

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2013

**NEW ISSUE—BOOK-ENTRY**

**S&P: "\_\_\_\_"**  
**(See "Rating")**

*In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described in this Official Statement, under existing law, interest on the 2013 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."*

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**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF BRISBANE  
(BRISBANE COMMUNITY REDEVELOPMENT PROJECT AREA NUMBER ONE)  
2013 TAX ALLOCATION REFUNDING BONDS**

**Dated: Delivery Date**

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

The captioned bonds (the "2013 Bonds") are being issued by the Successor Agency of the Redevelopment Agency of the City of Brisbane (the "Successor Agency") to defease and refund the following outstanding obligations: (i) \$15,000,000 initial principal amount Redevelopment Agency of the City of Brisbane, Brisbane Community Redevelopment Project Area Number One, 2001 Tax Allocation Bonds (the "2001 Agency Bonds"), the proceeds of which were used to refinance redevelopment activities within and for the benefit of Brisbane Community Redevelopment Project Area Number One (the "Project Area") and (ii) \$26,300,000 initial principal amount Brisbane Public Financing Authority 2001 Revenue Bonds (Brisbane Community Redevelopment Project Area Number One) (the "2001 Authority Bonds"; together with the 2001 Agency Bonds, the "Prior Obligations"), the proceeds of which were used to purchase the 2001 Agency Bonds.

The 2013 Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers ("Beneficial Owners") in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the 2013 Bonds. Semiannual principal of, premium if any, and semiannual interest on the 2013 Bonds due May 1 and November 1 of each year, commencing November 1, 2013, will be payable by The Bank of New York Mellon Trust Company, N.A., as Trustee, to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the 2013 Bonds (see "THE 2013 BONDS—Book-Entry System"). See "THE 2013 BONDS."

The 2013 Bonds are subject to optional redemption and mandatory sinking account redemption prior to maturity. See "THE 2013 BONDS – Redemption."

The 2013 Bonds are payable from and secured by the Pledged Tax Revenues as defined in this Official Statement to be derived from the Project Area and moneys in certain funds and accounts established under the Indenture of Trust, dated as of August 1, 2013 (the "Indenture"), as further described in this Official Statement. See "SECURITY FOR THE 2013 BONDS."

The Successor Agency will fund a debt service reserve account for the 2013 Bonds. See "SECURITY FOR THE 2013 BONDS – Reserve Account."

In addition to the 2013 Bonds, the Successor Agency may issue or incur Parity Debts that are payable from Pledged Tax Revenues on a parity with the 2013 Bonds. See "THE 2013 BONDS – Parity Debts."

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the 2013 Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain risk factors more fully described in this Official Statement. See "RISK FACTORS".

The 2013 Bonds are special obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest and premium, if any, from Pledged Tax Revenues and other funds described in this Official Statement. The 2013 Bonds, interest and premium, if any, thereon are not a debt of the City of Brisbane (the "City"), the County of San Mateo (the "County"), the State of California (the "State") or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions except the Successor Agency is liable thereon. The 2013 Bonds, interest thereon and premium, if any, are not payable out of any funds or properties other than those set forth in the Indenture. Neither the members of the Successor Agency, the Oversight Board, the County Board of Supervisors nor any persons executing the 2013 Bonds are liable personally on the 2013 Bonds.

The 2013 Bonds are offered, when, as and if issued, subject to the approval of Quint & Thimmig LLP, California, Bond Counsel to the Successor Agency. Certain legal matters will be passed on for the Successor Agency by Jones Hall, A Professional Law Corporation, San Francisco, California, Disclosure Counsel. Certain legal matters will be passed on for the Successor Agency by the City Attorney and for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Underwriter's Counsel. It is anticipated that the 2013 Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about \_\_\_\_\_, 2013.

[Piper Jaffray & Co. Logo]

The date of this Official Statement is \_\_\_\_\_, 2013.

# MATURITY SCHEDULE

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**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF BRISBANE  
(BRISBANE COMMUNITY REDEVELOPMENT PROJECT AREA NUMBER ONE)  
2013 TAX ALLOCATION REFUNDING BONDS**

Maturity Date (May 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP <sup>†</sup> (Base _____)
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					

\*Preliminary; subject to change.

† Copyright 2013, CUSIP Global Services, and a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, which is managed on behalf of of American Bankers Association by S&P Capital IQ. Neither the Successor Agency nor the Underwriter assumes any responsibility for the accuracy of the CUSIP data.

**SUCCESSOR AGENCY OF THE  
REDEVELOPMENT AGENCY OF THE CITY OF BRISBANE  
BRISBANE, CALIFORNIA**

**CITY COUNCIL**

Raymond C. Miller, *Mayor*  
W. Clarke Conway, *Mayor Pro Tem*  
Clifford R. Lentz, *Council Member*  
Terry O'Connell, *Council Member*  
[fifth member], *Council Member*

**SUCCESSOR AGENCY STAFF**

Clay Holstine, *City Manager*  
Sheri Spedacci, *City Clerk*  
Harold Toppel, *City Attorney*  
Stuart Schillinger, *Administrative Services Director*  
Betsy Cooper, *Financial Services Manager*

**SPECIAL SERVICES**

**Financial Advisor**

JNA Consulting Group LLC  
Boulder City, Nevada

**Bond Counsel**

Quint & Thimmig LLP  
San Francisco, California

**Disclosure Counsel**

Jones Hall, A Professional Law Corporation  
San Francisco, California

**Fiscal Consultant**

Hdl Coren & Cone  
Diamond Bar, California

**Trustee**

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

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## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**No Offering May Be Made Except by this Official Statement.** No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2013 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

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

**Effective Date.** This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2013 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the Project Area since the date of this Official Statement.

**Use of this Official Statement.** This Official Statement is submitted in connection with the sale of the 2013 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2013 Bonds.

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

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

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

**Stabilization of and Changes to Offering Prices.** The Underwriter may over allot or take other steps that stabilize or maintain the market price of the 2013 Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the 2013 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

**Bonds are Exempt from Securities Laws Registration.** The issuance and sale of the 2013 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

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

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

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

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**OFFICIAL STATEMENT**

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**SUCCESSOR AGENCY OF THE  
REDEVELOPMENT AGENCY OF THE CITY OF BRISBANE  
(BRISBANE COMMUNITY REDEVELOPMENT PROJECT AREA NUMBER ONE)  
2013 TAX ALLOCATION REFUNDING BONDS**

**INTRODUCTORY STATEMENT**

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the Successor Agency of the Redevelopment Agency of the City of Brisbane (the "**Successor Agency**") of the captioned bonds (the "**2013 Bonds**").

**Authority and Purpose**

The 2013 Bonds are being issued pursuant to the Constitution and laws of the State of California (the "**State**"), including Section 34177.5(a) of the Part 1 of Division 24 of the California Health & Safety Code (the "**Redevelopment Law**") and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and an Indenture of Trust dated as of August 1, 2013 (the "**Indenture**") by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**"). See "THE 2013 BONDS – Authority for Issuance."

The 2013 Bonds are being issued to defease and redeem the following outstanding obligations of the Successor Agency (the "**Prior Obligations**");

- (i) \$15,000,000 initial principal amount Redevelopment Agency of the City of Brisbane, Brisbane Community Redevelopment Project Area Number One, 2001 Tax Allocation Bonds (the "**2001 Agency Bonds**"), the proceeds of which were used to refinance redevelopment activities within and for the benefit of Brisbane Community Redevelopment Project Area Number One (the "**Project Area**")
- (ii) \$26,300,000 initial principal amount Brisbane Public Financing Authority 2001 Revenue Bonds (Brisbane Community Redevelopment Project Area Number One) (the "**2001 Authority Bonds**"), the proceeds of which were used to purchase the 2001 Agency Bonds.

**The City and the Successor Agency**

**City and County.** The City of Brisbane (the "**City**") is located in the northern part of San Mateo County, California on the lower slopes of San Bruno Mountain. It is on the northeastern edge of South San Francisco, next to the San Francisco Bay and near the San Francisco International Airport.

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\* Preliminary; subject to change.

The County of San Mateo (the “**County**”) is located on the California coast approximately 15 miles south of the City and County of San Francisco. The County is a major employment base, and is also accessible to the San Jose and Silicon Valley areas approximately 30 miles south via Interstate 280 or U.S. Highway 101.

See “APPENDIX G – Supplemental Information – City of Brisbane.”

**Redevelopment Agency.** The Redevelopment Agency of the City of Brisbane (the “**Redevelopment Agency**”) was a redevelopment agency with all of the powers vested in such organizations under the Redevelopment Law. The City Council of the City was the governing board of the Redevelopment Agency.

**Dissolution Act.** On June 29, 2011, Assembly Bill No. 26 (“**AB X1 26**”) was enacted together with a companion bill, Assembly Bill No. 27 (“**AB X1 27**”). The provisions of AB X1 26 provided for the dissolution of all redevelopment agencies. The provisions of AB X1 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. The California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Redevelopment Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

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

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

### **The Redevelopment Plan and the Project Area**

**Redevelopment Plan.** The City Council of the City adopted the Redevelopment Plan with respect to the Brisbane Community Redevelopment Project Area Number One (the “**Project Area**”) on December 6, 1976. See “THE PROJECT AREA – The Redevelopment Plan” for a description of amendments of the Redevelopment Plan and related limitations.

**Project Area.** See “THE PROJECT AREA” for additional information on land use, assessed valuation and property ownership within the Project Area.



## Tax Allocation Financing

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

The Dissolution Act authorizes the issuance of refunding bonds, including the 2013 Bonds, to be secured by a pledge of, and lien on, Pledged Tax Revenues created by the Indenture. The 2013 Bonds are further secured by a pledge and lien created by Section 34177.5(g) of the Dissolution Act on monies deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects. See "SECURITY FOR THE 2013 BONDS."

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

## Security for the 2013 Bonds

The Dissolution Act requires the San Mateo County Auditor-Controller (the "**County Auditor-Controller**") to determine the amount of property taxes that would have been allocated to the Redevelopment Agency had the Redevelopment 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 that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller (the "**Redevelopment Property Tax Trust Fund**") pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Redevelopment Agency, with the same lien priority and legal effect as if the 2013 Bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule (see "SECURITY FOR THE 2013 BONDS – Recognized Obligation Payment Schedule").

The Dissolution Act further provides that bonds authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the 2013 Bonds, are taxes allocated to the Successor 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, as described in the foregoing paragraph.

In accordance with the Dissolution Act, the term “**Pledged Tax Revenues**” is defined under the Indenture as the moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of section 34172 of the Dissolution Act, as provided in paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act. The Indenture also provides that if, and to the extent, that the provisions of section 34172 or paragraph (2) of subdivision (a) of section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues will include all tax revenues allocated to the payment of indebtedness pursuant to section 33670 of the California Health & Safety Code 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.

### **Limited Obligation**

The 2013 Bonds are special obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest and premium, if any, from Pledged Tax Revenues and other funds. The 2013 Bonds, interest and premium, if any, thereon are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions except the Successor Agency are liable thereon. The 2013 Bonds, interest thereon and premium, if any, are not payable out of any funds or properties other than those set forth in the Indenture. Neither the members of the Successor Agency, the Oversight Board, the County Board of Supervisors nor any persons executing the 2013 Bonds is liable personally on the 2013 Bonds by reason of their issuance.

### **Debt Service Reserve Fund**

The Successor Agency will fund a debt service reserve account (the “**Reserve Account**”) in an amount equal to the “Reserve Requirement,” as defined in the Indenture. See “SECURITY FOR THE 2013 BONDS – Reserve Account.”

### **Professionals Involved in the Offering**

JNA Consulting Group LLC, Boulder City, Nevada, has served as financial advisor to the Successor Agency and has advised the Successor Agency with respect to the financial structure of the refinancing and as to other financial aspects of the transaction. *Payment of the fees and expenses of the financial advisor is contingent upon the sale and delivery of the 2013 Bonds.*

HdL Coren & Cone, Diamond Bar, California, has acted as fiscal consultant to the Successor Agency (the “**Fiscal Consultant**”) and advised the Successor Agency as to the taxable values and Pledged Tax Revenues projected to be available to pay debt service on the 2013 Bonds as referenced in this Official Statement.

The Bank of New York Mellon Trust Company, N.A., San Francisco, California, will act as trustee with respect to the 2013 Bonds.

All proceedings in connection with the issuance of the 2013 Bonds are subject to the approval of Quint & Thimmig LLP., San Francisco, California, Bond Counsel to the Successor Agency. Jones Hall also is acting as Disclosure Counsel. The City Attorney, as Successor Agency counsel, will render certain opinions on behalf of the Successor Agency. Certain legal

matters will be passed on for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. *Payment of the fees and expenses of Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon the sale and delivery of the 2013 Bonds.*

### **Further Information**

Brief descriptions of the Redevelopment Law, the Dissolution Act, the 2013 Bonds, the Indenture, the Successor Agency, the Redevelopment Agency, the County 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 Redevelopment Law, the Dissolution Act, the 2013 Bonds, the Indenture, the Constitution and the laws of the State as well as the proceedings of the Redevelopment Agency, the Successor Agency, the County and the City are qualified in their entirety by reference to such documents and laws. References herein to the 2013 Bonds are qualified in their entirety by the form included in the Indenture and by the provisions of the Indenture. During the period of the offering of the 2013 Bonds, copies of the forms of all documents are available from the City Clerk, City of Brisbane, 50 Park Place, Brisbane, California 94005-1310.

## REFUNDING PLAN

### Refunding of the 2001 Agency Bonds and the 2001 Authority Bonds

Pursuant to an Escrow Deposit and Trust Agreement (the "**Escrow Agreement**"), by and among the Brisbane Public Financing Authority, the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as escrow bank (the "**Escrow Bank**"), the Successor Agency will deliver a portion of the proceeds of the 2013 Bonds to the Escrow Bank for deposit in the escrow fund established under the Escrow Agreement (the "**Escrow Fund**").

The Escrow Bank will hold amounts deposited in the Escrow Fund either in the United States Treasury securities set forth in the Escrow Agreement or uninvested. From the moneys on deposit in the Escrow Fund, the Escrow Bank will pay, on the redemption date, the outstanding principal amount of the 2001 Agency Bonds and the accrued interest on the 2001 Agency Bonds to the redemption date (without premium) and, as a result, cause the payment, on the redemption date of the outstanding principal amount of the 2001 Authority Bonds and the accrued interest on the 2001 Authority Bonds to the redemption date (without premium).

Sufficiency of the deposits in the Escrow Fund for those purposes will be verified by \_\_\_\_\_, as verification agent (the "**Verification Agent**"). See "VERIFICATION OF MATHEMATICAL ACCURACY." Assuming the accuracy of the Verification Agent's computations, as a result of the deposit and application of funds as provided in the Escrow Fund, the Successor Agency's obligations under the indenture of trust, dated as of August 1, 2001 (the "**2001 Agency Indenture**") related to the 2001 Agency Bonds will be discharged, and the Brisbane Public Financing Authority's obligations under the indenture of trust, dated as of August 1, 2001 (the "**2001 Authority Indenture**") related to the 2001 Authority Bonds will be discharged.

*The amounts held and invested by the Escrow Bank in the Escrow Fund are pledged solely to the payment of amounts due and payable by the Successor Agency under the 20001 Agency Indenture and the amounts due and payable by the Brisbane Public Financing Authority under the 2001 Authority Indenture. Neither the funds deposited in the Escrow Fund nor any interest on the invested funds will be available for the payment of debt service with respect to the 2013 Bonds.*

## Estimated Sources and Uses of Funds

The estimated sources and uses of funds are summarized below.

	<u>Amount</u>
<b>Sources:</b>	
Principal Amount of Bonds	
<i>Plus:</i> 2001 Agency Bonds - Available Funds	
<i>Plus:</i> 2001 Authority Bonds - Available Funds	
<i>Less:</i> Underwriter's Discount	
<i>Plus:</i> Original Issue Premium/ <i>Less:</i> Original Issue Discount	
<b>Total Sources</b>	
<b>Uses:</b>	
Escrow Fund	
Reserve Account	
Costs of Issuance Fund <sup>(1)</sup>	
<b>Total Uses</b>	

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(1) Costs of Issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Financial Advisor, Fiscal Consultant, Trustee, Successor Agency Counsel, printing expenses, rating fee and other costs related to the issuance of the 2013 Bonds.

### Debt Service Schedule

The following table shows the annual debt service schedule for the 2013 Bonds, assuming no optional redemption of the 2013 Bonds.

<b>Bond Year Ending May 1</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2014			
2015			
2016			
2017			
2018			
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## THE 2013 BONDS

### Authority for Issuance

The issuance of the 2013 Bonds and the Indenture were authorized by the Successor Agency pursuant to Resolution No. \_\_\_\_\_ adopted on \_\_\_\_\_, 2013 (the "**Resolution**"), and by the Oversight Board for the Successor Agency pursuant to Resolution No. \_\_\_\_\_ adopted on \_\_\_\_\_, 2013 (the "**Oversight Board Resolution**").

Pursuant to the Dissolution Act, written notice of the Oversight Board Resolution was provided to the State Department of Finance ("**DOF**") on \_\_\_\_\_ 2013. [On \_\_\_\_\_, 2013, the DOF requested a review of the Oversight Board Resolution, On \_\_\_\_\_, 2013, the DOF provided a letter to the Successor Agency stating that based on the DOF's review and application of the law, the Oversight Board Resolution approving the 2013 Bonds is approved by the DOF.] See "APPENDIX F – State Department of Finance Approval Letter."

### Description of the 2013 Bonds

The 2013 Bonds will be issued and delivered as one fully-registered Bond in the denomination of \$5,000 or any integral multiple thereof for each maturity, initially in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, as registered owner of all Bonds. The initially executed and delivered Bonds will be dated the date of delivery (the "**Delivery Date**") and mature on May 1 in the years and in the amounts shown on the inside cover page of this Official Statement.

Interest on the 2013 Bonds will be calculated on the basis of 30-day months and a 360-day year at the rates shown on the inside cover page of this Official Statement, payable semiannually on May 1 and November 1 in each year, commencing on November 1, 2013, by check mailed to the registered owners thereof or upon the request of the Owners of \$1,000,000 or more in principal amount of Bonds, by wire transfer to an account in the United States which shall be designated in written instructions by such Owner to the Trustee on or before the Record Date preceding the Interest Payment Date.

One fully-registered certificate will be issued for each maturity of the 2013 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX C – Book-Entry Only System."

### Redemption

**Optional Redemption.** The 2013 Bonds maturing on or before May 1, \_\_\_\_\_, are not subject to optional redemption prior to maturity. The 2013 Bonds maturing on or after May 1, \_\_\_\_\_, are subject to redemption, at the option of the Successor Agency on any date on or after May 1, \_\_\_\_\_, as a whole or in part, by such maturities as will be determined by the Successor Agency (and, in lieu of such determination, *pro rata* among maturities), and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

**Sinking Account Redemption.** The 2013 Bonds maturing on May 1, 20\_\_\_\_, are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following

schedule, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however,* that if some but not all of the 2013 Bonds have been redeemed pursuant to an optional redemption, the total amount of Sinking Account payments to be made subsequent to such redemption will be reduced in an amount equal to the principal amount of the 2013 Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as will be designated by the Successor Agency.

Redemption Date ( <u>May 1</u> )	Principal Amount	Redemption Date ( <u>May 1</u> )	Principal Amount
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† Maturity.

In lieu of such redemption, the Trustee may apply amounts in the Sinking Account to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as may be directed by the Successor Agency, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the 2013 Bonds, as set forth in a Written Request of the Successor Agency.

**Notice of Redemption.** The Trustee on behalf of and at the expense of the Successor Agency will mail (by first class mail, postage prepaid) notice of any redemption at least 30 but not more than 60 days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services designated in a Written Request of the Successor Agency filed with the Trustee at the time the Successor Agency notifies the Trustee of its intention to redeem Bonds; but such mailing will not be a condition precedent to a redemption and neither failure to receive a redemption notice nor any defect in the redemption notice will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest on the 2013 Bonds to be redeemed.

The redemption notice will state the redemption date and the redemption price, will designate the CUSIP number of the 2013 Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the 2013 Bonds Outstanding (or all Bonds of a maturity) are to be redeemed, and will require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on the 2013 Bonds to be redeemed will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any optional redemption of the 2013 Bonds, the notice of redemption will state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the 2013 Bonds on the anticipated redemption date, and that the optional redemption will not occur if, by no later than the scheduled redemption date,



sufficient moneys to redeem the 2013 Bonds have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to redeem the 2013 Bonds to be optionally redeemed, such event will not constitute an Event of Default under the Indenture; the Trustee will send written notice to the Owners to the effect that the redemption did not occur as anticipated, and the 2013 Bonds for which notice of optional redemption was given will remain Outstanding for all purposes of the Indenture.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose will, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the 2013 Bonds being redeemed with the proceeds of such check or other transfer.

***Effect of Redemption.*** From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the 2013 Bonds so called for redemption have been duly deposited with the Trustee, the 2013 Bonds so called shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest will accrue thereon from and after the redemption date specified in such notice.

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

### **Parity Debts**

Following issuance of the 2013 Bonds and the defeasance and redemption of the 2001 Agency Bonds and the 2002 Bonds, the 2013 Bonds will be the only outstanding obligations of the Successor Agency that are secured by a pledge of Pledged Tax Revenues. See "REFUNDING PLAN."

The Indenture authorizes the Successor Agency to issue or incur additional debt payable from Pledged Tax Revenues on a parity basis with the 2013 Bonds (together, the 2013 Bonds and any Parity Debts are referred to in this Official Statement as the "**Bonds**"), subject to the following conditions:

- (a) The Successor Agency must be in compliance with all covenants set forth in the Indenture;
- (b) The Oversight Board must have approved the issuance of Parity Debts.
- (c) The Parity Debts must be on such terms and conditions as may be set forth in a separate or Supplemental Indenture, which will provide for (i) bonds substantially in accordance with the Indenture, and (ii) the deposit of moneys into the Reserve Account in an amount sufficient, together with the balance of the Reserve Account, to equal the Reserve Requirement on all Bonds expected to be outstanding including the Parity Debts;
- (d) Receipt of a certificate or opinion of an Independent Financial Consultant stating:

(i) For the current and each future Bond Year the debt service for each such Bond Year with respect to all Bonds (including the 2013 Bonds and any Parity Debts) reasonably expected to be outstanding following the issuance of the Parity Debts;

(ii) For the then current Fiscal Year, the Pledged Tax Revenues to be received by the Successor Agency based upon the most recently certified assessed valuation of taxable property in the Project Area provided by the appropriate officer of the County;

(iii) For each future Fiscal Year, the Pledged Tax Revenues referred to in subparagraph (ii) together with (A) the amount determined in accordance with section 51(a) of the California Revenue and Taxation Code, and (B) the amount of Pledged Tax Revenues to be payable with respect to construction completed but not yet on the tax rolls, and taking into account the expiration of the time to receive Pledged Tax Revenues with respect to any portion of the Project Area and any amounts to be paid pursuant to the Statutory Pass-Through Amounts; and

(iv) That for the then current Fiscal Year, the Pledged Tax Revenues referred to in subparagraph (ii) and for each future Fiscal Year the Pledged Tax Revenues referred to in subparagraph (iii) are at least equal to the sum of 125% of the Maximum Annual Debt Service with respect to amounts referred to in subparagraph (i) above (excluding debt service with respect to any portion of the Parity Debts deposited in an escrowed proceeds account to the extent such debt service is paid from earnings on the investment of such funds), and, for the then current Fiscal Year, 100% of Annual Debt Service with respect to any subordinate debt and that the Successor Agency is entitled under the Dissolution Act, the Redevelopment Law and the Redevelopment Plan to receive taxes under section 33670 of the Redevelopment Law in an amount sufficient to meet expected debt service with respect to all Bonds and Parity Debts.

(e) The Parity Debts will mature on and interest will be payable on the same dates as the 2013 Bonds (except the first interest payment may be from the date of the Parity Debts until the next succeeding May 1 or November 1); the Indenture provides, however, that nothing precludes the Successor Agency from issuing and selling Parity Debts which do not pay current interest.

## **THE DISSOLUTION ACT**

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Redevelopment Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Redevelopment 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 that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Redevelopment Agency, with the same lien priority and legal effect as if the 2013 Bonds had been issued prior to effective date of AB X1 26, in full conformity with the

applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule (see "SECURITY FOR THE 2013 BONDS – Recognized Obligation Payment Schedule").

The Dissolution Act further provides that bonds authorized by the Dissolution Act to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the 2013 Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution.

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

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

(b) To the Redevelopment Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within limitations established by the Redevelopment Plan, following the date of issuance of the 2013 Bonds, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Redevelopment Agency or the Successor Agency to finance or refinance the redevelopment projects of the Redevelopment Agency.

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

## SECURITY FOR THE 2013 BONDS

The County Auditor-Controller will deposit property tax revenues into the Redevelopment Property Tax Trust Fund pursuant to the requirements of the Health and Safety Code, including *inter alia* Health and Safety Code section 34183 and 34170.5(b). The 2013 Bonds are payable from and secured by the Pledged Tax Revenues to be derived from the Project Area consisting of the property tax revenues deposited in the Redevelopment Property Tax Trust Fund.

### Pledge Under the Indenture

Except as described in “- Redevelopment Obligation Retirement Fund” below and as required to compensate or indemnify the Trustee, the 2013 Bonds and any additional Parity Debts are equally secured by a pledge and lien on all of the Pledged Tax Revenues and on all of the moneys in the Redevelopment Obligation Retirement Fund and by a first and exclusive pledge and lien upon all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account, the Reserve Account and the Redemption Account) without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal or interest or redemption premium (if any) on the 2013 Bonds.

In consideration of the acceptance of the 2013 Bonds by purchasers of the 2013 Bonds, the Indenture will be deemed to be and will constitute a contract between the Successor Agency and the Trustee for the benefit of the Owners from time to time of the Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Successor Agency are for the equal and proportionate benefit, security and protection of all Owners of the 2013 Bonds without preference, priority or distinction as to security or otherwise of any of the 2013 Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

### Pledged Tax Revenues

**Definition.** In accordance with the Dissolution Act, the term “**Pledged Tax Revenues**” is defined under the Indenture as means the moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of section 34172 of the Dissolution Act, as provided in paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act. If, and to the extent, that the provisions of section 34172 or paragraph (2) of subdivision (a) of section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to section 33670 of the California Health & Safety Code 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.

**Pledge.** Pursuant to the pledge of Pledged Tax Revenues made in the Indenture, as authorized by Section 34177.5(a)(1) of the Health and Safety Code of the State of California, the principal of and interest or redemption premium (if any) on the 2013 Bonds will be payable from, and secured by a first charge and lien on Pledged Tax Revenues without any deduction or offset pursuant to Section 34179.6 (h)(2) of the Dissolution Act or any other provision of law. The payment of enforceable obligations of the Successor Agency other than the payment of

principal of or interest or redemption premium (if any) on the 2013 Bonds may be subject to offset or reduction pursuant to Section 34179.6(h)(2).

Taxes levied on property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the Project Area, to the extent they constitute Pledged Tax Revenues, will be deposited in the Redevelopment Property Tax Trust Fund. Under the Indenture, Pledged Tax Revenues are deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act.

### **Flow of Funds Under the Indenture**

**General.** The Successor Agency previously established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Redevelopment Law and agrees to hold and maintain the Redevelopment Obligation Retirement Fund as long as any of the 2013 Bonds are Outstanding.

**Deposit in Redevelopment Obligation Retirement Fund; Transfer to Debt Service Fund.** The Indenture provides that the Successor Agency will deposit all of the Pledged Tax Revenues received in any Bond Year in the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency, and promptly thereafter will transfer amounts received therein to the Debt Service Fund established and held by the Trustee under the Indenture until such time during such Bond Year as the amounts so transferred to the Debt Service Fund equal the aggregate amounts required to be deposited by the Trustee into the Interest Account, the Principal Account, the Reserve Account and the Redemption Account of the Debt Service Fund in such Bond Year and for deposit in such Bond Year in the funds and accounts established with respect to Parity Debts, as provided in any Supplemental Indenture.

**Deposit of Amounts by Trustee.** The Trustee will create and hold the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account within the Debt Service Fund. Moneys in the Debt Service Fund will be transferred by the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective accounts within the Debt Service Fund, in the following order of priority:

Interest Account. On or before the fifth Business Day preceding each Interest Payment Date, to the extent there are moneys available, the Trustee will transfer funds from the Debt Service Fund for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding 2013 Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding 2013 Bonds and Parity Debts. Subject to this Indenture, 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 redeemed prior to maturity pursuant to this Indenture).

Principal Account. On or before the fifth Business Day preceding each Interest Payment Date, commencing November 1, 2013, to the extent there are moneys available, the Trustee will transfer funds from the Debt Service Fund for deposit in the Principal Account an amount equal to one-half of the principal payments becoming due

and payable on Outstanding 2013 Bonds and Parity Debts on the next May 1, to the extent monies on deposit in the Debt Service Fund are available therefor. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal payments to become due on the next May 1 on all Outstanding 2013 Bonds and Parity Debts. Subject to this Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal payments of the 2013 Bonds as it becomes due and payable.

Sinking Account. On or before the fifth Business Day preceding each Interest Payment Date, commencing \_\_\_\_\_, 20\_\_\_, to the extent there are moneys available, the Trustee will transfer funds from the Debt Service Fund for deposit in the Sinking Account an amount equal to one-half of the sinking account payments becoming due and payable on Outstanding 2013 Bonds and Parity Debts on the next May 1, to the extent monies on deposit in the Debt Service Fund are available therefor. No such transfer and deposit need be made to the Sinking Account if the amount contained therein is at least equal to the sinking account payments to become due on the next May 1 on all Outstanding 2013 Bonds and Parity Debts. Subject to the Indenture, all moneys in the Sinking Account will be used and withdrawn by the Trustee solely for the purpose of paying the aggregate principal amount of the 2013 Bonds designated as Term Bonds required to be redeemed on such May 1.

Reserve Account. In the event that five Business Days before any Interest Payment Date moneys on deposit in the Debt Service Fund are less than the full amount of the interest and principal and sinking account payments required to be deposited by the Trustee as described above, the Trustee will, five Business Days before such Interest Payment Date, withdraw from the Reserve Account an amount equal to any such deficiency and will notify the Successor Agency of any such withdrawal. Promptly upon receipt of any such notice, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Reserve Account an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there is not sufficient moneys in the Redevelopment Obligation Retirement Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency will have an obligation to continue making transfers of Pledged Tax Revenues into the Debt Service Fund, as such revenues become available, and thereafter, as moneys become available in the Debt Service Fund, the Trustee will make transfers to the Reserve Account until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account (or any subaccount therein) so long as there is on deposit therein a sum at least equal to the Reserve Requirement.

Redemption Account. On or before the fifth Business Day preceding any date on which 2013 Bonds are to be redeemed, the Trustee will withdraw from the Debt Service Fund and transfer to the Redemption Account an amount required to pay the principal of and premium, if any, on the 2013 Bonds to be redeemed on such date, taking into account any funds then on deposit in the Redemption Account. The Trustee will also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the 2013 Bonds to be redeemed on the respective dates set for such redemption.

## Debt Service Reserve Fund

**Initial Deposit into the Reserve Account.** On the date of issuance of the 2013 Bonds, the Successor Agency shall cause a deposit of \$\_\_\_\_\_ into the Reserve Account, which is equal to the initial "Reserve Requirement" for the Bonds.

**Definition of Reserve Requirement.** The Indenture defines "Reserve Requirement" to mean, with respect to the Bonds, as of any calculation date, which shall be annually as of May 1, an amount equal to \$\_\_\_\_\_.

**Use of Moneys in the Reserve Account.** In the event that five Business Days before any Interest Payment Date moneys on deposit in the Debt Service Fund are less than the full amount of the interest and principal and sinking account payments required to be deposited by the Trustee as described above, the Trustee will, five Business Days before such Interest Payment Date, withdraw from the Reserve Account an amount equal to any such deficiency and will notify the Successor Agency of any such withdrawal.

Subject to the Indenture all money in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account (and subaccounts therein, as the case may be), in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement will be withdrawn from the Reserve Account semiannually on or before the 5th Business Day preceding May 1 and November 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the 5th Business Day preceding the final Interest Payment Date will be withdrawn from the Reserve Account and will be transferred either (i) to the Interest Account, the Principal Account and the Sinking Account, in such order, to the extent required to make the deposits then required to be made or, (ii) if the Successor Agency shall have caused to be deposited with the Trustee an amount sufficient to make the deposits required by the Indenture, then at the Written Request of the Successor Agency such amount will be transferred as directed by the Successor Agency.

The Reserve Account may be maintained at the specific direction of the Successor Agency in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the Bonds in conformity with applicable provisions of the Tax Code.

## Limited Obligation

The 2013 Bonds are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State or any of their political subdivisions except the Successor Agency are liable therefor. The 2013 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. No member of the Successor Agency, the Oversight Board or the Board of Supervisors of the County shall be individually or personal liable for the payment of the principal of or interest or redemption premium (if any) on the 2013 Bonds; but nothing contained in the Indenture relieves any such member, officer, agent or employee from the performance of any official duty provided by law.



## Recognized Obligation Payment Schedules

***Submission of Recognized Obligation Payment Schedule.*** Not less than 90 days prior to each to each January 2 and June 1, the Dissolution Act requires successor agencies to prepare, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule (the "**Recognized Obligation Payment Schedule**") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation.

***Payment of Amounts Listed on the Recognized obligation Payment Schedule.*** As defined in the Dissolution Act, "**enforceable obligation**" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, 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 successor agency's low and moderate income housing fund.

A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the 2013 Bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the 2013 Bonds for the next payment due in the following six-month period.

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

(i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (if any, as described above under "SECURITY FOR THE 2013 BONDS-Statutory Pass-Through Amounts") and no later than each January 2 and June 1, to each local successor agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations;

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

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

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

giving effect to any pass-through obligations that were established under the Redevelopment Law).

**Sources of Payments for Enforceable Obligations.** Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the low and moderate income housing fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance (successor agencies are entitled to receive \$250,000, unless that amount is reduced by the oversight board), (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the redevelopment agency, as approved by the oversight board).

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

**Failure to Submit a Recognized Obligation Payment Schedule.** The Recognized Obligation Payment Schedule must be approved by the oversight board and must be submitted by a successor agency to the county administrative office, the county auditor-controller, the State Department of Finance, and the State Controller by 90 days before the date of the next January 2 or June 1 property tax distribution. If the successor agency does not submit a Recognized Obligation Payment Schedule by the applicable deadline, the city that established the former redevelopment agency will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the successor agency's administrative cost allowance is reduced by 25% if the successor agency did not submit a Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for the subsequent six-month period. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the 2013 Bonds, see "RISK FACTORS – Recognized Obligation Payment Schedule."

**Relevant Covenant by the Successor Agency.** In this regard, the Successor Agency covenants in the Indenture that it will take all actions required under the Dissolution Act to include scheduled debt service on the 2013 Bonds, as well as any amount required under the Indenture to replenish the Reserve Account of the Debt Service Fund, in Recognized Obligation Payment Schedules for each six-month period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the 2013 Bonds coming due in the respective six-month period, including, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal and interest on the 2013 Bonds when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture and for the next payment due in the following six-month period.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Pledged Tax Revenues available in any six-month period to pay the principal of and interest on the 2013 Bonds (see "RISK FACTORS").

### **Tax Sharing Agreements**

The Redevelopment Law authorized the Redevelopment Agency to enter into negotiated tax sharing agreements with taxing agencies whose territory was located within the Project Area to alleviate the financial burden or detriment caused by the Redevelopment Project.

The Redevelopment Agency was not a party to any negotiated tax sharing agreements related to the Project Area.

### **Statutory Pass-Through Payments**

In certain circumstances, Sections 33607.5 and 33607.7 of the Redevelopment Law require redevelopment agencies and successor agencies to make statutory pass-through payments to taxing agencies whose territory is located within the Project Area, to alleviate the financial burden or detriment caused by the redevelopment project.

On March 25, 2002, the City Council adopted Ordinance No. 465, which eliminated the last date for the incurrence of indebtedness for the Project Area (see "THE PROJECT AREA – The Redevelopment Plan"), which triggered statutory pass-through payments pursuant to Section 33607.7 of the Redevelopment Law. The time limit for the incurrence of indebtedness had been January 1, 2004.

Although the Redevelopment Law, as amended by the Dissolution Act, allows statutory pass-through payments to be subordinated to debt service on the Successor Agency's bonds, the Successor Agency did not seek subordination of the statutory pass-through payments to the Bonds.

Generally speaking, the County Auditor-Controller is required to deduct from the Successor Agency's Redevelopment Property Tax Trust Fund to pay to the affected taxing agencies percentages of tax increment generated in the Project Area as follows:

Tier 1: throughout the period that the Successor Agency is eligible to receive property tax revenues from the Project Area, 25% of revenues in excess of revenues generated in the Project Area as of the initial redevelopment plan amendment that triggered the pass-through requirement computed as though housing set-aside is still in effect; plus,

Tier 2: for the 11th year of the receipt of tax increment and thereafter, 21% of revenues in excess of revenues based on assessed values in the Project Area for the 10th year; plus,

Tier 3: for the 31st year of the receipt of tax increment and thereafter, 14% of revenues in excess of revenues based on assessed values in the Project Area for the 30th year. Tier 3 is not relevant to the Bonds because it would take effect after the final maturity date of the Bonds.

The foregoing percentage amounts are calculated based on increases in assessed value of the Project Area commencing with a base year determined, initially, as of the date the revised

limit would otherwise have gone into effect and, thereafter, based on new base years with respect to the percentages effective in the eleventh year and thirty-first year, respectively. As indicated, amounts specified as payable to taxing agencies are to be computed as though housing set-aside is still in effect.

The following table illustrates the calculation of statutory pass-through payments. The total statutory pass-through payments for fiscal year 2012-13, as reported by the County, is \$\_\_\_\_\_.

	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
<i>Applicable Base Year</i>	2003-04	2013-14	n/a
<i>Applicable Assessed Value</i>			
<i>Increment Tax Revenue by Tier</i>			
<i>Statutory Pass-Through Amounts (% of Tax Increment Revenue by tier – net of Housing Set-Aside)</i>			

*Statutory Pass-Through Amounts by Tier –  
FY 2012-13*

**Housing Set-Aside**

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

The Dissolution Act eliminates the characterization of certain tax increment revenues as Housing Set-Aside. See “THE PROJECT AREA – Low and Moderate Income Housing Set-Aside. In addition, the Redevelopment Agency did not incur any obligations payable only from Housing Set-Aside in the Project Area.

As a result, former Housing Set-Aside is likely to be available to pay debt service on the Bonds; the projection of Pledged Tax Revenues prepared by the Fiscal Consultant and set forth in the section of this Official Statement entitled “THE PROJECT AREA – Projected Pledged Tax Revenues and Estimated Debt Service Coverage,” assumes the availability of the former Housing Set-Aside for this purpose and also shows a projection without the former Housing Set-Aside. See “RISK FACTORS – Housing Set-Aside.”

**Statement of Indebtedness**

Prior to adoption of the Dissolution Act, Section 33675 of the Redevelopment Law required the Redevelopment Agency to file not later than the first day of October of each year with the County Auditor-Controller a statement of indebtedness certified by the chief fiscal officer of the Redevelopment Agency for each redevelopment plan which provides for the allocation of taxes (i.e., the Redevelopment Plan). The statement of indebtedness was required

to contain the date on which the 2013 Bonds were delivered, the principal amount, term, purposes and interest rate of the 2013 Bonds and the outstanding balance and amount due on the 2013 Bonds. Similar information was required to be given for each loan, advance or indebtedness that the Redevelopment Agency had incurred or entered into which is payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Redevelopment Agency could not exceed the amounts shown on the Redevelopment Agency's statement of indebtedness.

The Dissolution Act eliminates this requirement and provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, the Recognized Obligation Payment Schedule supersedes the statement of indebtedness previously required under the Redevelopment Law, and commencing from such date, the statement of indebtedness will no longer be prepared nor have any effect under the Redevelopment Law.

## PROPERTY TAXATION IN CALIFORNIA

### Property Tax Collection Procedures

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

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

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

**Penalty.** A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is

deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

***Delinquencies.*** The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31.

***Supplemental Assessments.*** California Revenue and Taxation Code Section 75.70 provides for the 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, and this delayed the realization of increased property taxes from the new assessments for up to 14 months. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Area, Pledged Tax Revenues may increase.

***Property Tax Administrative Costs.*** In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. The County charged the Successor Agency a SB 2557 charge based on 0.73239% of the Project Area Gross Revenues for that year. Using the same percentage, the Fiscal Consultant estimates that the SB 2557 charge for fiscal year 2012-13 will be approximately \$21,249.

In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund.

The County's administrative charge to the Successor Agency, together with certain charges relating to the dissolution of the Redevelopment Agency, was \$10,287 for the January 2, 2013 distribution from the Redevelopment Property Tax Trust Fund.

***Statutory Pass-Through Amounts.*** The Redevelopment Agency triggered an obligation to make statutory pass-through payments (see "THE PROJECT AREA – The Redevelopment Plan"). See "SECURITY FOR THE 2013 BONDS – Statutory Pass-Through Amounts".

***Recognized Obligation Payment Schedule.*** The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by a successor agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which

enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the county auditor-controller to the successor agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See "SECURITY FOR THE 2013 BONDS – Recognized Obligation Payment Schedule" and "RISK FACTORS – Recognized Obligation Payment Schedule."

### **County Collection and Distribution Practice**

The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 and following of the California Revenue and Taxation Code. Under the Teeter Plan, the County distributes to each participating local tax-levying agency, including the Successor Agency, the amount levied on the secured and supplemental tax rolls, instead of the amount actually collected. In return, the County receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency in the absence of the Teeter Plan.

The County's policy is that any new taxing entity that includes its levy on the County tax roll is qualified to be included in the Teeter Plan. The Teeter Plan is to remain in effect unless the County 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 receives a petition for its discontinuance from two-thirds of the participating revenue districts in the County. The Board of Supervisors may also, after holding a public hearing on the matter, discontinue the procedures with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls in that agency.

### **Unitary Property**

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

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

## **Article XIII A of the State Constitution**

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

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

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

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

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

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

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

## **Appropriations Limitation - Article XIII B**

Article XIII B limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living,



population and services rendered by the government entity. The "base year" for establishing such appropriations limit is the 1978/79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

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

### **Proposition 87**

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

### **Appeals of Assessed Values**

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

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

hardship” in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Pledged Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted.

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

### **Proposition 8**

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

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

For a summary of the recent history of Proposition 8 reductions in the Project Area, see “THE PROJECT AREA – Historical Assessed Values.”

### **Propositions 218 and 26**

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

Pledged Tax Revenues securing the 2013 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 Proposition 26.

### **Future Initiatives**

Article XIII A, Article XIIB, Article XIIC and Article XIID and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be

adopted, further affecting Successor Agency revenues or the Successor Agency's ability to expend revenues.

## **THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF BRISBANE**

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

*The Successor Agency is governed by the City Council of the City.*

### **Successor Agency Powers**

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

## THE PROJECT AREA

### General

**General.** The Project Area consists of approximately 1,143 acres, the majority of which consists of underwater lands of the San Francisco Bay and the Brisbane Lagoon. The Project Area consists of only 85 parcels. There are two major land areas capable of development, both of which are adjacent to U.S. highway 101:

- a vacant sanitary landfill area immediately north of the Brisbane Lagoon
- a 100-acre former sanitary landfill, known as the Sierra Point Peninsula, which is the home of the Brisbane Marina, an office park, and hotel uses

Shown in the table below are land uses in the Project Area, according to fiscal year 2012-13 net taxable assessed value (gross assessed values less exemptions).

**TABLE 1  
SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF BRISBANE  
Brisbane Community Redevelopment Project Area Number One  
Land Use by Net Taxable Assessed Value  
Fiscal Year 2012-13**

<u>Category</u>	<u>No. of Parcels</u>	<u>Net Taxable Assessed Value</u>	<u>% of Net Taxable Assessed Value</u>
Commercial	8	\$161,187,252	55.50%
Miscellaneous	5	16,261	0.00
Vacant	<u>72</u>	<u>91,950,639</u>	<u>31.66</u>
Subtotal	85	\$253,154,152	87.17
SBE Non-Unitary (1)		61	0.00
Unsecured (1)		<u>37,259,644</u>	<u>12.83</u>
Subtotal		\$ 37,259,705	12.83
<b>Total:</b>		<b>\$290,413,857</b>	<b>100.00%</b>

(1) Unsecured and SBE Non-Unitary vales are connected with parcels that are accounted for in other categories.  
Source: HdL Coren & Cone.

**Summary of Assessed Value History.** The Fiscal Consultant reports the following facts relating to the history of assessed value in the Project Area based on January 1, 2013 tax rolls as provided by the San Mateo County Assessor:

- From fiscal year 2003-04 through fiscal year 2012-13, assessed values fluctuated from year to year within the Project Area resulting in an increase in value of \$11.4 million (4.09%).
- Secured values increased by \$5,203,838 (2.10%) from fiscal year 2003-04 through fiscal year 2012-13. Secured value fluctuations in the 10-year period primarily related to 12 parcels and resulted from transfers of ownership.

- Unsecured value also fluctuated during the 10-year period. Unsecured values increased over the 10-year period by \$6.2 million (20.04%). There were 349 new unsecured billings for fiscal year 2004-05 increasing the unsecured roll by \$21.2 million (68.43%). The remaining major unsecured value changes over the 10-year period relate to three businesses:
  - Escaped assessments for Sierra Point LLC increased the fiscal year 2007-08 tax roll by \$11.4 million and decreased the value of its property by \$9 million on the fiscal year 2008-09 tax roll.
  - Wal Mart Com Inc. added business property to operations in fiscal years 2008-09 through 2010-11 adding a total of \$48.3 million. Starting in 2011, Wal Mart Com Inc. moved its operations to South San Francisco, removing its business property in its entirety.
  - Vaxgen added business property in fiscal years 2004-05 through 2006-07 in the total amount of \$12.9 million. Beginning in fiscal year 2007-08, Vaxgen started removing its business property and completed its removal by 2008-09.
- For fiscal year 2012-13, unsecured values constitute 12.83% of all valuation within the Project Area.

**Transfers of Ownership.** The last known transfer of ownership in the Project Area occurred in July 2010 and the value of the transfer is reflected on the 2012-13 tax rolls. Consequently, for purposes of the projection of Pledged Tax Revenues, the Fiscal Consultant did not add any value as a result of transfers of ownership.

**Unitary Property.** The amount of unitary revenues to be allocated to the Successor Agency for fiscal year 2012-13 is estimated to be \$34,207.

## The Redevelopment Plan

**Original Redevelopment Plan.** The City Council of the City adopted the Redevelopment Plan for the Project Area on December 6, 1976 pursuant to its Ordinance No. 219.

**AB 1290.** In 1993, the California Legislature enacted Assembly Bill 1290 (“**AB 1290**”), which contained several significant changes in the Redevelopment Law. Among the changes made by AB 1290 was a provision that limits the period of time for incurring and repaying loans, advances and indebtedness payable from tax increment revenues.

On January 9, 1995, the City Council adopted Ordinance No. 396 in order to bring the Redevelopment Plan into compliance with AB 1290. Ordinance No. 396 established certain time limits on the life of the Redevelopment Plan, the Redevelopment Agency’s issuance and repayment of debt and its collection of Pledged Tax Revenues.

**Second Amendment.** The City Council further amended the Redevelopment Plan by Ordinance No. 442, which it adopted on November 8, 1999. The purpose of this amendment

was to extend the time limit for establishing loans, advances and indebtedness and the time limit for receive property tax revenues and paying indebtedness.

**Third Amendment.** The City Council further amended the Redevelopment Plan by Ordinance No. 464, which it adopted on May 13, 2002. The purpose of this amendment was to re-establish the Redevelopment Agency's authority to commence eminent domain proceedings and to increase the limit on outstanding bonded indebtedness, among other things.

**SB 211.** Senate Bill 211 ("**SB 211**") allowed redevelopment agencies to amend their redevelopment plans to eliminate the time limit for incurring debt but required them to begin sharing tax increment revenues pursuant to a statutory formula to the extent that revenues are not already shared by a pre-existing tax sharing agreement. Housing Set Aside revenues were equal to 20% of gross tax increment and were not reduced as a result of SB 211's statutory pass-through requirements.

Pursuant to Ordinance No. 465, adopted on March 25, 2002, the City Council eliminated the time limit on incurring new debt, which triggered an obligation to make statutory pass-through payments. See "SECURITY FOR THE 2013 BONDS – Statutory Pass-Through Amounts."

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

The City Council extended the time limits, as permitted by SB 1045, pursuant to Ordinance No. 491 adopted on June 23, 2004.

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

The City Council extended the time limits, as permitted by SB 1096, pursuant to Ordinance No. 510 adopted on April 17, 2006.

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

The Redevelopment Agency made a SERAF payment of \$1,717,528 in May 2010 and a SERAF payment of \$353,266 in May 2011, but did not adopt any related amendments to the Redevelopment Plan. [**discuss:** To make the payments, the Redevelopment Agency borrowed from its Low and Moderate Income Housing Fund, which the Successor Agency will repay on a subordinate basis to the 2013 Bonds.]

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

	<u>Limitation</u>	<u>Detail</u>
Plan Life		December 6, 2019
Final Date to Incur Debt:		None
Final Date to Collect Tax Increment and Repay Debt:		December 6, 2029
Annual Limit on Tax Increment Revenues allocated to the Successor Agency: (1)		12,660,110 (1)
Limit on Outstanding Bonded Indebtedness:		\$50 million

(1) The annual limit is the applicable amount for fiscal year 2012-13. The annual limit is stated in the original Redevelopment Plan as \$2.1 million in 1976 dollars and is subject to adjustment annually for changes in the San Francisco-Oakland Metropolitan Area Consumer Price Index.

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

Sections 33334.2 and 33334.3 of the Redevelopment Law required redevelopment agencies to set aside at least 20% of all tax increment revenues from project areas adopted after December 31, 1976 into a low and moderate income housing fund (the “**Housing Set-Aside**”). Sections 33334.3, 33334.6 and 33334.7 of the Redevelopment Law extended this requirement to redevelopment projects adopted prior to January 1, 1977. Redevelopment agencies were allowed to reduce the Housing Set-Aside if they could annually makes certain findings, consistent with the General Plan Housing Element. The Dissolution Act eliminated the distinction between Housing Set-Aside and non-Housing Set-Aside. The housing fund into which these set-aside amounts were formerly deposited has been eliminated and any unencumbered amounts remaining in that fund have been paid to the County and these funds have been allocated to the taxing entities within the Project Area.

The Redevelopment Agency had not incurred any obligation payable from Housing Set-Aside from the Project Area.

As a result, former Housing Set-Aside is likely to be available to pay debt service on the Bonds; the projection of Pledged Tax Revenues prepared by the Fiscal Consultant and set forth in the section of this Official Statement entitled “THE PROJECT AREA – Projected Pledged Tax Revenues and Estimated Debt Service Coverage,” assumes the availability of the former Housing Set-Aside for this purpose and also shows a projection without the former Housing Set-Aside. See “RISK FACTORS – Housing Set-Aside.”



## Major Taxable Property Owners

The following table lists the 10 largest taxable property owners within the Project Area for fiscal year 2012-13. Based on fiscal year 2012-13 locally assessed taxable valuations, the top 10 taxable property owners in the Project Area represent approximately 87.29% of the total Project Area taxable value of \$290,413,857 and 88.41% of the fiscal year 2012-13 incremental value of \$286,716,545.

**TABLE 2  
SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF BRISBANE  
Brisbane Community Redevelopment Project Area Number One  
Ten Largest Taxable Property Owners  
Fiscal Year 2012-13**

<u>Assessee</u>	<u>Total 2012-13 Value</u>	<u>% of Total Value</u>	<u>% of Incremental Value</u>
2000 Sierra Point Parkway Slough Brisbane	\$ 42,112,286	14.50%	14.69%
DMARC 2006-CD2 Marina Office	41,620,842	14.33	14.52
Oyster Point Properties	34,598,334	11.91	12.07
Diamond Marina	31,666,497	10.90	11.04
Fund VIII 1000 Marina	30,089,999	10.36	10.49
CPI Sage Hotels Brisbane Owner	26,400,000	9.09	9.21
Brisbane Lodging	15,550,000	5.35	5.42
Sierra Point	12,436,633	4.28	4.34
Tuntex Properties	11,042,516	3.80	3.85
Totals:	<u>7,978,298</u>	<u>2.75</u>	<u>2.78</u>
	\$253,495,405	87.29%	88.41%

**Total Fiscal Year 2012-13 AV: \$290,413,857**

**Total Fiscal Year 2012-13 Incremental AV: \$286,716,545**

(1) *Property owned by this taxpayer is subject to a pending appeal. [to come]*  
Source: HdL Coren & Cone.

**[description of top 10 taxpayers to come].**

## Tax Rates and Historical Pledged Tax Revenues

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

Section 34183(a)(1) of the Dissolution Act requires the County Auditor-Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal of and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate.

All debt service over-ride tax rates levied within the Project Area received voter approval after December 31, 1988. As a result, the tax increment revenues used in the Fiscal Consultant's projection of Pledged Tax Revenues are derived only from the general levy tax rate.

The County allocates property tax revenues generated in the Project Area based upon the estimated revenue determined from the equalized tax roll. These revenues are adjusted for roll corrections and other adjustments during the fiscal year. The County Auditor-Controller does not calculate the rate of delinquency for individual taxing agencies within the County. The Fiscal Consultant compared the actual collections and the amount of the levy for the previous three fiscal years. The original levy was based on the equalized tax roll for each year and did not consider roll corrections and adjustments that may have occurred during the fiscal year. Revenues reflect adjustments made by the Auditor-Controller during the year.

**TABLE 3  
SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF BRISBANE  
Brisbane Community Redevelopment Project Area Number One  
Tax Collections  
Fiscal Years 2007-08 through 2011-12**

<u>Fiscal Year</u>	<u>Original Tax Levy</u>	<u>Current Year Apportioned</u>	<u>Current Year Allocation %</u>	<u>Prior Year Allocations</u>	<u>Total Allocated</u>	<u>Total Allocation %</u>
2007-08	\$3,219,366	\$3,222,255	100.09%	\$110,271	\$3,332,526	103.51%
2008-09	3,578,703	3,576,225	99.93	107,955	3,684,180	102.95
2009-10	3,984,854	4,149,328	104.13	63,705	4,213,033	105.73
2010-11	3,652,337	3,652,093	99.99	(87,673)	3,564,420	97.59
2011-12	2,987,595		[to come]			

- (1) Current Year Allocation % in excess of 100% is due to roll changes not reflected in the Original Tax Levy.
- (2) Prior Year Allocations include Supplemental Revenue, roll adjustments, reductions for taxpayer refunds and revenue from prior years.

Source: HdL Coren & Cone; San Mateo County Auditor-Controller's Office.

### Appeals of Assessed Values

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

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

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

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

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

**[summary of appeal information to come from Fiscal Consultant]**

The following table shows the number of appeals that are pending, the values under appeal and the property owners’ opinion of value.

**TABLE 4  
SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF BRISBANE  
Brisbane Community Redevelopment Project Area Number One  
Summary of Appeals  
Fiscal Years 2008-09 through 2012-13**

Total Appeals Filed	No. of Resolved Appeals	No. of Appeals Allowed	Average Reduction	No. of Appeals Pending (Appealed Value)	Est. Appeals to be Allowed	Est. AV Loss on Pending Appeals Allowed (2013-14 AV Adjustment)
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Source: HdL Coren & Cone

**[Prop 8 reduction information to come from Fiscal Consultant]** See “PROPERTY TAXATION IN CALIFORNIA – Proposition 8” above.

## Historical and Estimated Fiscal Year 2012-13 Taxable Valuation and Pledged Tax Revenues

A calculation of Pledged Tax Revenues for each of the past three years plus an estimate of fiscal year 2012-13 Pledged Tax Revenues is shown in the following table.

**TABLE 5**  
**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF BRISBANE**  
**Historical and Estimated Pledged Tax Revenues**

	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>
<b>Taxable Values</b>				
Real Property				
Personal Property				
<b>Total Projected Value</b>				
<b>Taxable Value over Base</b>				
Gross Tax Increment Revenue				
Unitary Tax Revenue				
<b>Gross Revenues</b>				
<b><u>LESS:</u></b>				
County Admin.				
Statutory Pass-through				
Pledged Tax Revenues				
<i>Less Housing Set-Aside</i>				
Pledged Tax Revenues w/o Housing Set-Aside				

*Source: Los Angeles County Controller-Treasurer's Office and HdL Coren & Cone*

### Projected Pledged Tax Revenues and Estimated Debt Service Coverage

The Fiscal Consultant prepared a projection of Pledged Tax Revenues and debt service coverage based on estimated fiscal year 2012-13 Pledged Tax Revenues and an assumed inflationary growth factor of 0% [**discuss whether or not to assume 0% growth**]. See "RISK FACTORS" below for a discussion of the some of the factors that could impact assessed values and the amount of Pledged Tax Revenues in future years.

The projection assumes the availability of the former Housing Set-Aside to pay debt service on the Bonds, but also shows coverage without the former Housing Set-Aside. See "RISK FACTORS – Housing Set-Aside."

**TABLE 6**  
**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF BRISBANE**  
**Projection of Pledged Tax Revenues and Estimated Debt Service Coverage**

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
<b>Taxable Values</b>														
Real Property														
Personal Property														
<b>Total Projected Value</b>														
<b>Taxable Value over Base</b>														
Gross Tax Increment Revenue														
Unitary Tax Revenue														
<b>Gross Revenues</b>														
<b>LESS:</b>														
County Admin.														
Statutory Pass-through														
Pledged Tax Revenues														
Debt Service*														
Debt Service Coverage														
Former Housing Set-Aside														
Pledged Tax Revenues less Housing Set-Aside														
Debt Service Coverage (w/o Housing Set-Aside)														

\* Preliminary; subject to change.  
Source: HdL Coren & Cone.

## **RISK FACTORS**

The following information should be considered by prospective investors in evaluating the 2013 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 2013 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 2013 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

### **Recognized Obligation Payment Schedule**

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by a successor agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, the Dissolution Act requires each successor agency to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Consequently, Pledged Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the county auditor-controller and remitted to the Successor Agency without a duly approved and effective Recognized Obligation Payment Schedule. See "SECURITY FOR THE 2013 BONDS – Recognized Obligation Payment Schedule" and "PROPERTY TAXATION IN CALIFORNIA – Property Tax Collection Procedures – Recognized Obligation Payment Schedule." In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a six-month period, the availability of Pledged Tax Revenues to the Successor Agency could be adversely affected for such period.

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

(i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (if any, as described above under "SECURITY FOR THE 2013 BONDS-Statutory Pass-Through Amounts") and no later than each January 2 and June 1, to each local successor agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations;

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

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

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

If a successor agency does not submit a Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the State Department of Finance does not provide a notice to the county auditor-controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above.

With respect to the 2013 Bonds, the Successor Agency has covenanted to take all actions required under the Dissolution Act to include scheduled debt service on the 2013 Bonds as well as any amount required under the Indenture to replenish a debt service reserve fund (if any), in Recognized Obligation Payment Schedules for each six-month period and to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the 2013 Bonds coming due in the respective six-month period, including listing a reserve on the Recognized Obligation Payment Schedule to the extent required by the Indenture or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the 2013 Bonds for the next payment due in the following six-month period (see "SECURITY FOR THE 2013 BONDS – Recognized Obligation Payment Schedules").

AB 1484 also adds new provisions to the Dissolution Act implementing certain penalties in the event a successor agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a Recognized Obligation Payment Schedule must be submitted by the successor agency to the oversight board, to the county administrative officer, the county auditor-controller, the State Department of Finance, and the State Controller no later than 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each subsequent six-month period. If a successor agency does not submit a Recognized Obligation Payment Schedule by such deadlines, the city that established the redevelopment agency will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, a successor agency's administrative cost allowance is reduced by 25% if the successor agency does not submit an oversight board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods.

### **Syncora Litigation – Challenge to Dissolution Act**

With respect to California successor agencies and the Dissolution Act in general, on August 1, 2012, Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") filed a lawsuit 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) (the "**Syncora Lawsuit**"). Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleges 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 alleges 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. Specifically, the complaint alleges that the security mechanism created by the irrevocable pledge of tax increment revenues to repay the redevelopment agency debts was a critical feature of the redevelopment bonds' marketability in at least three manners:

(i) tax increment revenues which have been previously irrevocably pledged are now subject to restrictive terms such as periodic Recognized Obligation Payment Schedules, oversight board approval, and State Department of Finance approval, that unconstitutionally impair the contract providing for such pledge;

(ii) excess tax increment revenues previously could be held by a redevelopment agency in reserve to protect against potential future shortfalls (in contrast to the provisions under the Dissolution Act that require the County Auditor-Controller to distribute surplus monies from the Redevelopment Property Tax Trust Fund amounts to taxing entities each six-month period); and

(iii) the pre-Dissolution Act Redevelopment Law and bond indentures or trust agreements governing redevelopment bonds typically included requirements and covenants for the redevelopment agency to use surplus tax increment revenues received in excess of amounts required for debt service on redevelopment activities, which were calculated under the Redevelopment Law to stimulate growth and general increases in assessed valuation, and therefore increase additional security for the 2013 Bonds, and such covenants have been substantially and unconstitutionally impaired by the Dissolution Act, in particular the Redistribution Provisions.

The Syncora Lawsuit has been brought as a petition for writ of mandate, complaint for declaratory relief, inverse condemnation and injunctive relief. The injunctive relief sought includes an injunction enjoining the respondents from implementing enforcing, and/or carrying out the Redistribution Provisions, ordering respondents to immediately return all money remitted by successor agencies to local taxing agencies pursuant to the Redistribution Provisions, and ordering respondents to hold all future tax increment revenues in the Redevelopment Property Tax Trust Fund, or a similar fund, for the exclusive benefit of, and distribution to, the 2013 Bondholders, until such a time when the 2013 Bondholders are completely repaid. The case is in the preliminary stages.



If Syncora were to be successful in obtaining the injunctive relief or writ of mandate sought or if the court in the Syncora Lawsuit were to determine that the Dissolution Act or the Redistribution Provisions or other provisions thereof unconstitutionally impaired the contracts between the former redevelopment agencies and the holders of interests in bonds issued by such agencies, it is possible that the mechanisms currently provided for under the Dissolution Act to provide for distribution of Pledged Tax Revenues to the Successor Agency for payment on the 2013 Bonds could be impeded and result in a delinquency or default in the timely payment of principal of, and interest on, the 2013 Bonds.

The Successor Agency does not guarantee that the Syncora Lawsuit will not result in an outcome that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the 2013 Bonds. However, the definition of Pledged Tax Revenues does include a provision that would capture tax increment revenue in the Project Area if the Dissolution Act were invalidated.

**[discuss:** On May 29, 2013, the Superior Court issued a preliminary ruling, in which it denied Syncora's claims that the Dissolution Act unconstitutionally impaired its contracts on the grounds that those claims are premature; the court noted that Syncora had provided no evidence that successor agencies actually are unable to meet their obligations as they become due, or that successor agencies will be prevented from ultimately paying all redevelopment obligations. The Superior Court concluded that Syncora's takings claims are not necessarily premature, but that an evidentiary hearing should be conducted to address those claims. Finally the superior court concluded that possible certification of a class of county auditor-controller was moot because the auditor-controllers have no role or duty in connection with the alleged takings or in providing compensation for those takings.]

### **Housing Set-Aside**

As described in "SECURITY FOR THE 2013 BONDS – Housing Set-Aside," before the Redevelopment Law was amended by the Dissolution Act, it required the Redevelopment Agency to set aside not less than 20% of all tax increment generated in the Project Area into a low and moderate income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low and moderate income housing.

The Dissolution Act eliminates the characterization of certain tax increment revenues as Housing Set-Aside and, as a result, former Housing Set-Aside is likely to be available to pay debt service on the Bonds.

However, it is possible that the State Legislature could further amend the Redevelopment Law to prohibit the use of former Housing Set-Aside to pay debt service on the Bonds. See "BONDHOLDER RISKS – Changes in the Law."

### **Reduction in Taxable Value**

Pledged Tax Revenues available to pay principal of and interest on the 2013 Bonds are determined by the amount of incremental taxable value in the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property in the Project Area caused by economic factors beyond the Successor Agency's control, such as relocation out of the Project Area by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural

disaster, could cause a reduction in the Pledged Tax Revenues that provide for the repayment of and secure the 2013 Bonds. Such reduction of Pledged Tax Revenues could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the 2013 Bonds; this risk is particularly acute in light of the significant concentration of property ownership in the Project Area (see "THE PROJECT AREA – Major Taxable Property Owners").

As described in greater detail under the heading "PROPERTY TAXATION IN CALIFORNIA – Article XIII A of the State Constitution," Article XIII A provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the 2013 Bonds could reduce Pledged Tax Revenues available to pay principal of and interest on the 2013 Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of Pledged Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Pledged Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the Pledge Pledged Tax Revenues and adversely affect the source of repayment and security of the 2013 Bonds.

### **Risks to Real Estate Market**

The Successor Agency's ability to make payments on the 2013 Bonds will be dependent upon the economic strength of the Project Area. The general economy of the Project Area will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development within the Project Area could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a decline in the general economy of the Project Area, the owners of property within the Project Area may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Pledged Tax Revenues by the Successor Agency from the Project Area.

The risk of economic impacts on the Project Area is particularly acute in light of the significant concentration of property ownership in the Project Area (see "THE PROJECT AREA – Major Taxable Property Owners").

### **Reduction in Inflationary Rate**

As described in greater detail below, Article XIII A of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year

to year to reflect the inflationary rate, not to exceed a 2 percent 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 percent, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2 percent.

Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2 percent limitation several times; in fiscal year 2010-11, the inflationary value adjustment was negative for the first time at -0.237%. In fiscal year 2011-12, the inflationary value adjustment was 0.753%. For fiscal years 2012-13 and 2013-14, the inflationary value adjustment is 2.00%, which is the maximum permissible increase under Article XIII A.

The Successor Agency is unable to predict if any adjustments to the full cash value of real property within the Project Area, whether an increase or a reduction, will be realized in the future. The projection of Pledged Tax Revenues assumes a constant 0% inflationary increase.

### **Development Risks**

The general economy of a redevelopment project area will be subject to all the risks generally associated with real estate development. Projected development within a redevelopment project area may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within a redevelopment project area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in a redevelopment project area is delayed or halted, the economy of the redevelopment project area could be affected. If such events lead to a decline in assessed values they could cause a reduction in incremental property tax revenues. In addition, if there is a decline in the general economy of a redevelopment agency, the owners of property within the redevelopment project area may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of the incremental property tax revenues received by the successor agency from the redevelopment project area. In addition, the insolvency or bankruptcy of one or more large owners of property within a redevelopment project area could delay or impair the receipt of incremental property tax revenues by the successor agency.

### **Levy and Collection of Taxes**

The Successor Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Successor Agency to repay the 2013 Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Project Area, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Successor Agency's ability to make timely payments on the 2013 Bonds. Any reduction in Pledged Tax Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the Successor Agency's ability to pay the principal of and interest on the 2013 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. The 2011-12 State budget included projected State savings estimated to aggregate \$1.7 billion in 2011-12 associated with AB X1 27, which would have allowed redevelopment agencies to continue in operation provided their establishing cities or counties agreed to make an aggregate \$1.7 billion in payments to K-12 schools. However, AB X1 27 was found in December 2011 by the California Supreme Court to violate the State Constitution, which altered this budgetary plan of the State. According to the State's Summary of the 2012-13 State budget, AB 1484 implements a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (projected savings of \$1.5 billion). 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 former tax increment revenue, such as the Pledged Tax Revenues. The full text of each State Assembly bill cited above may be obtained from the "Official California Legislative Information" website maintained by the Legislative Counsel of the State of California pursuant to State law, at the following web link: <http://www.leginfo.ca.gov/bilinfo.html>.

Information about the State budget and State spending is available at various State maintained websites. Text of the 2012-13 Budget Summary, the current State budget, the Governor's proposed budget for 2013-14 and other documents related to the State budget may be found at the website of the State Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov). A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov).

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

## **Bankruptcy and Foreclosure**

The payment of the property taxes from which Pledged Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2013 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. 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 2013 Bonds.

## Estimated Revenues

In estimating that Pledged Tax Revenues will be sufficient to pay debt service on the 2013 Bonds, the Successor Agency has made certain assumptions with regard to present and future assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the Pledged Tax Revenues available to pay debt service on the 2013 Bonds will be less than those projected and such reduced Pledged Tax Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the 2013 Bonds.

See "THE PROJECT AREA – Projected Pledged Tax Revenues and Estimated Debt Service Coverage" above.

## Hazardous Substances

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

## Natural Disasters

The value of the property in the Project Area in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as droughts. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in the Project Area could be diminished in the aftermath of such events. A substantial reduction of the value of such properties and could affect the ability or willingness of the property owners to pay the property taxes.

**Seismic.** Although no active faults run within the City, the Project Area is in the highest two categories of shaking potential, in large part due to the proximity of the Project Area to the San Andreas fault. In addition, the Project Area is susceptible to liquefaction because much of it is on landfill. [confirm]

**Flood.** Portions of the Project Area are subject to flooding because they are located on fill deposits overlying historic tidal marshes. Other portions of the Project Area are within the 100-year flood boundary as mapped by the Federal Emergency Management Agency. [confirm]

**Fire.** [discuss any unique fire risk, e.g., landfill-related fire risk]

**Discuss: are there any unique risks associated with the airport or the former landfills?]**

### **Changes in the Law**

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Pledged Tax Revenues, which could have an adverse effect on the Successor Agency's ability to pay debt service on the 2013 Bonds.

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

As discussed under the caption "TAX MATTERS," interest on the 2013 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2013 Bonds were issued, as a result of future acts or omissions of the Successor Agency in violation of its covenants in the Indenture.

In addition, current and future legislative proposals, if enacted into law, may cause interest on the 2013 Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals.

Should such an event of taxability occur, the 2013 Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the 2013 Bonds, or, if a secondary market exists, that the 2013 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances.

## TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the 2013 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Successor Agency has covenanted in the Indenture to comply with all requirements that must be satisfied in order for the interest on the 2013 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2013 Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2013 Bonds.

Subject to the Successor Agency's compliance with the above-referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Bond Counsel, interest on the 2013 Bonds (i) is excludable from the gross income of the owners thereof for federal income tax purposes, and (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the 2013 Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Successor Agency with respect to certain material facts within the Successor Agency's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "**Code**"), includes provisions for an alternative minimum tax ("**AMT**") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("**AMTI**"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "**Adjusted current earnings**" would include certain tax-exempt interest, including interest on the 2013 Bonds.

Ownership of the 2013 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax exempt obligations. Prospective purchasers of the 2013 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "**Issue Price**") for each maturity of the 2013 Bonds is the price at which a substantial amount of such maturity of the 2013 Bonds is first sold to the public. The Issue Price of a maturity of the 2013 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page of this Official Statement.

If the Issue Price of a maturity of the 2013 Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the

2013 Bonds (the “**OID Bonds**”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Successor Agency comply with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the 2013 Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount reduced by payments of interest included in the computation of original issue discount and previously paid (the “**Revised Issue Price**”), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2013 Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “**bond premium**” and must be amortized by an investor on a constant yield basis over the remaining term of the 2013 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the 2013 Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2013 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2013 Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the



federal tax matters referred to above or affect the market value of the 2013 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2013 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “**Service**”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2013 Bonds. If an audit is commenced, under current procedures the Service may treat the Successor Agency as a taxpayer and the 2013 Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2013 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the 2013 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the 2013 Bonds is exempt from California personal income taxes.

Ownership of the 2013 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2013 Bonds. Prospective purchasers of the 2013 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon issuance of the 2013 Bonds is set forth in Appendix B.

#### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

\_\_\_\_\_ (the “**Verification Agent**”), will examine the arithmetical accuracy of certain computations included in the schedules provided by the Successor Agency relating to the refunding of the 2001 Agency Bonds and the 2001 Authority Bonds. See “REFUNDING PLAN” above.

The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

## CONCLUDING INFORMATION

### Underwriting

The 2013 Bonds are being purchased by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed to purchase the 2013 Bonds at a price of \$\_\_\_\_\_ (being the principal amount of the 2013 Bonds less a net original issue discount of \$\_\_\_\_\_ and less an Underwriter's discount of \$\_\_\_\_\_). The Underwriter will purchase all of the 2013 Bonds if any are purchased.

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

### Legal Opinion

The final approving opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, will be furnished to the purchaser at the time of delivery of the 2013 Bonds.

A copy of the proposed form of Bond Counsel's final approving opinion with respect to the 2013 Bonds is attached hereto as Appendix B.

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

Certain legal matters will be passed on for the Successor Agency by the City Attorney, as General Counsel for the Successor Agency.

*Compensation paid to Bond Counsel, Disclosure Counsel, the City Attorney and Underwriter's Counsel is contingent upon the sale and delivery of the 2013 Bonds.*

### Litigation

**[Confirm]** There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the 2013 Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing. See, however, "RISK FACTORS-Syncora Litigation-Challenge to Dissolution Act".

### Rating

Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("S&P"), has assigned its rating of "\_\_\_\_\_" to the 2013 Bonds. The rating reflects only the view of S&P as to the credit quality of the 2013 Bonds, and explanation of the significance of the rating may be obtained from S&P.

There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely, if in the judgment of the applicable rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the 2013 Bonds.

## Continuing Disclosure

The Successor Agency will covenant for the benefit of owners of the Refunding Bonds to provide certain financial information and operating data relating to the Successor Agency by not later than March 31 after the end of each fiscal year of the Successor Agency (currently June 30th), commencing not later than March 31, 2014 with the report for the 2012-13 fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain listed events. The specific nature of the information to be contained in the Annual Report or the notices of listed events is summarized in "APPENDIX D - FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE," attached to this Official Statement. These covenants have been made in order to assist the Underwriter (as defined below) in complying with Securities Exchange Commission Rule 15c2 12(b)(5) (the "Rule").

[insert re. five-year continuing disclosure compliance]

## Miscellaneous

All of the preceding summaries of the Indenture, the Redevelopment Law, the Dissolution Act, other applicable legislation, the Redevelopment Plan for the Project Area, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Successor Agency for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the 2013 Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

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

**SUCCESSOR AGENCY OF THE  
REDEVELOPMENT AGENCY OF THE  
CITY OF BRISBANE**

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

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

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

## APPENDIX C

### BOOK-ENTRY ONLY SYSTEM

The information in this Appendix C concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2013 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2013 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2013 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 2013 Bonds. The 2013 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 2013 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2013 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on

the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2013 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the 2013 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2013 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2013 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2013 Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 2013 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 2013 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Principal, premium (if any), and interest payments on the 2013 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the

Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the 2013 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2013 Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the 2013 Bonds are required to be printed and delivered.

The Successor Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the 2013 Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

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



**APPENDIX D**

**FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE**

**APPENDIX E**

**REDEVELOPMENT AGENCY AUDITED FINANCIAL STATEMENTS  
THROUGH JANUARY 31, 2012;**

**SUCCESSOR AGENCY FINANCIAL STATEMENTS  
THROUGH JUNE 30, 2012**

**APPENDIX F**

**STATE DEPARTMENT OF FINANCE APPROVAL LETTER**

## APPENDIX G

### SUPPLEMENTAL INFORMATION - CITY OF BRISBANE

*The following information concerning the City of Brisbane and surrounding areas is included only for the purpose of supplying general information regarding the community. The 2013 Bonds are not a debt of the City, County, the State or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.*

#### General

*The County.* The County of San Mateo (the "County") is located on the California coast approximately 15 miles south of the City of San Francisco. The County is a major employment base, and is also accessible to the San Jose and Silicon Valley areas approximately 30 miles south via Interstate 280 or U.S. Highway 101.

*The City.* The City of Brisbane (the "City") is located in the northern part of San Mateo County, California on the lower slopes of San Bruno Mountain. It is on the northeastern edge of South San Francisco, next to the San Francisco Bay and near the San Francisco International Airport.

#### Population

The following table lists population estimates for the City, the County and the State for the last five calendar years, as of January 1.

#### SAN MATEO COUNTY Population Estimates Calendar Years 2009 through 2013 as of January 1

	2009	2010	2011	2012	2013
City of Brisbane	4,185	4,268	4,310	4,337	4,379
San Mateo County	713,818	718,614	722,372	727,795	735,678
State of California	36,966,713	37,223,900	37,427,946	37,668,804	37,966,471

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

## Employment and Industry

The unemployment rate in the San Francisco-San Mateo-Redwood City Metropolitan Division was 5.1% in April 2013, down from a revised 5.8% in March 2013, and below the year-ago estimate of 6.8%. This compares with an unadjusted unemployment rate of 8.5% for California and 7.1% for the nation during the same period. The unemployment rate was 4.6% in Marin County, 5.4% in San Francisco County, and 5.1% in San Mateo County.

**SAN FRANCISCO SAN MATEO REDWOOD CITY METROPOLITAN DIVISION  
(MARIN, SAN FRANCISCO AND SAN MATEO COUNTIES)  
Civilian Labor Force, Employment and Unemployment;  
Employment by Industry  
(Annual Averages)**

	2008	2009	2010	2011	2012
<b>Civilian Labor Force</b> <sup>(1)</sup>	963,300	965,700	965,500	985,400	1,012,300
Employment	915,200	883,400	878,200	905,200	942,000
Unemployment	48,200	82,400	87,300	80,200	70,200
Unemployment Rate	5.0%	8.5%	9.0%	8.1%	6.9%
<b>Wage and Salary Employment:</b> <sup>(2)</sup>					
Agriculture	2,700	2,500	2,400	2,100	2,100
Mining and Logging	200	200	200	100	100
Construction	44,300	35,100	32,400	34,700	35,400
Manufacturing	42,100	38,100	37,000	35,900	35,800
Wholesale Trade	26,800	24,500	23,900	25,400	26,100
Retail Trade	94,000	87,700	86,800	88,200	88,900
Transportation, Warehousing, Utilities	39,800	37,800	36,400	36,700	37,300
Information	40,800	39,600	39,100	44,200	45,900
Finance and Insurance	65,600	60,100	58,100	57,700	58,200
Real Estate and Rental and Leasing	21,200	19,500	19,000	20,000	20,300
Professional and Business Services	210,100	198,300	197,500	220,400	228,400
Educational and Health Services	107,400	108,700	109,000	112,100	113,500
Leisure and Hospitality	126,800	122,200	122,700	131,500	133,400
Other Services	39,400	38,000	37,800	39,600	40,400
Federal Government	19,200	18,900	20,200	18,800	18,700
State Government	35,600	35,400	35,500	35,400	34,900
Local Government	83,500	81,400	80,600	81,500	81,100
<b>Total, All Industries</b> <sup>(3)</sup>	999,300	947,800	938,500	984,300	1,000,200

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

The following table shows the major employers in the County as of May 2013, listed in alphabetical order.

**SAN MATEO COUNTY**  
**Major Employers (Listed alphabetically)**  
**May 2013**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
AB SCIEX	Foster City	Scientific Apparatus & Instruments-Mfrs
Burlingame Millbrae Yellow Cab	Burlingame	Taxicabs & Transportation Service
Electronic Arts Inc	Redwood City	Game Designers (Mfrs)
Forced Dump Debris Box Svc	Burlingame	Garbage Collection
Franklin Resources Inc	San Mateo	Investment Management
Franklin Templeton Instnl LLC	San Mateo	Investments
Franklin Trust Co	San Mateo	Mutual Funds
Gilead Sciences Inc	Foster City	Biological Products (Mfrs)
Guckenheimer Inc	Redwood City	Food Service-Management
Health Science Library	Daly City	Services NEC
Kaiser Permanente Medical Ctr	South San Francisco	Hospitals
Kaiser Permanente Medical Ctr	Redwood City	Hospitals
Mphasis	San Mateo	Computers-System Designers & Consultants
Oracle Corp	Redwood City	Computer Software-Manufacturers
Peninsula Medical Ctr	Burlingame	Hospitals
San Francisco Intl AIRPORT-SFO	San Francisco	Airports
San Mateo County Behavior	San Mateo	Government Offices-County
San Mateo County Human Svc	Belmont	County Government-Social/Human Resources
San Mateo Medical Ctr	San Mateo	Crisis Intervention Service
SRI International Inc	Menlo Park	Research Service
Stanford Linear Accelerator	Menlo Park	Research Service
US Interior Dept	Menlo Park	Federal Government-Conservation Depts
Visa Inc	Foster City	Credit Card & Other Credit Plans
Visa International Svc Assn	Foster City	Credit Card & Other Credit Plans
Visa USA Inc	Foster City	Credit Card & Other Credit Plans

*Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2013 2<sup>nd</sup> Edition.*

## Construction Activity

Provided below are the building permits and valuations for the City and the County for calendar years 2007 through 2011.

### CITY OF BRISBANE Total Building Permit Valuations (Valuations in Thousands)

	2007	2008	2009	2010	2011
<b>Permit Valuation</b>					
New Single-family	\$4,981.2	\$2,000.0	\$450.0	\$2,100.0	\$450.0
New Multi-family	750.0	0.0	0.0	0.0	0.0
Res. Alterations/Additions	<u>1,857.2</u>	<u>1,022.3</u>	<u>1,978.3</u>	<u>6,558.1</u>	<u>1,508.9</u>
Total Residential	7,588.4	3,022.3	2,428.3	8,658.1	1,958.9
New Commercial	0.0	0.0	0.0	0.0	0.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	156.5	150.0	114.8	111.9	0.0
Com. Alterations/Additions	<u>2,722.9</u>	<u>2,572.9</u>	<u>2,127.7</u>	<u>2,259.0</u>	<u>3,898.7</u>
Total Nonresidential	2,879.4	2,722.9	2,242.5	2,370.8	3,898.7
<b>New Dwelling Units</b>					
Single Family	10	3	1	2	1
Multiple Family	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	13	3	1	2	1

Source: Construction Industry Research Board, Building Permit Summary.

### SAN MATEO COUNTY Total Building Permit Valuations (Valuations in Thousands)

	2007	2008	2009	2010	2011
<b>Permit Valuation</b>					
New Single-family	\$316,491.4	\$245,433.9	\$147,515.5	\$189,296.6	\$194,950.1
New Multi-family	67,181.1	122,424.2	74,329.6	21,309.0	107,040.0
Res. Alterations/Additions	<u>274,263.6</u>	<u>272,177.0</u>	<u>204,482.0</u>	<u>262,592.1</u>	<u>289,619.5</u>
Total Residential	657,936.0	640,035.2	426,327.0	473,197.6	591,609.6
New Commercial	366,581.6	114,968.0	17,942.0	62,510.5	28,247.6
New Industrial	29,263.8	2,200.0	5,000.0	0.0	3,359.4
New Other	74,829.0	85,470.2	70,410.1	66,274.8	26,029.4
Com. Alterations/Additions	<u>336,069.0</u>	<u>315,260.4</u>	<u>235,373.3</u>	<u>283,752.5</u>	<u>244,089.0</u>
Total Nonresidential	\$806,743.4	517,898.6	328,725.5	412,537.8	301,725.4
<b>New Dwelling Units</b>					
Single Family	658	312	236	216	213
Multiple Family	<u>367</u>	<u>630</u>	<u>393</u>	<u>111</u>	<u>545</u>
TOTAL	1,025	942	629	327	758

Source: Construction Industry Research Board, Building Permit Summary.

## Effective Buying Income

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

The following table summarizes the total effective buying income for the City, the County of San Mateo, the State and the United States for the period 2008 through 2012.

### City of Brisbane; County of San Mateo Effective Buying Income As of January 1, 2008 through 2012

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2008	City of Brisbane	\$ 148,135	\$69,079
	San Mateo County	23,925,603	67,466
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Brisbane	\$ 142,073	\$69,457
	San Mateo County	23,925,603	67,466
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of Brisbane	\$ 140,330	\$67,714
	San Mateo County	23,489,013	66,508
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Brisbane	\$ 155,603	\$67,891
	San Mateo County	23,717,578	66,434
	California	814,578,458	47,063
	United States	6,438,704,554	41,253
2012	City of Brisbane	\$ 168,883	\$69,940
	San Mateo County	26,570,648	68,429
	California	864,088,828	47,307
	United States	6,737,867,730	41,358

Source: The Nielsen Company (US), Inc.



## Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 and after is not comparable to that of prior years.

Total taxable transactions during calendar year 2011 in the City were reported to be \$414,818,000, an 8.43% increase over the total taxable transactions of \$382,578,000 reported during calendar year 2010. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions within the City is presented in the following table. Figures are not yet available for 2012.

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

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	80	\$74,897	253	\$391,248
2008	74	65,494	251	409,751
2009 <sup>(1)</sup>	91	54,918	239	374,102
2010 <sup>(1)</sup>	91	69,846	241	382,578
2011 <sup>(1)</sup>	97	80,245	236	414,818

(1) Not comparable to prior years. "Retail" category now includes "Food Services."  
 Source: California State Board of Equalization, *Taxable Sales in California (Sales & Use Tax)*.

Total taxable transactions during calendar year 2011 in the County were reported to be \$13,020,643,000, an 8.81% increase over the total taxable transactions of \$11,966,337,000 reported during calendar year 2010. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions within the County is presented in the following table. Figures are not yet available for 2012.

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

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	9,278	\$8,998,981	20,202	\$13,326,306
2008	9,098	8,421,727	19,853	13,137,913
2009 <sup>(1)</sup>	11,143	7,455,767	18,840	11,327,022
2010 <sup>(1)</sup>	11,323	7,846,274	18,854	11,966,337
2011 <sup>(1)</sup>	11,470	8,536,043	18,995	13,020,643

(1) Not comparable to prior years. "Retail" category now includes "Food Services."  
 Source: California State Board of Equalization, *Taxable Sales in California (Sales & Use Tax)*.

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