619,316
Eastland		59,807,648	1%	17,942,825	41,864,823	2%	426,112
Total		\$1,331,939,218	23%	\$930,699,309	\$401,239,909	20%	\$4,045,428
North Stockton Redevelopment	3,772	\$2,105,139,257	37%	\$1,677,573,929	\$427,565,328	21%	\$4,305,705
South Stockton Merged Redevelopment	4,255						
All Nations		\$18,048,800	0%	\$151,200	\$17,897,600	1%	\$184,855
McKinley		98,653,395	2%	8,341,116	90,312,279	4%	930,607
Sharps Lane		32,793,649	1%	1,392,140	31,401,509	2%	322,475
South Stockton		1,051,228,938	18%	656,247,656	394,981,282	19%	3,979,520
Total		\$1,200,724,782	21%	\$666,132,112	\$534,592,670	26%	\$5,417,457
Grand Total		\$5,741,751,055	100%	\$3,701,741,081	\$2,040,009,974	100%	\$20,602,735

(1) As a percent of Grand Total assessed valuation and incremental assessed valuation.

(2) Includes an incremental 1.00% revenue plus unitary.

(3) Further divided into separate sub-areas.

A brief description of the location and land uses within each Project Area is set forth below. Each of the Project Areas was initially adopted by ordinance of the City Council. Several of the Project Areas have been subject to periodic amendment from time to time pursuant to and in accordance with the Redevelopment Law.

Midtown Merged Redevelopment Project Area

The majority of Merged Midtown Redevelopment Project encompasses approximately 3,492 acres and consists of residential zoned land with smaller portions of commercial and industrial zones also present. Several Midtown projects have been completed including Eastland Plaza, California Street median improvements, and traffic signal improvements at Harding Way. Numerous commercial façade improvements have also been completed within this project area. The proposed projects included infrastructure programs to improve pedestrian, bicycle and vehicular traffic flows; upgrades to utilities and drainage systems; repair and replacement of park equipment; replacement and rehabilitation of community centers and fire stations; continued commercial rehabilitation through the façade improvement program as well as additional development incentives to local businesses.

South Stockton Merged Redevelopment Project Area

The South Stockton Redevelopment Project encompasses approximately 4,255 acres and consists of primarily residential and industrial land uses. There are small amounts of commercial and public land uses scattered throughout the project. Several projects have been completed within South Stockton Merged, including creation of a Master Development Area to study the feasibility of a commercial and residential mixed use development in the Gleason Park area and commercial improvements to Charter Way at Airport Way with the opening of a full service grocery store “Rancho San Miguel.” Proposed projects for this area included increase and improvement of affordable housing opportunities; infrastructure programs to improve sanitary sewer, storm drain, and water systems; installation of curbs, gutters, and sidewalks and enhancement to street lighting in the area; development and renovation of public facilities including library, community centers, and park equipment; and revitalize private development by offering financial incentives to businesses for relocating to the project area.

North Stockton Redevelopment Project Area

The North Stockton Redevelopment Project encompasses approximately 3,772 acres and is predominantly residential, although consists of several additional land uses including commercial, industrial, and public. Several North Stockton projects have been completed including the Arnold Rue Community Center, the El Dorado Street widening and the California street traffic calming projects. The proposed projects included improvements to pedestrian, bicycle and vehicular traffic flows; increase of and improvements to affordable housing for very low, low and moderate-income households; rehabilitate and modify as needed sanitary sewer and storm drain systems; rehabilitate and construct community center and recreational facilities at existing parks; revitalize development by providing financial incentives for business rehabilitation and relocation to the project area.

Waterfront Merger Redevelopment Project Area

The Waterfront Merger Redevelopment Project encompasses approximately 3,260 acres, or about 8% of the City’s total area. The Waterfront Merger Redevelopment Project is comprised of three existing redevelopment project areas located in downtown Stockton and areas along the waterfront (the Rough and Ready Island Project Area, the Port Industrial Project Area, and the West End Project Area). Several projects have been completed in the Waterfront Merger area, including the Cineplex, the Hotel Stockton renovation and the Stockton Arena and Ball Park. The proposed projects included an increase and improvement of affordable housing opportunities, business retention and attraction programs and public improvement projects to eliminate conditions that hinder the economically viable use of building or lots.

Characteristics of Project Areas

Table 2
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
Historical Analysis of Tax Revenues

<i>Category</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>
Tax Increment	\$11,533,149	\$11,190,662	\$12,351,138	\$16,288,111	\$18,762,371
Supplemental Taxes	(165,291)	(79,726)	239,789	366,052	1,225,375
Total Tax Increment ⁽¹⁾	\$11,367,858	\$11,110,936	\$12,590,927	\$16,654,163	\$19,987,746
<u>Adjustments to Tax Revenue:</u>					
Property Tax Administration Fees	269,444	262,917	272,285	361,123	365,362
<u>Liens on Tax Increment:</u>					
Negotiated Tax Sharing ⁽²⁾	125,547	72,639	255,801	188,058	210,163
Tax Revenue	\$10,972,867	\$10,775,380	\$12,062,841	\$16,104,982	\$19,412,221
AB 1290 Tax Sharing ⁽³⁾	1,761,412	1,698,448	2,120,987	3,209,489	4,207,462
Net Tax Revenue	\$9,211,455	\$9,076,932	\$9,941,854	\$12,895,493	\$15,204,759

⁽¹⁾ Reflects actual receipts based on the records of the County.

⁽²⁾ Per agreements in the Eastland and West End Project Areas. Includes portion that is payable per former Section 33676.

⁽³⁾ Payments per the provisions of AB 1290 that are subordinate to debt service.

Source: Fraser & Associates.

A breakdown of the taxable valuations and resulting gross tax increment in the Project Areas for Fiscal Year 2016-17 is set forth in the below table:

Table 3
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
Assessed Value and Tax Increment Revenues (Fiscal Year 2015-16)

<i>All Project Areas</i>	<i>Total Valuation</i>	<i>Less Base Year Valuation</i>	<i>Incremental Valuation</i>	<i>Gross Tax Increment</i>
	\$5,741,751,055	\$3,701,741,084	\$2,040,008,974	\$20,602,735

Source: Fraser & Associates.

Secured and unsecured taxable values for all Project Areas for the current and past twelve fiscal years are set forth in the table below.

Table 4
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
Historic Taxable Value (All Project Areas)

<i>Fiscal Year</i>	<i>Locally-Assessed Secured Value</i>	<i>Unsecured Value</i>	<i>State-Assessed Value</i>	<i>Total Taxable Value</i>	<i>Percentage Change</i>	<i>Base Year Value⁽¹⁾</i>	<i>Total Incremental Value</i>
2016-17	\$4,744,255,374	\$994,507,573	\$2,988,108	\$5,741,751,055	2.72%	\$3,701,741,084	\$2,040,009,971
2015-16	4,563,488,850	1,023,424,001	3,064,883	5,589,977,734	5.09	3,701,741,084	1,888,236,650
2014-15	4,314,693,010	1,001,450,009	3,075,360	5,319,218,379	8.38	3,701,741,084	1,617,477,295
2013-14	3,990,575,255	914,223,201	3,093,518	4,907,891,974	1.64	3,701,741,084	1,206,150,890
2012-13	3,974,801,449	850,723,381	3,224,837	4,828,749,667	-0.85	3,701,741,084	1,127,008,583
2011-12	4,013,026,534	854,295,094	2,925,703	4,870,247,331	-3.17	3,701,741,084	1,168,506,247
2010-11	4,184,119,194	842,852,143	2,839,026	5,029,810,363	-7.73	3,701,741,084	1,328,069,279
2009-10	4,590,534,556	858,461,721	2,369,308	5,451,365,585	-12.57	3,694,484,357	1,756,881,228
2008-09	5,443,279,624	790,409,519	1,733,959	6,235,423,102	1.53	3,694,484,357	2,540,938,745
2007-08	5,538,851,114	600,789,729	1,699,532	6,141,340,375	7.41	3,694,484,357	2,446,856,018
2006-07	5,112,152,501	600,098,697	5,282,546	5,717,533,744	13.90	3,694,484,357	2,023,049,387
2005-06	4,408,395,022	605,542,063	5,945,481	5,019,882,566	--	3,694,484,357	1,325,398,209
Total Percentage Change		14.38%					
Average Percentage Change		1.23%					

⁽¹⁾ The Rough and Ready Amendment Area was added in 2010-11 and increased the base year value.
Source: Fraser & Associates.

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

Table 5
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
Top Ten Taxpayers (Fiscal Year 2016-17)⁽¹⁾

<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Taxable Secured Assessed Value</i>	<i>Taxable Unsecured Assessed Value</i>	<i>% of Total Secured and Unsecured Value⁽²⁾</i>	<i>% of Total Incremental Value⁽²⁾</i>	<i>Project Area</i>
1. DTE Stockton	Power Plant	\$0	\$118,570,646	2.07%	5.81%	Waterfront
2. Diamond Foods Inc.	Manufacturing	76,425,338	0	1.33	3.75	Midtown
3. Pacific Ethanol Stockton LLC	Ethanol Plant	0	76,035,000	1.32	3.73	Waterfront
4. Wilmar Oils and Fats	Manufacturing	0	55,189,566	0.96	2.71	Waterfront
5. Ferguson Enterprises Inc.	Plumbing Supplies	0	50,060,720	0.87	2.45	Waterfront
6. Tru Properties South	Warehouse	40,259,284	216,358	0.70	1.98	South
7. Stone Creek Village Shopping Center	Shopping Center	35,996,312	0	0.63	1.76	North
8. California Portland Cement Company	Cement Products	0	35,320,977	0.62	1.73	Waterfront
9. California Water Service Company	Water Utility	31,657,756	0	0.55	1.55	Waterfront
10. Yara North America Inc.	Fertilizer Wholesaler	0	30,884,378	0.54	1.51	Waterfront
Total Valuation:		\$184,338,690	\$366,277,645	9.59%	26.99%	

⁽¹⁾ Based on ownership of locally-assessed secured and unsecured property.

⁽²⁾ Based on 2016-17 Project Areas taxable value of \$5,741,751,055 and incremental value of \$2,040,009,974.
Source: Fraser & Associates.

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

Table 6
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
Assessed Valuations by Land Uses (Fiscal Year 2016-17)

<i>Category of Value</i>	<i>Number of Parcels</i>	<i>Taxable Value</i>	<i>Percent of Total</i>
Residential	24,160	\$2,807,143,972	48.89%
Commercial	1,967	1,179,563,813	20.54
Industrial	807	650,326,054	11.33
Vacant Land	1,554	78,213,988	1.36
Other	907	29,007,547	0.51
Total Secured	29,395	\$4,744,255,374	82.63%
Unsecured / State Assessed		997,495,681	17.37%
Grand Total		\$5,741,751,055	100.00%

Source: Fraser & Associates.

Levy and Collection

The following table sets forth property tax levy and collections in the Project Areas from Fiscal Year 2011-12 through 2015-16. Actual receipts of tax increment have averaged [102.04]% of the levy for the Project Areas since Fiscal Year 2011-12. See PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Delinquencies” and “—Teeter Plan.”

Table 7
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
Historical Tax Increment Levy and Receipts (Fiscal Years 2011-12 to 2015-16)

<i>Fiscal Year</i>	<i>Levy per County⁽¹⁾</i>	<i>Tax Increment Receipts Less Supplements</i>	<i>Percent of Levy Received</i>	<i>Supplements</i>	<i>Total Tax Increment Receipts</i>	<i>Percent of Levy Received</i>
2015-16	\$19,085,002	\$18,762,371	98.31%	\$1,225,375	\$19,987,746	104.73%
2014-15	16,174,773	16,288,111	100.70	366,052	16,654,163	102.96
2013-14	12,061,509	12,351,138	102.40	239,789	12,590,927	104.39
2012-13	11,270,086	11,190,662	99.30	(79,726)	11,110,936	98.59
2011-12	11,685,062	11,533,149	98.70	(165,291)	11,367,858	97.29
Average Receipts to Levy			99.79%			102.04%

⁽¹⁾ Initial levy reported by the County. Does not include unitary [tax revenues] for years prior to 2015-16.
Source: Fraser & Associates.

Assessment Appeals

Property taxable values determined by the County Assessor may be subject to an appeal by the property owner. There are two basic types of assessment appeals provided for under California law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the Assessor immediately subsequent to a change in ownership or completion of new construction. If the base

year value assigned by the Assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs. The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value.

Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the property owner. A property owner can file for a regular assessment appeal with the County between July 2 and November 30. Revenue and Taxation Code Section 1604 allows up to two years for an assessment appeal to be decided. Additional appeals to assessed values in the Project Areas may be filed from time to time in the future. The Agency cannot predict the extent of these appeals or their likelihood of success.

The Fiscal Consultant researched the status of assessment appeals filed by property owners in the Project Areas based upon the latest information available as of November 10, 2015. The Fiscal Consultant's estimates are based upon the historical averages of successful appeals and amounts of value reductions. Actual appeals, reductions and refunds may vary from historical averages. The Fiscal Consultant's estimated reductions in values are reflected in its projections.

The following table summarizes the potential losses that are incorporated into the Fiscal Consultant's projections:

Table 8
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
Assessed Valuation Appeals

<i>Number of Appeals Filed</i>	<i>Number of Successful Appeals</i>	<i>Assessed Value of Property</i>	<i>Reduction Allowed by Board</i>	<i>Allowed Reductions as % of Assessed Value</i>
[]	72	\$715,499,282	\$107,989,118	15.1%

Recently Resolved and Outstanding Assessment Appeals as of July 1, 2015

	<i>Recently Resolved Appeals⁽¹⁾</i>	<i>Open Appeals</i>	<i>Total</i>
Number of Resolved / Open Appeals	5	125	130
Tax Roll Value	\$157,942,627	\$497,624,910	\$655,567,537
Applicant Opinion of Value	84,095,725	268,138,297	352,234,022
Value at Risk	\$(73,846,902)	\$(229,486,613)	\$(303,333,515)
Actual / Expected Reduction in Value⁽²⁾	\$(47,055,439)	\$(75,105,701)	\$(122,161,140)
Percent Reduction in Value	30.0%	15.1%	18.6%

⁽¹⁾ These recently resolved appeals have not yet been reflected in the tax roll.

⁽²⁾ Expected reduction based upon 15.1% historical average reduction in assessed value.

Unless otherwise noted, the projections set forth in Tables 9 and 10 do not reflect estimated assessed value reductions resulting from assessment appeals.

Source: Fraser & Associates.

Tax refunds payable from resolved appeals (to the extent applicants are not delinquent in their property tax payments) are deducted by the County Auditor-Controller from current year gross property taxes before the County's allocation to the RPTTF.

Actual resolution of appeals are determined by a number of factors including vacancy and rental rates, circumstances of hardship and other real estate comparables, all of which are unique to the individual assessment. Therefore, actual reductions, if any, may be higher or lower than the reductions incorporated in the Fiscal Consultant's projections. An appeal may be withdrawn by the applicant, the Appeals Board may deny or modify the appeal at hearing or by stipulation, or the final value may be adjusted to an amount other than the stated opinion of value. See "—Historical Assessed and Incremental Values" above, for a summary of historical assessed property valuations in the Project Areas. For more information about appeals and the Fiscal Consultant's assumptions, see the Fiscal Consultant's Report attached to this Official Statement as Appendix A.

Proposition 8 Appeals. The County processed temporary assessed value reductions for certain properties (Proposition 8 reductions) where the assessed values exceeded the current market value of properties as of the January 1 lien date without prompting from individual taxpayers. These Proposition 8 Reductions were triggered because residential property values decreased in many areas of the state, including the City, during the period between 2003 and December 31, 2010.

The Fiscal Consultant reviewed information on all Proposition 8 residential value changes between Fiscal Years 2008-09 and 2016-17 to determine the number of parcels that declined in value within the Project Areas during that period, and also how many have received reversals.

As of Fiscal Year 2012-13 tax roll, 10,832 residential parcels (including both single and multifamily parcels) were adjusted with an aggregate value reduction of \$739.9 million. However, Proposition 8 value reductions are temporary, and once the market value of property goes back up, the value for the parcels under Proposition 8 status can increase up to their Proposition 13 base, including the compounded 2% Proposition 13 inflation adjustment.

Commencing with Fiscal Year 2013-14, and continuing through Fiscal Year 2016-17, the County has reversed many of the prior Proposition 8 reductions and increased values by an aggregate \$522.2 million. In terms of future Proposition 8 reductions, recent sales data indicates that property is selling for more than the value recorded on the current tax roll. Sales prices [in the County] were 36% higher than tax roll values in 2014, 45% higher for 2015 and 52% higher through May 2016. Given that sales prices are exceeding tax roll values by a substantial margin, and the County has begun to gradually reverse the prior Proposition 8 reductions, the Fiscal Consultant has assumed that there would be no further Proposition 8 reductions in Fiscal Year 2016-17 or future Fiscal Years for purposes of the tax increment projections. The Fiscal Consultant has also made no assumptions regarding any future Proposition 8 reversals.

TAX REVENUES

Tax Revenues are to be deposited in the Redevelopment Obligation Retirement Fund, and thereafter and after transfers have been made by the Agency to the Tax Increment Fund, administered by the Trustee and applied to the payment of the principal of and interest on the Series 2016 Bonds.

Projected Tax Revenues

The Agency has retained Fraser & Associates to provide projections of taxable valuation and Tax Revenues from developments in the Project Areas. The Agency believes that the assumptions (set forth in the footnotes below and in Appendix A) upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur. See the caption "RISK FACTORS." Therefore, the actual Tax Revenues received during the forecast period may vary from the projections and the variations may be material. A summary of the projected total taxable valuation and Tax Revenues for all Project Areas is set forth in the following tables: The projections set forth in Table 9 assume no growth in assessed value. Table 10 includes actual assessed values for Fiscal Year 2016-17 and assumes a 2% growth in the fiscal years thereafter, reflecting projected inflationary increases in assessed values. See "RISK FACTORS—Reduction in Inflation Rate." The projected tax increment revenues for Fiscal Year 2017-18 in

Tables 9 and 10 have been adjusted to reflect actual changes in ownership through May 2016 and recently resolved and open assessment appeals.

SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Agency set forth in the Redevelopment Plans are not effective for purposes of paying the Agency's enforceable obligations. Accordingly, the projections set forth below in this Official Statement and in the Fiscal Consultant's Report attached to this Official Statement as Appendix A do not take into account the time and financial limitations set forth in the Redevelopment Plans for the Project Areas.

Table 9
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
Projected Tax Revenues (All Project Areas)
Assumes No Assessed Value Growth
(Figures in Thousands)

<i>Fiscal Year</i>	<i>Real Property⁽¹⁾</i>	<i>Changes Of Owner-ship⁽²⁾</i>	<i>Other Property⁽³⁾</i>	<i>Total Value</i>	<i>Value Over Base of \$3,701,741</i>	<i>Tax Increment⁽⁴⁾</i>	<i>Unitary Revenue⁽⁵⁾</i>	<i>Total Tax Increment</i>	<i>Section 33676 Adjustment⁽⁶⁾</i>	<i>Property Tax Admin. Fees⁽⁷⁾</i>	<i>Negotiated Tax Sharing⁽⁸⁾</i>	<i>Tax Revenues</i>
2016-17	\$5,102,818	N/A	\$638,933	\$5,741,751	\$2,040,010	\$20,400	\$203	\$20,603	\$24	\$404	\$484	\$19,690
2017-18	5,055,763	0	638,933	5,694,696	1,992,955	19,930	203	20,132	24	395	484	19,229
2018-19	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,493
2019-20	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2020-21	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2021-22	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2022-23	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2023-24	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2024-25	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2025-26	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2026-27	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2027-28	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2028-29	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2029-30	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2030-31	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2031-32	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2032-33	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2033-34	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2034-35	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2035-36	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
2036-37	4,980,657	0	638,933	5,619,590	1,917,849	19,178	203	19,381	24	381	484	18,492
Cumulative Total						\$404,721	\$4,255	\$408,976	\$509	\$8,031	\$10,161	\$390,276

⁽¹⁾ Prior Year Real Property held constant in the projections. The value in 2017-18 and 2018-19 have been reduced for appeals impacts.

⁽²⁾ No changes of ownership included in the no growth projection.

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

⁽⁴⁾ Based on the application of 1.00% tax rates to incremental taxable value.

⁽⁵⁾ Unitary revenue estimate per County.

⁽⁶⁾ Allocations made per former Section 33676 of the Community Redevelopment Law.

⁽⁷⁾ Amount shown reflects estimated property tax administrative fees charged by County at 2.00%.

⁽⁸⁾ Negotiated tax sharing payments per agreements.

Source: Fraser & Associates.

Table 10
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
Projected Tax Revenues (All Project Areas)
Assumes 2% Assessed Value Growth
(Figures in Thousands)

<i>Fiscal Year</i>	<i>Real Property⁽¹⁾</i>	<i>Changes Of Owner-ship⁽²⁾</i>	<i>Other Property⁽³⁾</i>	<i>Total Value</i>	<i>Value Over Base of \$3,701,741</i>	<i>Tax Increment⁽⁴⁾</i>	<i>Unitary Revenue⁽⁵⁾</i>	<i>Total Tax Increment</i>	<i>Section 33676 Adjustment⁽⁶⁾</i>	<i>Property Tax Admin. Fees⁽⁷⁾</i>	<i>Negotiated Tax Sharing⁽⁸⁾</i>	<i>Tax Revenues</i>
2016-17	\$5,102,818	N/A	\$638,933	\$5,741,751	\$2,040,010	\$20,400	\$203	\$20,603	\$24	\$404	\$484	\$19,690
2017-18	5,156,878	\$24,949	638,933	5,820,760	2,119,019	21,190	203	21,393	26	420	508	20,439
2018-19	5,207,691	0	638,933	5,846,624	2,144,883	21,449	203	21,651	27	425	534	20,666
2019-20	5,311,845	0	638,933	5,950,778	2,249,037	22,490	203	22,693	28	446	560	21,659
2020-21	5,418,082	0	638,933	6,057,015	2,355,274	23,553	203	23,755	30	466	586	22,673
2021-22	5,526,444	0	638,933	6,165,376	2,463,635	24,636	203	24,839	31	488	613	23,707
2022-23	5,636,972	0	638,933	6,275,905	2,574,164	25,742	203	25,944	33	509	641	24,762
2023-24	5,749,712	0	638,933	6,388,645	2,686,904	26,869	203	27,072	34	531	669	25,837
2024-25	5,864,706	0	638,933	6,503,639	2,801,898	28,019	203	28,222	36	554	697	26,935
2025-26	5,982,000	0	638,933	6,620,933	2,919,192	29,192	203	29,395	37	577	726	28,054
2026-27	6,101,640	0	638,933	6,740,573	3,038,832	30,388	203	30,591	39	600	756	29,196
2027-28	6,223,673	0	638,933	6,862,606	3,160,865	31,609	203	31,811	41	624	786	30,360
2028-29	6,348,147	0	638,933	6,987,079	3,285,338	32,853	203	33,056	42	649	817	31,548
2029-30	6,475,109	0	638,933	7,114,042	3,412,301	34,123	203	34,326	44	674	849	32,759
2030-31	6,604,612	0	638,933	7,243,544	3,541,803	35,418	203	35,621	46	699	881	33,995
2031-32	6,736,704	0	638,933	7,375,637	3,673,896	36,739	203	36,942	48	725	913	35,256
2032-33	6,871,438	0	638,933	7,510,371	3,808,630	38,086	203	38,289	49	751	947	36,541
2033-34	7,008,867	0	638,933	7,647,800	3,946,058	39,461	203	39,663	51	778	981	37,853
2034-35	7,149,044	0	638,933	7,787,977	4,086,236	40,862	203	41,065	53	806	1,016	39,190
2035-36	7,292,025	0	638,933	7,930,958	4,229,217	42,292	203	42,495	55	834	1,051	40,555
2036-37	7,437,865	0	638,933	8,076,798	4,375,057	43,751	203	43,953	57	863	1,087	41,946
Cumulative Total						\$649,122	\$4,255	\$653,378	\$831	\$12,825	\$16,102	\$623,621

⁽¹⁾ Prior Year Real Property increased by 2.00% per year. The value in 2017-18 and 2018-19 have been reduced for appeals impacts.

⁽²⁾ The amount shown is from changes of ownership.

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

⁽⁴⁾ Based on the application of 1.00% tax rates to incremental taxable value.

⁽⁵⁾ Unitary revenue estimate per County.

⁽⁶⁾ Allocations made per former Section 33676 of the Community Redevelopment Law.

⁽⁷⁾ Amount shown reflects estimated property tax administrative fees charged by County at 2.00%.

⁽⁸⁾ Negotiated tax sharing payments per agreements.

Source: Fraser & Associates.

Debt Service Coverage

Set forth below is the estimated debt service coverage for the Series 2016 Bonds using actual Fiscal Year 2016-17 Tax Revenues assuming no growth in tax increment revenues in Fiscal Year 2017-18 and thereafter, through maturity of the Series 2016 Bonds.

Table 11
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
Estimated Debt Service Coverage (Series 2016 Bonds)
Assumes No Assessed Value Growth

<i>Fiscal Year Ending June 30</i>	<i>Tax Revenues⁽¹⁾</i>	<i>Debt Service on Series 2016 Bonds⁽²⁾</i>	<i>Debt Service Coverage⁽³⁾</i>
2017	\$19,690,000	\$	x
2018	19,229,000		
2019	18,493,000		
2020	18,492,000		
2021	18,492,000		
2022	18,492,000		
2023	18,492,000		
2024	18,492,000		
2025	18,492,000		
2026	18,492,000		
2027	18,492,000		
2028	18,492,000		
2029	18,492,000		
2030	18,492,000		
2031	18,492,000		
2032	18,492,000		
2033	18,492,000		
2034	18,492,000		
2035	18,492,000		
2036	18,492,000		
2037	18,492,000		

⁽¹⁾ See Table 9.

⁽²⁾ Reflects debt service on Series 2016 Bonds payable in the calendar year that begins in the applicable Fiscal Year.

⁽³⁾ Tax Revenues divided by debt service on Series 2016 Bonds for all-in debt service coverage calculation.

Source: Fraser & Associates.

Set forth below is the estimated debt service coverage for the Series 2016 Bonds using actual Fiscal Year 2016-17 Tax Revenues and assuming 2.00% growth in tax increment revenues in Fiscal Year 2017-18 and annually thereafter through maturity of the Series 2016 Bonds.

Table 12
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
Estimated Debt Service Coverage (Series 2016 Bonds)
Assumes Assessed Value Growth

<i>Fiscal Year Ending June 30</i>	<i>Tax Revenues⁽¹⁾</i>	<i>Debt Service on Series 2016 Bonds⁽²⁾</i>	<i>Debt Service Coverage⁽³⁾</i>
2017	\$19,690,000	\$	x
2018	20,439,000		
2019	20,666,000		
2020	21,659,000		
2021	22,673,000		
2022	23,707,000		
2023	24,762,000		
2024	25,837,000		
2025	26,935,000		
2026	28,054,000		
2027	29,196,000		
2028	30,360,000		
2029	31,548,000		
2030	32,759,000		
2031	33,995,000		
2032	35,256,000		
2033	36,541,000		
2034	37,853,000		
2035	39,190,000		
2036	40,555,000		
2037	41,946,000		

⁽¹⁾ See Table 10.

⁽²⁾ Reflects debt service on Series 2016 Bonds payable in the calendar year that begins in the applicable Fiscal Year.

⁽³⁾ Tax Revenues divided by debt service on Series 2016 Bonds for all-in debt service coverage calculation.

Source: Fraser & Associates.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Series 2016 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 Series 2016 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 Series 2016 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, and the application of equitable principles.

Reduction in Taxable Value

Tax Revenues allocated to the RPTTF are determined by the amount of incremental taxable value in the Project Areas and the current rate or rates at which property in the Project Areas is taxed. The reduction of taxable values of property in the Project Areas caused by economic factors beyond the Agency's control, such as relocation out of the Project Areas by one or more major tenants, sale of property to a government entity or non-profit corporation exempt from property taxation or the complete or partial destruction of such property caused by, among other eventualities, earthquake, fire, flooding or other natural disaster, could cause a reduction in the Tax Revenues that provide for the repayment of and secure the Series 2016 Bonds. Such reduction in Tax Revenues could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the Series 2016 Bonds.

As described in greater detail under the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIII A of the State Constitution," Article XIII A provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Series 2016 Bonds could reduce Tax Revenues securing the Series 2016 Bonds.

In addition to the other limitations on and required application under the Dissolution Act of Tax Revenues on deposit in the RPTTF, as described in this Official Statement, the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Tax Revenues allocated to the RPTTF and available to the 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 Revenues and adversely affect the source of repayment and security of the Series 2016 Bonds.

Unsecured Property

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 is a monoline financial guaranty

insurer domiciled in the State of New York and has 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 because no obligations were impaired. 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 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 Agency’s ability to timely pay debt service on the Series 2016 Bonds.

Risks to Real Estate Market

The Agency’s ability to make payments on the Series 2016 Bonds is dependent upon the economic strength of the Project Areas. The general economy of the Project Areas is subject to all of the risks generally associated with commercial, industrial and residential real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs, the supply of or demand for competitive properties in such area, the market value of property in the event of sale or foreclosure and other similar factors. Furthermore, real estate development within the Project Areas could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development, changes in real estate tax rates and other operating expenses, zoning laws and laws relating to threatened and endangered species and hazardous materials and fiscal policies, as well as natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses. In addition, if there is a decline in the general economy of the Project Areas, the owners of property within the Project Areas may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Tax Revenues by the Agency from the Project Areas.

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

Reduction in Inflation Rate

As described in greater detail above, Article XIII A of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the rate of inflation, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have

been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Specifically, since Article XIII A became effective during the 1978-79 fiscal year, there have been ten fiscal years in which the annual increase for inflation has been less than 2%. The State Board of Equalization has directed county assessors to use 1.998% as the inflation factor for purposes of preparing the 2015-16 tax roll.

The Agency is unable to predict if any adjustments to the full cash value of real property within the Project Areas, whether an increase or a reduction, will be realized in the future.

Levy and Collection of Taxes

The Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Agency to repay the Series 2016 Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Project Areas, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Agency's ability to make timely payments on the Series 2016 Bonds. The County currently allocates tax increment revenues generated from the secured tax roll to the Agency based on the Teeter Plan, but there is no assurance that the County will continue to apply the Teeter Plan in the future. See PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Delinquencies” and “—Teeter Plan.” Any reduction in Tax Revenues, regardless of the reason, could have an adverse effect on the Agency's ability to pay the principal of and interest on the Series 2016 Bonds.

State Budget Issues

AB X1 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its Fiscal Years 2011-12 and 2012-13, respectively, as efforts to address structural deficits in the State general fund budget. In general terms, these bills implemented a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (then projected savings of \$1.5 billion).

SB 107, which makes extensive amendments to the Dissolution Act, was enacted following the adoption of the Fiscal Year 2015-16 Budget, after having initially been presented as AB 113, a trailer bill to the Fiscal Year 2015-16 Budget. SB 107 changes the process for submitting ROPSs from a six-month to an annual process, authorizes successor agencies to submit and obtain DOF approval of a Last and Final ROPS to govern all remaining payment obligations of the successor agency, alters the provisions governing the distribution of RPTTF moneys attributable to pension and State Water Project tax rate overrides, and eliminates the impact of financial and time limitations in redevelopment plans for purposes of paying enforceable obligations, among other changes to the Dissolution Act. These statutory amendments impact the manner in which successor agencies claim RPTTF moneys for enforceable obligations and, for some successor agencies, impact the amount of RPTTF moneys that will be available for payment of the successor agency's enforceable obligations.

There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Tax Revenues.

Information about the State budget and State spending is available at various State maintained websites. Text of the Fiscal Year 2016-17 Budget and other documents related to the State budget may be found at the website of the State Department of Finance, www.dof.ca.gov. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at www.lao.ca.gov. In addition, various State official statements, many of which

contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov.

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

Recognized Obligation Payment Schedule

The Dissolution Act provides that, commencing on the date that the first ROPS is valid thereunder, only those obligations listed in the ROPS may be paid by the Agency from the funds specified in the ROPS. Before each June 1 property tax distribution date, with respect to each fiscal year, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a ROPS pursuant to which enforceable obligations (as described under the caption "SECURITY FOR THE SERIES 2016 BONDS—Recognized Obligation Payment Schedule") of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be distributed from the RPTTF by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective ROPS obtained in sufficient time prior to each June 1 property tax distribution date. See the caption "SECURITY FOR THE SERIES 2016 BONDS—Recognized Obligation Payment Schedule" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection and Distribution Procedures—Recognized Obligation Payment Schedule." In the event that the Agency were to fail to file a ROPS with respect to a fiscal year, the availability of Tax Revenues to the Agency could be adversely affected for such period.

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

Typically, under the RPTTF distribution provisions of the Dissolution Act, the county auditor-controller is to distribute funds on each January 2 and June 1 (adjusted for weekends and holidays) in the following order specified in Section 34183 of the Dissolution Act:

- (i) First, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments that such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including pursuant to the Senior Negotiated Tax Sharing Agreements. Pension or State Water Project override revenues that are not pledged to or not needed for debt service on Agency debt will be allocated and paid to the entity that levies the override;
- (ii) Second, to the Agency for payments listed in its ROPS;
- (iii) Third, to the Agency for the administrative cost allowance, as defined in the Dissolution Act; and
- (iv) Fourth, the remainder is distributed to the taxing entities in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in such Fiscal Year (without adjustment for pass-through obligations).

If the Agency does not submit an Oversight Board-approved ROPS within five business days of the date upon which the ROPS 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 RPTTF for such fiscal year would be distributed to taxing entities pursuant to clause (iv) above. As noted above under the caption “SECURITY FOR THE SERIES 2016 BONDS—Recognized Obligation Payment Schedule,” the Agency has submitted each Oversight Board-approved ROPS to DOF on or before the statutory deadline. However, the Agency has covenanted in the Indenture to take all actions required under the Dissolution Act to include on its ROPS the amounts described below to be transmitted to the Trustee for the applicable ROPS Period in order to satisfy the requirements of the Indenture, including any amounts required to pay principal and interest payments due on Outstanding Bonds and any Parity Debt, any Compliance Costs and any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement. The Agency further covenants in the Indenture to submit an Oversight Board-approved ROPS to the County Auditor-Controller and the Department of Finance on or before each February 1 with respect to the ROPS Period commencing the following July 1. Further, the Agency covenants to include expected Compliance Costs, if any, in each ROPS in accordance with the Dissolution Act.

The amount due to the Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund on January 2 of the then-current calendar year from Tax Revenues required to be deposited into the RPTTF shall equal (1) 100% of the sum of (a) all scheduled principal payments and Sinking Account Installments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as shown in the Indenture, and (b) all scheduled interest payments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as shown in the Indenture, plus (2) the amount of any deficiency in the Reserve Account [(including amounts due to the issuer of the 2016 Reserve Policy)], less (3) the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission for the ROPS pursuant to the Indenture that are in excess of the amounts required to be applied to payment of principal or interest or sinking account payments on the Outstanding Bonds and any Parity Debt in the then current calendar year. The amount due to the Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund on [June] 1 of the then-current calendar year from amounts required to be deposited into the RPTTF will be equal to the remainder due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year in an amount equal to not less than (1) any amounts remaining of the sum of (a) all scheduled principal payments and Sinking Account Installments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as shown in the Indenture, and (b) all scheduled interest payments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as shown in the Indenture, plus (2) the amount of any remaining deficiency in the Reserve Account. See Appendix B.

AB 1484 also added new provisions to the Dissolution Act implementing certain penalties in the event that the Agency does not timely submit a ROPS by the deadline specified in the Dissolution Act. Specifically, a ROPS must be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller no later than each February 1, commencing February 1, 2016 with respect to each subsequent fiscal year. If the Agency does not submit an Oversight Board-approved ROPS by such deadline, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the DOF. Additionally, the Agency’s administrative cost allowance is reduced by 25% for any fiscal year for which the Agency does not submit an Oversight Board-approved ROPS within 10 days of the February 1 deadline. If the Agency fails to submit a ROPS by the February 1 deadline, any creditor of the successor agency or the department or any affected taxing entity shall have standing to, and may request a writ of mandate to, require the Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late ROPSs and implications thereof on the Series 2016 Bonds, see the caption “SECURITY FOR THE SERIES 2016 BONDS—Recognized Obligation Payment Schedule.”

Last and Final Recognized Obligation Payment Schedule

SB 107 amended the Dissolution Act to permit certain successor agencies with limited remaining obligations to submit a Last and Final ROPS for approval by the oversight board and DOF. The Last and Final ROPS must list the remaining enforceable obligations of the successor agency, including the total outstanding obligation amount and a schedule of remaining payments for each enforceable obligation. The Last and Final ROPS will also establish the maximum amount of RPTTFs to be distributed to the successor agency for each remaining fiscal year until all obligations have been fully paid.

Any revenues, interest, and earnings of the successor agency, including proceeds from the disposition of real property, that are not authorized for use pursuant to the approved Last and Final ROPS will be remitted to the county auditor-controller for distribution to the affected taxing entities. A successor agency will not expend more than the amount approved for each enforceable obligation listed on the approved Last and Final ROPS and once the successor agency has received RPTTF moneys equal to the amount of the total outstanding obligations approved in the Last and Final ROPS, the county auditor-controller will not allocate further RPTTF moneys to the successor agency.

Successor agencies may only amend an approved Last and Final ROPS twice. If the Agency prepares and obtains DOF approval of a Last and Final ROPS and subsequently amends the Last and Final ROPS two times, the Agency may be unable to make unexpected or unscheduled reserve deposits or payments due to an insurer of the Series 2016 Bonds, if any, or other insurers of Additional Bonds. See the caption “SECURITY FOR THE SERIES 2016 BONDS—Last and Final Recognized Obligation Payment Schedule” for a discussion of the requirements for a Last and Final ROPS and the mechanics for allocation of RPTTF moneys pursuant to an approved Last and Final ROPS.

The Agency is not currently eligible to submit a Last and Final ROPS and has no current plans to seek approval of a Last and Final ROPS.

Bankruptcy and Foreclosure

The payment of the property taxes from which Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights (such as the Soldiers’ and Sailors’ Relief Act of 1940 discussed below) or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. The various legal opinions to be delivered concurrently with the delivery of the Series 2016 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 tax liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings because federal bankruptcy laws may provide for an automatic stay of foreclosure and sale of tax sale proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Series 2016 Bonds. Moreover, if the value of the subject property is less than the lien of property taxes, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws, payment of property taxes may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over property taxes in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

In addition, the United States Bankruptcy Code might prevent moneys on deposit in the Redevelopment Obligation Retirement Fund from being applied to pay interest on the Series 2016 Bonds and/or to redeem Bonds

if bankruptcy proceedings were brought by or against a landowner and if the court found that any of such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the United States Bankruptcy Code.

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

Estimated Revenues

In estimating that Tax Revenues will be sufficient to pay debt service on the Series 2016 Bonds, the Agency has made certain assumptions with regard to present and future assessed valuation in the Project Areas, future tax rates and percentage of taxes collected. The Agency believes these assumptions to be reasonable, but there is no assurance that these assumptions will be realized. To the extent that the assessed valuation and the tax rates are less than expected, the Tax Revenues available to pay debt service on the Series 2016 Bonds will be less than those projected and such reduced Tax Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Series 2016 Bonds.

Hazardous Substances

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

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

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

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 high winds or 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.

[Description of other particularly relevant natural disaster risks, including seismic, flood or fire, if any.]

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

Changes in the Law

There can be no assurance that the State electorate will not at some future time adopt initiatives or that the State Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Tax Revenues, which could have an adverse effect on the Agency's ability to pay debt service on the Series 2016 Bonds.

The Dissolution Act is new and implementation of its provisions have been and will be subject to differing interpretations by different stakeholders, including the DOF, the State Controller, oversight boards, successor agencies, auditor-controllers, and others, and the Dissolution Act could be subject to further legislative action or judicial review. The Agency cannot predict outcomes, or impact, of any such interpretations or reviews, on availability of Tax Revenues to pay the Series 2016 Bonds.

Investment Risk

Funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See Appendix B for a summary of the definition of Permitted Investments. The funds and accounts of the Agency, into which a portion of the proceeds of the Series 2016 Bonds will be deposited and into which Tax Revenues are deposited, may be invested by the Agency in any investment authorized by law. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal.

Further, the Agency cannot predict the effects on the receipt of Tax Revenues if the County were to suffer significant losses in its portfolio of investments or if the County or the City were to become insolvent or declare bankruptcy. See Appendix E for information regarding the City's finances. See also the caption "—Bankruptcy and Foreclosure."

Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2016 Bonds, or, if a secondary market exists, that the Series 2016 Bonds can be sold for any particular price. Although the Agency has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to Bondowners on a timely basis. See the caption "CONCLUDING INFORMATION—Continuing Disclosure" and Appendix G. Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

No Validation Proceeding Undertaken

Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a “validation proceeding,” for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the Series 2016 Bonds, Government Code Section 53511 authorizes a local agency to “bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness.” Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters herein adjudicated or which could have been adjudicated, against all persons: “The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive.”

The Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the Series 2016 Bonds. The Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the Series 2016 Bonds and specifying the related deadline for any challenge to the Series 2016 Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the Series 2016 Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5, must be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such challenge period expired with respect to the Series 2016 Bonds and the Oversight Board Resolution on July 29, 2016.

It is possible that the definition of Tax Revenues could be affected by changes in law or judicial decisions relating to the dissolution of redevelopment agencies. The Indenture provides that if, and to the extent, that the applicable property tax revenue provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid, and in place of any such invalid provisions, then Tax Revenues will include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the State Constitution. Additionally, any action by a court to invalidate provisions of the Dissolution Act required for the timely payment of principal of, and interest on, the Series 2016 Bonds could be subject to issues regarding unconstitutional impairment of contracts and unconstitutional taking without just compensation. The Agency believes that the aforementioned considerations would provide some protections against the adverse consequences upon the Agency and the availability of Tax Revenues for the payment of debt service on the Series 2016 Bonds in the event of successful challenges to the Dissolution Act or portions thereof. However, the Agency provides no assurance that any other lawsuit challenging the Dissolution Act or portions thereof will not result in an outcome that may have a detrimental effect on the Agency’s ability to timely pay debt service on the Series 2016 Bonds.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2016A Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Series 2016A Bonds might be affected as a result of such an audit of the Series 2016A Bonds (or by an audit of similar municipal obligations).

Loss of Tax Exemption

As discussed under the caption “TAX MATTERS,” in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2016A Bonds, the City and the Agency have covenanted in the Indenture and the Tax Certificate relating to the Series 2016A Bonds not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from

gross income of interest on the Series 2016A Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the Series 2016A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance, as a result of acts or omissions of the City or the Agency subsequent to the issuance of the Series 2016 Bonds in violation of such covenants with respect to the Series 2016A Bonds. Should such an event of taxability occur, the Series 2016A Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or unless earlier redeemed pursuant to the redemption provisions of the Indenture.

Bonds Are Limited Obligations

Neither the faith and credit nor the taxing power of the Agency (except to the limited extent set forth in the Indenture), the City, the State or any political subdivision thereof is pledged to the payment of the Series 2016 Bonds. The Series 2016 Bonds are special obligations of the Agency; and, except as provided in the Indenture, they are payable solely from Tax Revenues. Tax Revenues could be insufficient to pay debt service on the Series 2016 Bonds as a result of delinquencies in the payment of property taxes or the insufficiency of proceeds derived from the sale of land within the Project Areas following a delinquency in the payment of the applicable property taxes. As discussed under the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Delinquencies,” under its current policies, the County Auditor-Controller distributes 100% of tax increment revenues allocated to each redevelopment successor agency in the County without regard to delinquencies in the payment of property taxes. However, there can be no assurance that such policies will not be changed in the future. The Agency has no obligation to pay debt service on the Series 2016 Bonds in the event of insufficient Tax Revenues, except to the extent that money is available for such purpose in the Redevelopment Obligation Retirement Fund, the Tax Increment Fund and the Reserve Account.

[Bond Insurance]

[In the event of default of the payment of the scheduled principal of or interest on the Insured Series 2016 Bonds when all or some becomes due, the Trustee on behalf of any owner of the Insured Series 2016 Bonds shall have a claim under the Policy for such payments. The 2016 Insurer may direct and must consent to any remedies with respect to the Insured Series 2016 Bonds and the 2016 Insurer's consent may be required in connection with amendments to any applicable documents relating to the Insured Series 2016 Bonds. See Appendix B—"SUMMARY OF THE INDENTURE—Events of Default and Remedies of Owners—Events of Default and Acceleration of Maturities."

The 2016 Insurer is expected to insure a majority of the Series 2016 Bonds and will therefore have the ability to direct the actions of the Trustee, give consents and waivers and take other actions without regard to the views of the owners of the Uninsured Bonds. As a result, Owners of Uninsured Bonds may be limited in the rights and remedies they are able to exercise in the event of a default by the Agency under the Indenture. The 2016 Insurer may have different business and other interests than the Owners of the Uninsured Bonds.

The long-term ratings on the Series 2016 Bonds are dependent in part on the financial strength of the 2016 Insurer and its claims paying ability. The 2016 Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the 2016 Insurer and the ratings on the Series 2016 Bonds will not be subject to downgrade and such event could adversely affect the market price of the Series 2016 Bonds or the marketability (liquidity) for the Series 2016 Bonds. See "CONCLUDING INFORMATION—Ratings" herein.

The obligations of the 2016 Insurer are unsecured contractual obligations and in an event of default by the 2016 Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Agency nor the Underwriter has made independent investigation into the claims paying ability of the 2016 Insurer and no assurance or representation regarding the financial strength or projected financial strength of the 2016 Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Agency to make the payments on the Insured Series 2016 Bonds and the claims paying ability of the 2016 Insurer, particularly over the life of the investment. See the caption "BOND INSURANCE" herein for further information regarding the 2016 Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the 2016 Insurer.]

Limitations on Remedies

Remedies available to the Owners of the Series 2016 Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Series 2016 Bonds or to preserve the tax-exempt status of the Series 2016 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Series 2016 Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. Additionally, the Series 2016 Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Enforceability of the rights and remedies of the Owners of the Series 2016 Bonds, and the obligations incurred by the Agency, may become subject to the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under

State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the federal Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against governmental entities in the State. See the caption “—Bankruptcy and Foreclosure.”

TAX MATTERS

Series 2016A Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Agency (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2016A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C—“FORM OF BOND COUNSEL OPINION.”

To the extent the issue price of any maturity of the Series 2016A Bonds is less than the amount to be paid at maturity of such Series 2016A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2016A Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2016A Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2016A Bonds is the first price at which a substantial amount of such maturity of the Series 2016A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2016A Bonds accrues daily over the term to maturity of such Series 2016A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2016A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2016A Bonds. Beneficial Owners of the Series 2016A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2016A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2016A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2016A Bonds is sold to the public.

Series 2016A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2016A Bonds. The Agency has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2016A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series

2016A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2016A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2016A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2016A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2016A Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2016A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the Series 2016A Bonds to some extent for high income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2016A Bonds. Prospective purchasers of the Series 2016A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2016A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Agency, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Agency has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2016A Bonds ends with the issuance of the Series 2016A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Agency or the Beneficial Owners regarding the tax-exempt status of the Series 2016A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Agency and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Agency legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2016A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2016A Bonds, and may cause the Agency or Beneficial Owners to incur significant expense.

Series 2016B Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2016B Bonds is not excluded from gross income for federal income tax

purposes under Section 103 of the Code. Bond Counsel is of the opinion that interest on the Series 2016B Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2016B Bonds. Investors are urged to obtain independent tax advice regarding the Series 2016B Bonds based upon their particular circumstances.

If the Agency defeases any Series 2016B Bond, such Series 2016B Bond may be deemed to be retired and “reissued” for federal income tax purposes as a result of the defeasance. In that event, the Beneficial Owner of the Series 2016B Bond will recognize taxable gain or loss equal to the difference between the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the Beneficial Owner’s adjusted tax basis in the Series 2016B Bond. See Appendix B under the caption “DEFEASANCE.”

A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C—“FORM OF BOND COUNSEL OPINION.”

CONCLUDING INFORMATION

Underwriting

The Series 2016 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) pursuant to a Bond Purchase Agreement, dated [____], 2016 (the “Purchase Agreement”), by and between the Underwriter and the Agency. The Underwriter has agreed to purchase the Series 2016 Bonds at a price of \$[____] (being the aggregate principal amount thereof, plus a [net] original issue premium of \$[____] and less an Underwriter’s discount of \$[____]). The Purchase Agreement provides that the Underwriter will purchase all of the Series 2016 Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2016 Bonds to certain dealers (including dealers depositing Series 2016 Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter and its affiliates may have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Agency and the City, for which they received or will receive customary fees and expenses.

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

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

Certain Legal Matters

Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, will render an opinion with respect to the Series 2016 Bonds substantially in the form set forth in Appendix C hereto. Orrick, Herrington & Sutcliffe LLP is also acting as Disclosure Counsel. Certain legal matters will be passed upon for the Agency by John M. Luebberke, City Attorney of the City of Stockton. Certain legal matters will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, P.C., Newport Beach, California, as Underwriter's Counsel, and for the Trustee by its counsel.

Municipal Advisor

Del Rio Advisors, LLC, Modesto, California (the "Municipal Advisor") has assisted the Agency in matters relating to the planning, structuring, and sale of the Series 2016 Bonds and the preparation of this Official Statement, and has provided general municipal advisory services to the Agency with respect to the sale of the Series 2016 Bonds. The Municipal Advisor provides municipal advisory services only and does not engage in the underwriting, marketing, or trading of municipal securities or other negotiable instruments. The payment of fees of the Municipal Advisor is contingent upon the closing of the Series 2016 Bond transaction.

Litigation

There is no action, suit or proceeding known to the Agency to be pending and notice of which has been served upon and received by the Agency, or threatened, restraining or enjoining the execution or delivery of the Series 2016 Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Agency taken with respect to any of the foregoing.

Legality for Investment in California

The Redevelopment Law provides that obligations authorized and issued under the Redevelopment Law will be legal investments for all banks, trust companies and savings banks, insurance companies, and various other financial institutions, as well as for trust funds. The Series 2016 Bonds are also authorized security for public deposits under the Redevelopment Law.

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

Ratings

In connection with the issuance and delivery of the Insured Series 2016 Bonds, [] is expected to assign their municipal bond rating of "[]" to the Insured Series 2016 Bonds with the understanding that, upon delivery of the Insured Series 2016 Bonds, a policy insuring the payment when due of the principal of and interest on the Insured Series 2016 Bonds will be issued by [SERIES 2016 INSURER]. See the caption "BOND INSURANCE" herein. [] has assigned their underlying municipal bond rating of "[]" the Series 2016 Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the Agency which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. There is no assurance that the credit ratings given to the Series 2016 Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by [] if, in the judgment of [], circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2016 Bonds. Such ratings reflect only the views of [] and an explanation of the significance of such rating may be obtained from [].

Continuing Disclosure

The Agency has covenanted in a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) for the benefit of the holders and Beneficial Owners of the Series 2016 Bonds to provide certain financial information and operating data relating to the Agency on or before each March 31 (the “Annual Report”), commencing with the report for fiscal year ending June 30, 2016, and to provide notices of the occurrence of certain enumerated events.

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

The Continuing Disclosure Certificate will inure solely to the benefit of any Dissemination Agent, the Underwriter and Owners or Beneficial Owners from time to time of the Series 2016 Bonds. A default under the Continuing Disclosure Certificate is not a default under the Indenture and the sole remedy following a default is an action to compel specific performance by the District with the terms of the Continuing Disclosure Certificate.

[The City, the Agency, the Former Agency and the Authority believe they have materially complied with their continuing disclosure undertakings during the last five years. To ensure compliance with its continuing disclosure obligations in the future, the Agency has hired [_____] to serve as Dissemination Agent and administratively adopted continuing disclosure policies and procedures.]

Miscellaneous

All of the preceding summaries of the Indenture, the Bond Law, the Dissolution Act, the Redevelopment Law, 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 Agency for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Series 2016 Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by the Executive Director of the Agency has been duly authorized by the Agency.

SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY OF THE CITY OF STOCKTON

By: _____
Executive Director

APPENDIX A
FISCAL CONSULTANT'S REPORT

APPENDIX B

SUMMARY OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture of Trust (the “Indenture”) authorizing the Series 2016 Bonds that are not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the actual Indenture (copies of which may be obtained from the Trustee) for the complete terms thereof.

APPENDIX C
FORM OF BOND COUNSEL OPINION

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the Agency takes no responsibility for the completeness or accuracy thereof. The Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2016 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2016 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2016 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 Series 2016 Bonds. The Series 2016 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 Series 2016 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com; provided that nothing contained in such website is incorporated into this Official Statement.

Purchases of Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2016 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 Series 2016 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 Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 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 Series 2016 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 Series 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 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 Series 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Series 2016 Bonds may wish to ascertain that the nominee holding the Series 2016 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 Series 2016 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 Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2016 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 Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Series 2016 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2016 Bonds are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the Series 2016 Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

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

APPENDIX E
COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR
FISCAL YEAR ENDED [JUNE 30, 2015]

APPENDIX F

SUPPLEMENTAL INFORMATION—THE CITY OF STOCKTON

The following information relating to the City of Stockton (the “City”) and the County of San Joaquin, California (the “County”) is supplied solely for purposes of information. Neither the City nor the County is obligated in any manner to pay principal of or interest on the Series 2016 Bonds or to cure any delinquency or default on the Series 2016 Bonds. The Series 2016 Bonds are payable solely from the sources described in the Official Statement.

The City is a municipal corporation and a charter city incorporated in 1850. The City is the county seat of San Joaquin County and is located in California's San Joaquin Valley, 78 miles east of the San Francisco Bay Area, approximately 340 miles north of Los Angeles and 45 miles south of Sacramento. The County is bounded by Sacramento County on the north and by Stanislaus County on the south. The Stockton Metropolitan Statistical Area, which encompasses the entire County, covers approximately 1,400 square miles. The City's boundaries encompass 55.1 square miles.

Population

The historic population of the City, the County and the State is shown below.

City of Stockton, San Joaquin County and State of California Population Estimates (As of January 1)

<i>Year</i>	<i>City of Stockton</i>	<i>San Joaquin County</i>	<i>State of California</i>
2012	298,227	698,412	37,881,357
2013	302,227	704,700	38,239,207
2014	304,994	711,850	38,567,459
2015	312,990	723,761	38,907,602
2016	315,592	733,383	39,255,883

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2012-2016, with 2010 Benchmark, Sacramento, California, May 2016.

Building Activity

Residential building activity for the past five calendar years for the City and the County is shown in the following tables.

BUILDING PERMITS AND VALUATIONS
City of Stockton
2010-2014

	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
Valuation (In \$000's)					
Residential	\$	\$	\$	\$	\$
Nonresidential					
Total Valuation ⁽¹⁾	\$	\$	\$	\$	\$
New Dwelling Units (#)					
Single-Family					
Multi-Family					
Total:					

 Note: Totals may not add to sum because of rounding.
 Source: [Construction Industry Research Board].

BUILDING PERMITS AND VALUATIONS
San Joaquin County
2010-2014

	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
Valuation (In \$000's)					
Residential	\$	\$	\$	\$	\$
Nonresidential					
Total Valuation ⁽¹⁾	\$	\$	\$	\$	\$
New Dwelling Units (#)					
Single-Family					
Multi-Family					
Total:					

 Note: Totals may not add to sum because of rounding.
 Source: [Construction Industry Research Board].

Employment

The following table summarizes the labor force, employment and unemployment figures over the period 2011 through 2015 for the City, the County, the State and the United States.

City of Stockton, San Joaquin County, State of California and United States Labor Force, Employment and Unemployment Yearly Average

<i>Year and Area</i>	<i>Civilian Labor Force</i>	<i>Civilian Employment⁽¹⁾</i>	<i>Civilian Unemployment⁽²⁾</i>	<i>Civilian Unemployment Rate⁽³⁾</i>
2011				
City of Stockton	128,300	106,000	22,300	17.4%
San Joaquin County	311,400	261,000	50,400	16.2
California	18,415,100	16,258,100	2,157,000	11.7
United States ⁽⁴⁾	153,617,000	139,869,000	13,747,000	8.9
2012				
City of Stockton	128,200	108,400	19,800	15.4%
San Joaquin County	312,300	267,500	44,900	14.4
California	18,551,400	16,627,800	1,923,600	10.4
United States ⁽⁴⁾	154,975,000	142,469,000	12,506,000	8.1
2013				
City of Stockton	128,400	111,400	17,000	13.2%
San Joaquin County	313,900	275,200	38,600	12.3
California	18,670,100	17,001,000	1,669,000	8.9
United States ⁽⁴⁾	155,389,000	143,929,000	11,460,000	7.4
2014				
City of Stockton	128,000	113,500	14,500	11.3%
San Joaquin County	313,800	280,800	33,000	10.5
California	18,827,900	17,418,000	1,409,900	7.5
United States ⁽⁴⁾	155,922,000	146,305,000	9,617,000	6.2
2015				
City of Stockton	129,100	116,700	12,400	9.6%
San Joaquin County	316,900	288,800	28,100	8.9
California	18,981,800	17,798,600	1,183,200	6.2
United States ⁽⁴⁾	157,130,000	148,834,000	8,296,000	5.3

(1) Includes persons involved in labor-management trade disputes.

(2) Includes all persons without jobs who are actively seeking work.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

(4) Not strictly comparable with data for prior years

Source: State of California Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics.

Stockton-Lodi Metropolitan Statistical Area, which includes the City, civilian labor force and wage and salary employment figures for calendar years 2011 through 2015 are shown in the following table. These figures are countywide statistics and may not necessarily accurately reflect employment trends in the City.

**Stockton-Lodi Metropolitan Statistical Area
Industry Employment & Labor Force - by Annual Average**

<i>Title</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
Civilian Labor Force	311,400	312,300	313,900	313,800	316,900
Civilian Employment	261,000	267,500	275,200	280,800	288,800
Civilian Unemployment	50,400	44,900	38,600	33,000	28,100
Civilian Unemployment Rate	16.2%	14.4%	12.3%	10.5%	8.9%
 Total Farm	 15,500	 15,700	 16,100	 15,700	 16,500
Total Nonfarm	192,100	197,000	205,100	211,000	218,400
Total Private	155,600	160,900	168,100	172,400	178,800
Goods Producing	25,400	25,500	26,800	27,500	29,100
Natural Resources, Mining and Construction	7,500	7,700	8,900	9,000	10,200
Manufacturing	18,800	17,800	17,900	18,500	18,900
Durable Goods	7,300	7,200	7,500	7,800	7,900
Nondurable Goods	10,700	10,600	10,400	10,700	11,100
Service Providing	166,700	171,500	178,300	183,500	189,200
Private Service Providing	130,200	135,400	141,300	144,900	149,700
Trade, Transportation and Utilities	49,100	51,700	53,900	55,200	57,500
Wholesale Trade	10,200	10,800	11,100	11,100	11,400
Retail Trade	24,200	24,900	25,600	25,700	26,100
Transportation, Warehousing and Utilities	14,700	16,000	17,200	18,300	20,000
Information	2,100	2,100	2,100	2,100	2,000
Financial Activities	7,500	7,500	7,600	7,500	7,300
Professional and Business Services	15,200	16,600	17,400	18,300	19,700
Educational and Health Services	33,700	34,000	35,500	35,900	36,500
Leisure and Hospitality	16,300	17,000	18,200	19,100	19,600
Other Services	6,300	6,500	6,600	6,900	7,100
Government	<u>36,500</u>	<u>36,100</u>	<u>37,100</u>	<u>38,600</u>	<u>39,500</u>
Total, All Industries	207,600	212,700	221,200	226,700	234,800

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.

Source: State of California, Employment Development Department, Labor Market Information Division.

Income

The following tables show the personal income and per capita personal income for the County, State of California and United States from 2008 through 2014.

PERSONAL INCOME
San Joaquin County, the State of California and United States
2008-2014

<i>Year</i>	<i>County of San Joaquin</i>	<i>California</i>	<i>United States</i>
2008	\$21,541,612	\$1,602,748,801	\$12,492,705,000
2009	21,106,628	1,537,136,355	12,079,444,000
2010	21,347,380	1,583,446,730	12,459,613,000
2011	22,376,580	1,691,002,503	13,233,436,000
2012	23,518,295	1,812,314,643	13,904,485,000
2013	24,470,917	1,849,505,496	14,064,468,000
2014	25,859,136	1,939,527,656	14,683,147,000

Note: Dollars in Thousands.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

PER CAPITA PERSONAL INCOME⁽¹⁾
San Joaquin County, the State of California and United States
2008-2014

<i>Year</i>	<i>County of San Joaquin</i>	<i>California</i>	<i>United States</i>
2008	\$32,071	\$43,786	\$41,082
2009	31,143	41,588	39,376
2010	31,050	42,411	40,277
2011	32,174	44,852	42,453
2012	33,519	47,614	44,266
2013	34,709	48,125	44,438
2014	36,136	49,985	46,049

⁽¹⁾ Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Sales Taxes

The following tables show taxable transactions in the City and County during calendar years 2010 through 2014.

TAXABLE SALES
City of Stockton
2010-2014
(in Thousands)

<i>Year</i>	<i>Retail Permits</i>	<i>Retail and Food Taxable Transactions</i>	<i>Total Permits</i>	<i>Total Outlets Taxable Transactions</i>
2010	3,511	\$2,248,782	5,051	\$2,867,407
2011	3,427	2,397,288	4,956	3,133,324
2012	3,611	2,500,195	5,110	3,316,162
2013	3,741	2,590,622	5,204	3,393,791
2014	_(1)	2,682,926	_(1)	3,553,304

⁽¹⁾ [Data not yet available]

Source: State Board of Equalization and the City.

TAXABLE SALES
County of San Joaquin
2010-2014⁽¹⁾
(in Thousands)

<i>Year</i>	<i>Retail Permits</i>	<i>Retail and Food Taxable Transactions</i>	<i>Total Permits</i>	<i>Total Outlets Taxable Transactions</i>
2010	8,534	\$6,213,982	12,633	\$7,602,090
2011	8,337	5,740,948	12,450	8,426,952
2012	8,542	6,124,321	12,613	9,010,930
2013	8,754	6,519,537	12,752	9,466,015
2014	_(1)	6,780,160	_(1)	10,031,845

⁽¹⁾ [Data not yet available]

Source: State Board of Equalization and the City.

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon the issuance of the Series 2016 Bonds, the Agency proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

**§[2016A PAR]
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF
STOCKTON 2016 TAX ALLOCATION
REFUNDING BONDS, SERIES A**

**§[2016B PAR]
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF
STOCKTON 2016 TAX ALLOCATION
REFUNDING BONDS, SERIES B (FEDERALLY
TAXABLE)**

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by the Successor Agency to the Redevelopment Agency of the City of Stockton (the “Successor Agency”) in connection with the execution and delivery of the above-referenced bonds (the “Bonds”). The Bonds are being executed and delivered pursuant to an Indenture of Trust, dated as of [_____] 1, 2016, by and between the Successor Agency and Wells Fargo Bank, National Association, as trustee (the “Indenture”).

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 each March 31, commencing March 31, 2017, or the date that is nine months after the end of the Successor Agency’s fiscal year if the Successor Agency’s fiscal year is changed (the Successor Agency’s fiscal year currently ends 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 Event*” 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, Incorporated, 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 work with and cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2017 with the report for the 2015-16 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; provided, however, that delivery of the Official Statement for the Bonds may constitute the annual report for 2015-16 fiscal year. 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 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.

- (ii) Description of issuance by the Successor Agency of any debt payable from or secured by a pledge of Tax Revenues in the Project Areas (as defined in the Official Statement) in the most recently completed fiscal year (including details as to date, amount, term, rating, insurance).
- (iii) The secured and unsecured assessed values of property in the combined Project Areas only for the most recently completed fiscal year only in the form of Table 4 in the Official Statement.
- (iv) The ten largest local property taxpayers in the Project Areas in the form of Table 5 to the Official Statement.
- (v) Appeals data for the Project Areas in the form of Table 8 to the Official Statement.
- (vi) The coverage ratio provided by Tax Revenues in the Project Areas with respect to debt service on the Bonds and any Parity Bonds for the most recently completed fiscal year only, in the form of Table 12 in the Official Statement without any requirement to update any projected Tax Revenues set forth in Table 12.
- (c) A statement of whether the Agency is a participant in a Teeter Plan operated by the County.
- (d) 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.
- (e) 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 Listed Events.

- (a) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:
 - (1) Principal and interest payment delinquencies.
 - (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
 - (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
 - (4) Substitution of credit or liquidity providers, or their failure to perform.
 - (5) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB).
 - (6) Bond calls and tender offers.
 - (7) Defeasances.
 - (8) Rating changes.

- (9) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten business days after the occurrence of the event:

- (1) Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (2) Modifications to rights of Bond holders;
- (3) Optional, unscheduled or contingent Bond calls;
- (4) Release, substitution, or sale of property securing repayment of the Bonds;
- (5) Non-payment related defaults;
- (6) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(7) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The Trustee shall, as soon as reasonably practicable, after obtaining actual knowledge of the occurrence of any of the Listed Events contact the Successor Agency, inform such person of the event, and request that the Successor Agency promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Section 5(e) below. For purposes of this Disclosure Agreement, “actual knowledge” of the occurrence of such Listed Events shall mean actual knowledge by the officer at the corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Indenture and the Bonds.

(d) Whenever the Successor Agency learns of the occurrence of a Listed Event described in Section 5(b), the Successor Agency shall, as soon as possible, determine if such event would be material under applicable federal securities laws.

(e) If the Successor Agency has learned of a Listed Event described in Section 5(a) or has determined that knowledge of the occurrence of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Successor Agency shall, within ten business days of occurrence, file or cause the Dissemination Agent to file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Events described in subsections 5(a)(7) or 5(b)(3) 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 pursuant to the Indenture.

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

Section 7. Termination of Reporting Obligation. The 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(e).

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: [____], 2016

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF
STOCKTON

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 Stockton

Name of Issue: Successor Agency to the Redevelopment Agency of the City of Stockton 2016
Tax Allocation Refunding Bonds, Series A and Series B (Federally Taxable)

Date of Issuance: [____], 2016

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 [____] 1, 2016, by and between the Successor Agency and Wells Fargo Bank, National Association, as trustee. The Successor Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____

Its: _____

APPENDIX H
[SPECIMEN MUNICIPAL BOND INSURANCE POLICY]