

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series 2018-TE Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax, although, in the case of tax years beginning prior to January 1, 2018, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest earned by a corporation prior to the end of its tax year in 2018 is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Series 2018 Bonds is exempt from California personal income taxes. The interest on the Taxable Series 2018-T Bonds is not intended to be excluded from federal income taxation. See "TAX MATTERS."

\$15,190,000
OAKLAND REDEVELOPMENT
SUCCESSOR AGENCY
Subordinated Tax Allocation
Refunding Bonds, Series 2018-TE

\$41,765,000
OAKLAND REDEVELOPMENT
SUCCESSOR AGENCY
Subordinated Tax Allocation
Refunding Bonds, Series 2018-T
(Federally Taxable)

Dated: Date of Delivery

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

This cover page contains information for quick reference only. It is *not* intended to be a complete summary of all factors relevant to an investment in the 2018 Bonds (defined below). Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the 2018 Bonds.

The Subordinated Tax Allocation Refunding Bonds, Series 2018-TE (the "Series 2018-TE Bonds") and Subordinated Tax Allocation Refunding Bonds Series 2018-T (Federally Taxable) (the "Taxable Series 2018-T Bonds" and together with the Series 2018-TE Bonds, the "2018 Bonds") are being issued by the Oakland Redevelopment Successor Agency (the "Successor Agency") pursuant to an Indenture of Trust, dated as of September 1, 2015 (the "Original Indenture"), by and between the Successor Agency and Wilmington Trust, National Association (the "Trustee"), as successor trustee to ZB, National Association, dba Zions Bank, as supplemented and amended pursuant to a First Supplement to Indenture of Trust dated as of June 1, 2018 (the "First Supplemental Indenture" and together with the Original Indenture, the "Indenture"), by and between the Successor Agency and the Trustee.

Interest on the 2018 Bonds will be payable on March 1 and September 1 of each year, commencing September 1, 2018. Principal of the 2018 Bonds will be payable on the dates and in the respective principal amounts set forth on the inside cover page.

The 2018 Bonds will be issued in book-entry form, without coupons, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2018 Bonds. Beneficial ownership interests in the 2018 Bonds may initially be purchased, in denominations of \$5,000 or any integral multiple thereof, in book-entry only form as described herein. So long as Cede & Co. is the registered owner of the 2018 Bonds, payments of principal and interest will be made to Cede & Co., as nominee for DTC. DTC is required in turn to remit such payments to DTC Participants for subsequent disbursements to Beneficial Owners. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Direct Participants and Indirect Participants as more fully described herein. See APPENDIX G – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The 2018 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "THE 2018 BONDS – Redemption Provisions."

The 2018 Bonds are being issued for the purpose of providing funds, together with certain other available monies, to (i) refund certain obligations of the former Redevelopment Agency of the City of Oakland, as described herein under "THE REFUNDING PLAN," (ii) pay costs associated with the issuance of the 2018 Bonds, all as more fully described herein.

The 2018 Bonds are payable from and secured by Pledged Tax Revenues (defined herein), consisting primarily of certain revenues deposited, or available for deposit, into the Redevelopment Property Tax Trust Fund with respect to the Project Areas (as defined herein) on a parity with the payment of debt service on the Successor Agency's Subordinated Tax Allocation Refunding Bonds, Series 2015-TE and Series 2015-T (Federally Taxable). The pledge of such tax increment revenues is subordinate to the prior pledge, or priority of payment, of certain outstanding bonds and other obligations of the Successor Agency as described under "SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Security of 2018 Bonds; Equal Security." Pledged Tax Revenues are generated from taxes on the property within the Project Areas (defined herein) on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll for each Project Area. No funds or properties of the Successor Agency, other than the Pledged Tax Revenues and certain other amounts held under the Indenture, are pledged to secure the 2018 Bonds.

The 2018 Bonds are limited obligations of the Successor Agency, the principal of, premium, if any, and interest on which are payable solely from Pledged Tax Revenues and certain other amounts on deposit in the funds and accounts held pursuant to the Indenture. The 2018 Bonds are not a debt of the City of Oakland (the "City"), the State of California (the "State") or any of their political subdivisions (other than the Successor Agency and only to the limited extent set forth in the Indenture), and none of the City, the State or any of their political subdivisions other than the Successor Agency is liable therefor. The 2018 Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The Successor Agency has not pledged any other tax revenues, property or its full faith and credit to the payment of debt service on the 2018 Bonds. Although the Successor Agency receives certain tax increment revenues, the Successor Agency has no taxing power.

The 2018 Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and certain other conditions. Curly Bartling P.C., Oakland, California, is acting as Disclosure Counsel to the Successor Agency. Certain legal matters will be passed on for the Successor Agency by the City Attorney for the City of Oakland. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the 2018 Bonds will be delivered to the Underwriters through the facilities of DTC in New York, New York on or about June 6, 2018.

MATURITY SCHEDULES

\$15,190,000
OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
Subordinated Tax Allocation Refunding Bonds,
Series 2018-TE

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> <u>(Base: 67232T)[†]</u>
2025	\$2,665,000	5.000%	2.190%	BC8
2026	2,800,000	5.000	2.250	BD6
2027	2,235,000	5.000	2.340	BE4
2028	2,140,000	5.000	2.420	BF1
2029	2,250,000	5.000	2.510 ^c	BG9
2030	2,360,000	5.000	2.570 ^c	BH7
2031	740,000	5.000	2.700 ^c	BJ3

\$41,765,000
OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
Subordinated Tax Allocation Refunding Bonds,
Series 2018-T
(Federally Taxable)

\$12,480,000 Serial Bonds

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> <u>(Base: 67232T)[†]</u>
2018	\$4,325,000	2.000%	2.313%	BK0
2022	3,075,000	3.000	3.186	BL8
2023	2,500,000	3.125	3.336	BM6
2024	2,580,000	3.250	3.505	BN4

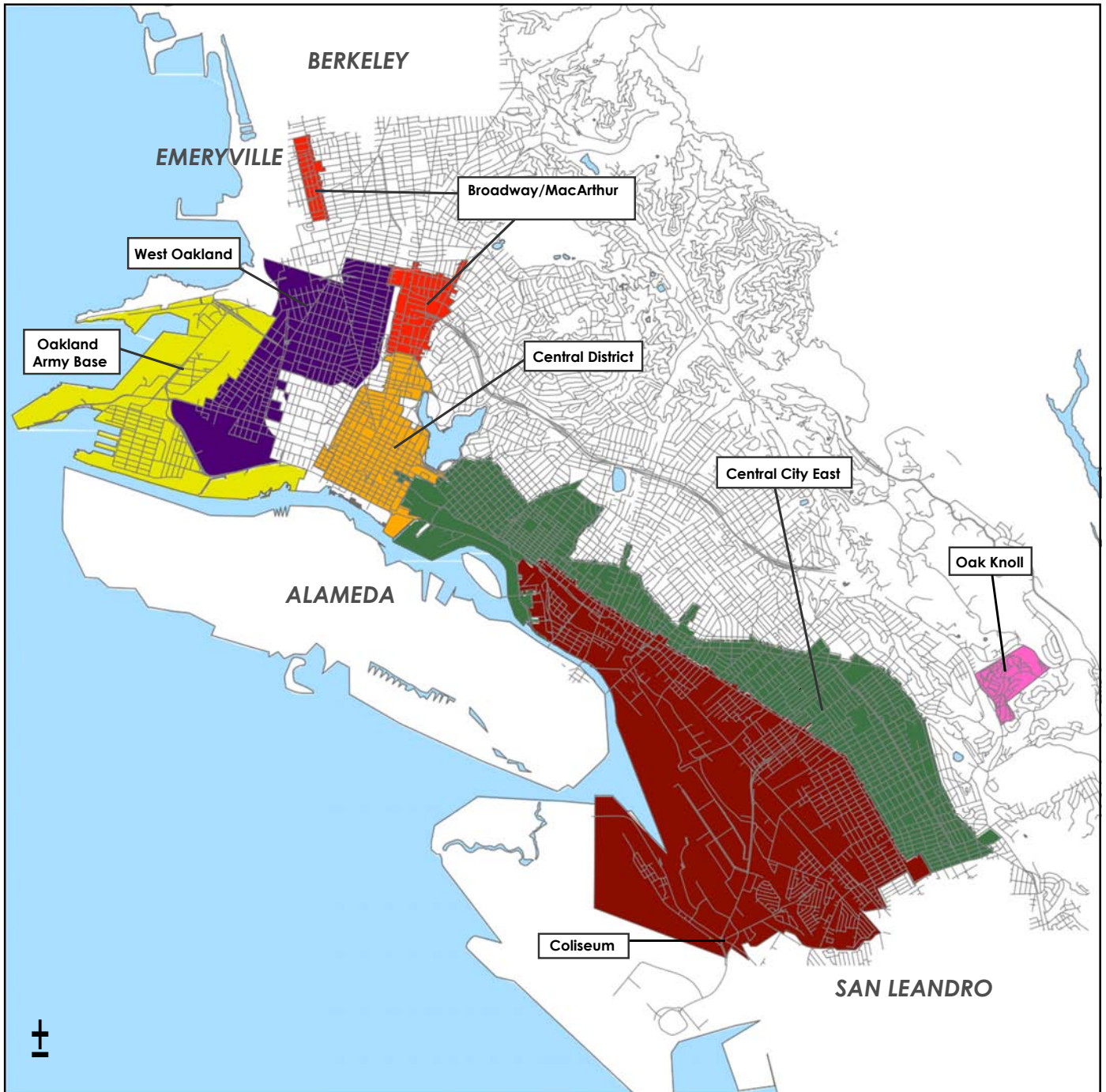
\$5,215,000 4.000% Term Taxable Series 2018-T Bonds due September 1, 2033, Yield 4.103%; CUSIP[†]: 67232T BP9

\$24,070,000 4.000% Term Taxable Series 2018-T Bonds due September 1, 2039, Yield 4.186%; CUSIP[†]: 67232T BQ7

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^c Priced to the first optional redemption at par on September 1, 2028.

City of Oakland - Redevelopment Project Areas -



**OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
and
CITY OF OAKLAND
County of Alameda, California**

AGENCY BOARD AND CITY COUNCIL

Dan Kalb (District 1)
Agency Member and Councilmember

Abel J. Guillén (District 2)
Agency Member and Councilmember (President Pro Tem)

Lynette Gibson McElhaney (District 3)
Agency Member and Councilmember

Annie Campbell Washington (District 4)
Agency Member and Councilmember (Vice Mayor)

Noel Gallo (District 5)
Agency Member and Councilmember

Desley Brooks (District 6)
Agency Member and Councilmember

Larry Reid (District 7)
Agency Chairperson and President of City Council

Rebecca Kaplan (At-Large)
Agency Member and At-Large Councilmember

AGENCY AND CITY STAFF

Libby Schaaf, *Agency Chief Executive Officer and Mayor*
Larry Reid, *Agency Chairperson and President of City Council*
Sabrina B. Landreth, *Agency Administrator and City Administrator*
LaTonda Simmons, *Agency Secretary and City Clerk*
Barbara J. Parker, *Agency General Counsel and City Attorney*
Katano Kasaine, *Agency Treasurer and Director of Finance/Treasurer*
Brenda D. Roberts, *City Auditor*

SPECIAL SERVICES

Urban Futures, Inc.
Daly City, California
Municipal Advisor

HdL Coren & Cone
Diamond Bar, California
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Wilmington Trust, National Association,
Costa Mesa, California
Trustee

Causey Demgen & Moore P.C.
Denver, Colorado
Verification Agent

This Official Statement is submitted in connection with the offer and sale of the 2018 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. No dealer, broker, salesperson or other person has been authorized by the Successor Agency or the City to give any information or to make any representations in connection with the offer or sale of the 2018 Bonds other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2018 Bonds by any person, in any jurisdiction where such offer, solicitation or sale would be unlawful. This Official Statement is not to be construed as a contract with the purchasers of the 2018 Bonds.

The information set forth herein has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Successor Agency or the City. Neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the City since the date hereof. The information and expressions of opinion stated herein are subject to change without notice.

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 words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions. The achievement of certain results or other expectations contained in such forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. No assurance is given that actual results will meet the forecasts of the Successor Agency in any way, regardless of the optimism communicated in the information, and such statements speak only as of the date of this Official Statement. The Successor Agency disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the Successor Agency with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All summaries of the Indenture (as defined herein) and of statutes and other documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each such statute and document. This Official Statement, including any amendment or supplement hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (EMMA) website.

The City maintains a website, including pages regarding the Successor Agency. However, the information presented therein is not a part of this Official Statement and must not be relied upon in making an investment decision with respect to the 2018 Bonds.

The issuance and sale of the 2018 Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities. The 2018 Bonds have not been registered or qualified under the securities laws of any state. The 2018 Bonds have not been recommended by any Federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this Official Statement.

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

In connection with this offering, the Underwriters may overallocate or affect transactions which stabilize or maintain the market price of the 2018 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. Consequently, the market price paid by an investor during the stabilization period may be higher than the prevailing market rate.

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OFFICIAL STATEMENT

\$15,190,000
OAKLAND REDEVELOPMENT
SUCCESSOR AGENCY
Subordinated Tax Allocation Refunding Bonds,
Series 2018-TE

\$41,765,000
OAKLAND REDEVELOPMENT
SUCCESSOR AGENCY
Subordinated Tax Allocation Refunding Bonds,
Series 2018-T
(Federally Taxable)

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the 2018 Bonds being offered, and a full review should be made of the entire Official Statement including the cover page, the table of contents and the appendices for a more complete description of the terms of the 2018 Bonds. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of provisions of, any other documents referred to herein do not purport to be complete, and such references are qualified in their entirety by reference to the complete provisions of such documents. Capitalized terms used in this Official Statement and not defined herein shall have the meanings assigned to them in the Indenture.

Authority and Purpose

The purpose of this Official Statement, which includes the cover page, table of contents and appendices hereto (collectively, the “**Official Statement**”) is to provide certain information in connection with the offering by the Oakland Redevelopment Successor Agency (the “**Successor Agency**”) of its \$15,190,000 aggregate principal amount of Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-TE (the “**Series 2018-TE Bonds**”) and its \$41,765,000 aggregate principal amount of Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-T (Federally Taxable) (the “**Taxable Series 2018-T Bonds**” and together with the Series 2018-TE Bonds, the “**2018 Bonds**” and individually, each a “**Series**”). The 2018 Bonds are being issued in accordance with Section 34177.5(a)(1) of the Dissolution Act (defined below), the Redevelopment Law (defined below), Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “**Refunding Law**”), Resolution No. 2018-002 and Resolution No. 2018-009 of the Successor Agency adopted on March 20, 2018 and May 1, 2018, respectively (the “**Resolutions**”), and an Indenture of Trust, dated as of September 1, 2015 (the “**Original Indenture**”), by and between the Successor Agency and Wilmington Trust, National Association (the “**Trustee**”), as successor trustee to ZB, National Association, dba Zions Bank, as supplemented and amended pursuant to a First Supplement to Indenture of Trust, dated as of June 1, 2018, (the “**First Supplemental Indenture**” and together with the Original Indenture, the “**Indenture**”), by and between the Successor Agency and the Trustee.

The 2018 Bonds are being issued by the Successor Agency for the purpose of providing funds, together with certain other available monies, to (i) refund certain obligations of the Former Agency (defined below), and (ii) pay costs associated with the issuance of the 2018 Bonds, all as more fully described herein under “– 2018 Bonds Reserve Subaccount,” “THE REFUNDING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The City

The City of Oakland (the “**City**”) is located east of the City and County of San Francisco across the San Francisco-Oakland Bay Bridge. The City occupies approximately 53.8 square miles, is served by Interstates 80, 580, 880 and 980, and boasts a seaport and an international airport.

The City is a charter city incorporated in 1854 and operates under a mayor-council form of government. An eight-member City Council, seven of whom are elected by district and one of whom is elected on a City-wide basis, governs the City. The mayor is not a member of the City Council, but is the City's chief executive officer and is elected on a City-wide basis. The mayor and City Council members serve four-year terms staggered at two-year intervals. For additional information regarding the City, see APPENDIX A – "SELECTED INFORMATION REGARDING THE CITY OF OAKLAND."

The General Fund of the City is not liable for the payment of the principal of, premium, if any, or interest on the 2018 Bonds, and neither the credit nor the taxing power of the City is pledged to the payment of the principal of, premium, if any, or interest on the 2018 Bonds. The 2018 Bonds are not secured by a legal or equitable pledge of, or charge, lien, or encumbrance upon, any of the property of the City. See also "– Limited Obligations" below.

The Successor Agency

The Successor Agency is the successor to the former Redevelopment Agency of the City of Oakland (the "**Former Agency**"). The Former Agency was created by the City Council of the City (the "**City Council**") on October 11, 1956, by adoption of Resolution No. 35000, C.M.S., to exercise the powers granted by the California Community Redevelopment Law (Sections 33000 et seq. of the California Health and Safety Code) (the "**Redevelopment Law**").

As a result of Assembly Bill No. ABx1 26 ("**AB 26**") enacted on June 29, 2011, and the decision of the State Supreme Court in *California Redevelopment Association, et al. v. Matosantos, et al.* (the "**California Redevelopment Association Case**"), as of February 1, 2012, all redevelopment agencies in the State, including the Former Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB 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 California Health and Safety Code, as amended by Assembly Bill No. 1484 and as further amended by Senate Bill 107 ("**SB 107**") (as amended from time to time, the "**Dissolution Act**"). The Redevelopment Law as amended from time to time, including the Dissolution Act, is sometimes referred to herein as the "Law."

See also "THE SUCCESSOR AGENCY" for further discussion of the Dissolution Act, the formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency.

The Project Areas

The Former Agency adopted redevelopment plans for several project areas in the City. A portion of property tax revenues from seven of the project areas (the "**Project Areas**") provide the source of funds for debt service on the 2018 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS." For a table summary of the Project Areas, see "THE PROJECT AREAS." The Project Areas consist of the following redevelopment projects:

- **Broadway/MacArthur/San Pablo Redevelopment Project (the "Broadway/MacArthur Project Area")**
- **Central City East Redevelopment Project (the "Central City Project Area")**
- **Central District Redevelopment Project (the "Central District Project Area")**
- **Coliseum Area Redevelopment Project (the "Coliseum Area Project Area")**
- **Oak Knoll Redevelopment Project (the "Oak Knoll Project Area")**

- Oakland Army Base Redevelopment Project (the “**Army Base Project Area**”)
- West Oakland Redevelopment Project (the “**West Oakland Project Area**”)

The City previously established three additional redevelopment project areas in the City: Acorn, Oak Center and Stanford/Adeline. All three of these project areas reached their tax increment limits prior to the adoption of SB 107 (which eliminated plan limits for the purpose of paying enforceable obligations), and their redevelopment plans terminated after reaching their last date of plan effectiveness. Since these three project areas no longer produce tax increment, tax increment revenues from such project areas are neither pledged nor available to pay debt service on the 2018 Bonds and no information regarding such project areas is included in this Official Statement. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Allocation of Taxes Pursuant to the Dissolution Act” and also see “THE PROJECT AREAS – No Plan Limits” herein.

Tax Allocation Financing

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

The Dissolution Act authorizes refunding bonds, including the 2018 Bonds, to be secured by and payable from moneys deposited, or available for deposit, from time to time in a Redevelopment Property Tax Trust Fund held by the Alameda County Auditor-Controller (the “**County Controller**”) with respect to the Successor Agency (the “**Redevelopment Property Tax Trust Fund**”), 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. *Discussions herein regarding tax increment revenues now refer to those moneys deposited, or available for deposit, by the County Controller into the Redevelopment Property Tax Trust Fund.*

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

Security and Sources of Payment for the 2018 Bonds

The 2018 Bonds are limited obligations secured solely by a pledge of, security interest in and lien on all of the Pledged Tax Revenues, the moneys in the Special Fund held by the Successor Agency, and moneys in certain funds and accounts held by the Trustee under the Indenture. Pledged Tax Revenues are defined in the Indenture as all tax increment revenues that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Successor Agency pursuant to Redevelopment Law and the Dissolution Act, or pursuant to other applicable State laws and that are deposited, or available for deposit, in the Redevelopment Property Tax Trust Fund, excluding: (i) Tax Revenues (as defined herein) required to pay debt service on the Existing Bonds (defined herein); (ii) certain amounts required to be paid under the Uptown Ground Lease (defined herein) and the 17th St. Garage DDA (defined herein) pursuant to the Uptown Ground Lease and the 17th St. Garage DDA; and (iii) all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law and Section 34183(a)(1) of the Dissolution Act, unless such payments are subordinated. See “SECURITY AND SOURCES

OF PAYMENT FOR THE 2018 BONDS – Security for the 2018 Bonds; Equal Security” for the full definition of Pledged Tax Revenues pursuant to the Indenture. The payment obligation under the 17th St. Garage DDA was satisfied as of Fiscal Year 2015-16, so no further payments will be made pursuant to that agreement. The other amounts owed to the taxing entities referred to above have been subordinated to the payment of debt service on the 2015 Bonds and the 2018 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Allocation of Taxes Pursuant to the Dissolution Act – *Statutory Pass-Throughs.*”

The Dissolution Act requires the County Controller to determine the amount of property taxes that would have been allocated to the Former Agency had it not been dissolved pursuant to the operation of AB 26, using current assessed values on the last equalized roll on August 20, and to deposit such amount in the Redevelopment Property Tax Trust Fund in accordance with the Dissolution Act. The Dissolution Act further provides that bonds authorized thereunder issued by a 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 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. Section 34177.5(g) of the Dissolution Act provides that any bonds authorized to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB 26 and in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, will be included in the Successor Agency’s Recognized Obligation Payment Schedule (defined herein) and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time, in the Redevelopment Property Tax Trust Fund established pursuant to the Dissolution Act. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Recognized Obligation Payment Schedules.”

The Dissolution Act requires compliance by the Successor Agency with a procedure for the preparation of an annual Recognized Obligation Payment Schedule enabling receipt of funds for payment of debt service and submission thereof to its Oversight Board (the “**Oversight Board**”) and the State Department of Finance for approval. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Allocation of Taxes Pursuant to the Dissolution Act.” Pursuant to SB 107, the functions of the Oversight Board will be assumed by an oversight board established for all successor agencies within Alameda County commencing on July 1, 2018. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Recognized Obligation Payment Schedules” herein.

Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various properties within the Project Areas, to the extent that such taxes constitute tax revenues, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund (the “**RORF**”) on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency’s Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Recognized Obligation Payment Schedules.” Pledged Tax Revenues deposited by the County Controller into the RORF are required to be promptly deposited by the Successor Agency into the Special Fund (defined herein), and thereafter transferred by the Successor Agency to the Trustee for deposit into the Debt Service Fund established under the Indenture and administered by the Trustee in accordance with the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Allocation of Taxes Pursuant to the Dissolution Act” and “PLEGDED TAX REVENUES AND DEBT SERVICE.” The Project Areas, and the real and personal property therein, do not serve as security for the 2018 Bonds.

Limited Obligations

The 2018 Bonds are limited obligations secured solely by a pledge of, security interest in and lien on all of the Pledged Tax Revenues, the moneys in the Special Fund held by the Successor Agency, and moneys in certain funds and accounts held by the Trustee under the Indenture. The 2018 Bonds are not a debt of the City, the State or any of their political subdivisions (other than the Successor Agency and only to the limited extent set forth in the Indenture), and none of the City, the State or any of their political subdivisions other than the Successor Agency is liable therefor. The 2018 Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The Successor Agency has not pledged any other tax revenues, property or its full faith and credit to the payment of debt service on the 2018 Bonds. Although the Successor Agency receives certain tax increment revenues, the Successor Agency has no taxing power. See “PLEGGED TAX REVENUES AND DEBT SERVICE.”

Parity Debt; Additional Indebtedness

On September 2, 2015, the Successor Agency issued its Subordinated Tax Allocation Refunding Bonds, Series 2015-TE in the aggregate principal amount of \$22,510,000 and its Subordinated Tax Allocation Refunding Bonds, Series 2015-T (Federally Taxable) in the aggregate principal amount of \$66,675,000 (collectively, the “**2015 Bonds**”) pursuant to the Original Indenture. The 2015 Bonds are secured by a pledge of, security interest and lien on the Pledged Tax Revenues, the moneys in the Special Fund held by the Successor Agency and moneys in certain funds and accounts held by the Trustee under the Indenture on parity with the 2018 Bonds.

In addition to the 2015 Bonds and the 2018 Bonds, the Successor Agency may issue additional bonds (including pursuant to a Supplemental Indenture) or incur other loans, advances or indebtedness payable from Pledged Tax Revenues on a parity with the 2018 Bonds and the 2015 Bonds. See also “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Limitations on Additional Indebtedness – *Parity Debt*” and “CERTAIN RISK FACTORS – Parity Obligations.”

Senior Obligations

The pledge of moneys representing Pledged Tax Revenues deposited in the Redevelopment Property Tax Trust Fund to pay debt service on the 2018 Bonds and any Parity Debt is subordinate to the prior pledge, or priority of payment, of certain of such tax increment revenues to the payment of certain outstanding bonds and other obligations of the Successor Agency. See also “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Senior Obligations” and “– Limitations on Additional Indebtedness – *No Additional Senior Debt*.”

2018 Bonds Reserve Subaccount

The Original Indenture established a Reserve Account for the 2015 Bonds held by the Trustee and maintained in an amount at least equal to the Reserve Requirement for the 2015 Bonds.

The First Supplemental Indenture establishes a 2018 Bonds Reserve Subaccount of the Reserve Account (“**2018 Bonds Reserve Subaccount**”) for the 2018 Bonds to be held by the Trustee and to be maintained in an amount at least equal to the Reserve Requirement for the 2018 Bonds. Amounts on deposit in the 2018 Bonds Reserve Subaccount shall not be available to pay debt service on the 2015 Bonds or any other Parity Debt. A municipal bond debt service reserve insurance policy for the 2018 Bonds (the “**2018 Reserve Policy**”) will be issued by Assured Guaranty Municipal Corp. (the “**2018 Insurer**”) concurrently with the issuance of the 2018 Bonds for deposit in the 2018 Bonds Reserve Subaccount to satisfy the Reserve Requirement for the 2018 Bonds. The Reserve Requirement for the 2018 Bonds is \$5,142,624.78.

The 2018 Insurer has committed to issue the 2018 Reserve Policy simultaneously with the issuance of the 2018 Bonds. See also “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Special Fund; Deposit of Pledged Tax Revenues – *Reserve Account*.”

Risk Factors

Certain events could affect the ability of the Successor Agency to pay debt service on the 2018 Bonds when due. See “CERTAIN RISK FACTORS” for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the 2018 Bonds.

Continuing Disclosure

The Successor Agency has covenanted for the benefit of Owners and Beneficial Owners (defined below) to provide certain financial information and operating data relating to the Successor Agency not later than nine (9) months after the end of each Fiscal Year (i.e., March 31), commencing with the Fiscal Year ending June 30, 2018 (the “**Annual Report**”), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of the specified events will be filed with the Municipal Securities Rulemaking Board (the “**MSRB**”) through the Electronic Municipal Market Access website (“**EMMA**”) of the MSRB. The specific nature of the information to be contained in the Annual Report and in the notice of events is set forth in APPENDIX E – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). See “CONTINUING DISCLOSURE” for additional information.

Available Information

This Official Statement contains brief descriptions of the 2018 Bonds, the security for the 2018 Bonds, the Indenture, the Successor Agency, the Former Agency, the City, the Project Areas and certain other information relevant to the issuance of the 2018 Bonds. All references herein to the Indenture, the Redevelopment Plans, the Refunding Law, the Redevelopment Law, the Dissolution Act, the Constitution and laws of the State are qualified in their entirety by reference to the complete text thereof and all references to the 2018 Bonds are further qualified by reference to the form thereof contained in the Indenture. All capitalized terms used in this Official Statement, but not otherwise defined shall have the meaning given to such terms in the Indenture.

The Successor Agency’s audited financial statements for the period ended June 30, 2017 are included in APPENDIX B – “SUCCESSOR AGENCY’S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017.” HdL Coren & Cone, Diamond Bar, California (the “**Fiscal Consultant**”) is providing consulting services to the Successor Agency with respect to the Project Areas and their projected taxable values and anticipated tax increment revenues. The Fiscal Consultant has provided the report attached hereto as APPENDIX C – “REPORT OF FISCAL CONSULTANT.” The proposed form of legal opinion of Bond Counsel for the 2018 Bonds is set forth in APPENDIX F – “FORM OF BOND COUNSEL FINAL OPINION.”

The information set forth herein and in the Appendices hereto has been furnished by the Successor Agency and includes information which has been obtained from other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by the Successor Agency or the Underwriters and is not to be construed as a representation by the Underwriters or the Successor Agency. Copies of documents referred to herein and information concerning the 2018 Bonds are available upon written request from the Trustee, Wilmington Trust, National Association, Corporate Trust Department, 650 Town Center Drive, Suite 600, Costa Mesa, California 92626, or from the City, on behalf of the Successor Agency, from the Finance Department/Treasury Bureau, 150 Frank Ogawa Plaza, Suite 5330, Oakland, California, 94612. The Trustee or the Successor Agency may impose a charge for copying, mailing and handling.

THE REFUNDING PLAN

General. A portion of the proceeds of the 2018-TE Bonds will be applied, together with certain other available funds, to refund all of the outstanding Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-TE issued by the Former Agency (the “**Refunded 2006B-TE Bonds**”). A portion of the proceeds of the 2018-T Bonds will be applied, together with certain other available funds, to refund all of the outstanding Subordinated Housing Set-Aside Revenue Bonds, Series 2011A-T (Federally Taxable) issued by the Former Agency (the “**Refunded 2011A-T Bonds**” and together with the Refunded 2006B-TE Bonds, the “**Refunded Bonds**”).

Refunded Bonds. The following table details the series, maturity dates and principal amounts of the Refunded Bonds.

Refunded Bonds

Bonds	Issue Date	Final Maturity Date (Sept 1)	Final CUSIP	Principal Amount Outstanding	Redemption Date
Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-TE	10/12/2006	2036	672321KJ4	\$17,985,000	6/11/2018
Subordinated Housing Set-Aside Revenue Bonds, Series 2011A-T (Federally Taxable) ⁽¹⁾	3/8/2011	2041	67232PBB8	37,785,000	9/1/2021
			Total	\$55,770,000	

⁽¹⁾ The first optional redemption date for the Series 2011A-T Bonds is September 1, 2021. The principal payments due for the Series 2011A-T Bonds in 2018, 2019, 2020 and 2021, together with interest coming due thereon, will be escrowed to maturity.

Defeasance and Redemption. The refunding of each series of Refunded Bonds will be effected by depositing a portion of the proceeds of the applicable 2018 Bonds, together with other available monies, into a special and irrevocable escrow account (each, an “**Escrow Account**”) established for such series of Refunded Bonds in accordance with Irrevocable Refunding Instructions given by the Successor Agency (each, “**Irrevocable Refunding Instructions**”) to each trustee of the Refunded Bonds (collectively, the “**Prior Trustees**”).

The amounts deposited in the Escrow Account relating to the Refunded 2006B-TE Bonds will be held in cash, uninvested. From the moneys on deposit in the Escrow Account, the Prior Trustee for the Refunded 2006B-TE Bonds will pay on June 11, 2018, the outstanding principal amount of all of the outstanding Refunded 2006B-TE Bonds and the accrued interest thereon to the date of redemption.

The Prior Trustee for the Refunded 2011A-T Bonds will invest a portion of the amounts on deposit in the Escrow Account for the Refunded 2011A-T Bonds in certain government securities (the “**Defeasance Securities**”) and will hold the remainder in cash, uninvested. The Defeasance Securities will bear interest at such rates and will be scheduled to mature at such times and in such amounts so that such amounts together with any amounts held as cash in the Escrow Account for the Refunded 2011A-T Bonds, will provide sufficient monies to pay (i) on the due dates therefor, the interest and principal on the Refunded 2011A-T Bonds becoming due on or before September 1, 2021, and (ii) on September 1, 2021, the redemption price of the then-outstanding Refunded 2011A-T Bonds, plus accrued interest to September 1, 2021.

Upon such deposit and investment and compliance with or provision for compliance with certain notice requirements set forth in the indenture related to a series of Refunded Bonds, the liability of the Successor Agency therefor will cease and the series of Refunded Bonds will no longer be outstanding under the indenture pursuant to which such series was issued, except that the Owners of such Refunded Bonds will be entitled to payment thereof solely from the amounts on deposit in the applicable Escrow Account held by the respective Escrow Trustee.

Verification. Causey Demgen & Moore P.C. (the “Verification Agent”), will verify the sufficiency of the deposits in the Escrow Accounts for the purpose described above. Assuming the accuracy of the Verification Agent’s computations, as a result of the deposit and application of funds as provided in the Escrow Accounts, the respective obligations of the Successor Agency with respect to the Refunded Bonds will be discharged. 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. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2018 Bonds are as follows:

	<i>Series 2018-TE Bonds</i>	<i>Taxable Series 2018-T Bonds</i>	<i>Total</i>
Sources:			
Par Amount	\$15,190,000.00	\$41,765,000.00	\$56,955,000.00
Plus Original Issue Premium	3,230,683.15	-	3,230,683.15
Less Original Issue Discount	-	(775,810.10)	(775,810.10)
Plus Other Moneys ⁽¹⁾	46.31	4,649,555.77	4,649,602.08
Total Sources	<u>\$18,420,729.46</u>	<u>\$45,638,745.67</u>	<u>\$64,059,475.13</u>
Uses:			
Refunding Escrow Accounts			
Refunded 2006B-TE Bonds	\$18,229,736.11	-	\$18,229,736.11
Refunded 2011A-T Housing (Taxable) Bonds	-	\$45,115,106.04	45,115,106.04
Costs of Issuance ⁽²⁾	145,201.59	397,734.89	542,936.48
Underwriters’ Discount	45,791.76	125,904.74	171,696.50
Total Uses	<u>\$18,420,729.46</u>	<u>\$45,638,745.67</u>	<u>\$64,059,475.13</u>

⁽¹⁾ Reflects moneys held in funds and accounts relating to the Refunded Bonds.

⁽²⁾ Includes legal, financing and consultant fees, rating agency fee, verification agent fees, fees and premiums for the 2018 Reserve Policy and other miscellaneous expenses.

THE 2018 BONDS

Authority for Issuance

The 2018 Bonds were authorized for issuance pursuant to the Indenture, the Refunding Law, the Redevelopment Law and the Dissolution Act. Issuance of the 2018 Bonds and the execution of the related documents were authorized by the Successor Agency pursuant to the Resolutions, and approved by the Successor Agency’s Oversight Board pursuant to Resolution No. 2018-2, adopted on March 26, 2018 (the “Oversight Resolution”).

Written notice of the Oversight Resolution was sent to the State Department of Finance, as required by the Dissolution Act, on March 27, 2018. On April 19, 2018, which is within the time period allotted under the Dissolution Act for the State Department of Finance to review the Oversight Resolution, the State

Department of Finance provided a letter to the Successor Agency stating that, based on the State Department of Finance's review of the Oversight Board's Resolution and application of applicable law, the State Department of Finance approved the 2018 Bonds. A copy of the State Department of Finance's approval letter is set forth in APPENDIX H.

Description of the 2018 Bonds

The 2018 Bonds will be issued in the form of fully registered bonds without coupons and in principal denominations of \$5,000 or any integral multiple thereof. The 2018 Bonds will be dated, and shall bear interest from, their date of delivery to the original purchasers thereof. The 2018 Bonds will be issued in the respective aggregate amounts, will bear interest at the respective rates and will mature, subject to redemption provisions set forth hereinafter, on the respective dates and in the amounts as set forth on the inside cover page hereof. See APPENDIX G – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Interest on each Series of 2018 Bonds will be payable on March 1 and September 1 of each year, commencing September 1, 2018 (each, an "**Interest Payment Date**"). Interest on the 2018 Bonds will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated after the close of business on the fifteenth (15th) day of the month preceding an Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day, and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to August 15, 2018, in which event it shall bear interest from the date of delivery of the 2018 Bonds to the original purchasers thereof, provided, however, that if at the time of authentication of any 2018 Bond, interest thereon is in default, such 2018 Bond shall bear interest from the Interest Payment Date to which interest has been previously paid or made available for payment thereon.

Book-Entry Only System

Each Series of 2018 Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"). DTC will act as a securities depository for the 2018 Bonds. Individual purchases may be made in book-entry only form. Purchasers will not receive certificates representing their beneficial ownership interest in the 2018 Bonds so purchased. So long as DTC, or its nominee, Cede & Co., is the registered owner of the 2018 Bonds, payments of principal, premium, if any, and interest evidenced by the 2018 Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the 2018 Bonds. In this Official Statement, the term "**Beneficial Owner**" means the person for whom the DTC Participant acquires an interest in the 2018 Bonds.

Each such payment to DTC or its nominee will be valid and effective to fully discharge all liability of the Successor Agency or the Trustee with respect to the principal or redemption price of or interest on the 2018 Bonds to the extent of the sum or sums so paid. The Successor Agency and the Trustee cannot and do not give any assurance that DTC's Direct Participants or Indirect Participants will distribute to Beneficial Owners (i) payments of interest, principal or premium, if any, with respect to the 2018 Bonds, (ii) confirmation of ownership interests in the 2018 Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the 2018 Bonds, or that DTC's Direct Participants or Indirect Participants will do so on a timely basis.

Neither the Successor Agency nor the Trustee will have any responsibility or obligation to DTC Participants, Indirect Participants or Beneficial Owners with respect to payment, or the provision of, notice to DTC Participants, Indirect Participants or Beneficial Owners or the selection of 2018 Bonds for redemption. See APPENDIX G – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Redemption Provisions

Optional Redemption. The Series 2018-TE Bonds maturing on or prior to September 1, 2028, are not subject to optional redemption. The Series 2018-TE Bonds maturing on or after September 1, 2029, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after September 1, 2028, by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The Taxable Series 2018-T Bonds maturing on or prior to September 1, 2028 are not subject to optional redemption. The Taxable Series 2018-T Bonds maturing on or after September 1, 2029, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after September 1, 2028, by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Taxable Series 2018-T Bonds maturing on September 1, 2033 and September 1, 2039 (the “**Taxable Series 2018-T Term Bonds**”) shall also be subject to mandatory redemption in whole, or pro rata among Owners as described below, on September 1 in each year, commencing September 1, 2031 and September 1, 2034, respectively, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following tables; provided however, that (y) in lieu of redemption thereof such Taxable Series 2018-T Term Bonds may be purchased by the Successor Agency as described below, and (z) if some but not all of such Taxable Series 2018-T Term Bonds have been optionally redeemed as described above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Taxable Series 2018-T Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).

Taxable Series 2018-T Term Bonds of 2033

Sinking Account Redemption Date (September 1)	Principal Amount to be Redeemed
2031	\$1,745,000
2032	2,195,000
2033*	1,275,000

*Maturity

Taxable Series 2018-T Term Bonds of 2039

Sinking Account Redemption Date (September 1)	Principal Amount to be Redeemed
2034	\$ 1,330,000
2035	2,385,000
2036	4,065,000
2037	5,220,000
2038	5,425,000
2039*	5,645,000

*Maturity

Purchase in Lieu of Redemption. In lieu of mandatory sinking fund redemption of the Taxable Series 2018-T Term Bonds pursuant to the preceding paragraphs, amounts on deposit in the Special Fund (defined below) or in the Principal Account may also be used and withdrawn by the Successor Agency and the Trustee, respectively, at any time, upon the Written Request of the Successor Agency, for the purchase of Taxable Series 2018-T Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Successor Agency may in its discretion determine. The par amount of any Taxable Series 2018-T Term Bonds so purchased by the Successor Agency in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of such Taxable Series 2018-T Term Bonds required to be redeemed from mandatory sinking fund payments as described above on the next succeeding September 1.

Selection of 2018 Bonds for Redemption. Whenever any 2018 Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof to the extent the 2018 Bonds are no longer held in book-entry form. In the event of redemption by lot of 2018 Bonds, the Trustee shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The 2018 Bonds to be redeemed shall be the 2018 Bonds that were assigned the numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. All 2018 Bonds so redeemed or purchased shall be cancelled and destroyed.

Notwithstanding the prior paragraph, optional redemption payments and mandatory sinking fund redemption payments on the Taxable Series 2018-T Bonds being redeemed in part will be made on a pro rata basis to each Owner in whose name such Taxable Series 2018-T Bonds are registered at the close of business on the Record Date immediately preceding the redemption date (which Owner shall be DTC so long as the book-entry system with DTC is in effect). As used in the foregoing sentence, “pro rata” means, in connection with any mandatory sinking fund redemption or any optional redemption in part, with respect to the allocation of amounts to be redeemed, the application to such amounts of a fraction, the numerator of which is equal to the amount of the specific maturity of Taxable Series 2018-T Bonds held by an Owner of such Taxable Series 2018-T Bonds, and the denominator of which is equal to the total amount of such maturity of Taxable Series 2018-T Bonds, then Outstanding. So long as there is a securities depository for the Taxable Series 2018-T Bonds, there will be only one registered owner and neither the Successor Agency nor the Trustee will have responsibility for prorating partial redemptions among beneficial owners of the Taxable Series 2018-T Bonds.

Notice of Redemption; Rescission. Notice of redemption will be mailed by first class mail no less than thirty (30) and nor more than sixty (60) days prior to the redemption date (i) to the 2018 Insurer and to the Owners of any 2018 Bonds designated for redemption at their addresses appearing on the Registration Books, and (ii) to the Securities Depositories and one or more Information Services. Neither failure to receive such notice nor any defect in the notice so mailed will affect the validity of the proceedings for redemption of such 2018 Bonds or the cessation of the accrual of interest thereon on the redemption date.

The Successor Agency may rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2018 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. If any redemption is rescinded or canceled in accordance with the Indenture, the Trustee will mail notice of such rescission or cancellation in the same manner and to the same recipients as the original notice of such redemption was sent, and neither the Successor Agency nor Trustee shall have any liability to Owners or any other party related to or arising from such rescission of redemption.

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 2018 Bonds so called for redemption shall have been duly deposited with the Trustee, such 2018 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 shall accrue thereon from and after the redemption date specified in such notice.

Transfer and Exchange. The 2018 Bonds may, in accordance with their terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee may refuse to transfer or exchange of (a) any 2018 Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of 2018 Bonds for redemption, or (b) any 2018 Bonds selected by the Trustee for redemption. See APPENDIX G – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Mutilated, Lost, Destroyed or Stolen 2018 Bonds. The Successor Agency and the Trustee will, under certain circumstances, replace 2018 Bonds which have been mutilated, lost, destroyed or stolen. The Successor Agency may require payment of a reasonable fee and of the expenses which may be incurred by the Successor Agency and the Trustee in connection with the issuance of a new Bond to replace a Bond which has been mutilated, lost, destroyed or stolen.

DEBT SERVICE SCHEDULE

Set forth below for the 2018 Bonds is a table showing scheduled principal, interest and total debt service for each Series.

Bond Year	Series 2018-TE Bonds			Taxable Series 2018-T Bonds			Total Debt Service
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	
9/1/2018	-	\$ 179,326.39	\$ 179,326.39	\$ 4,325,000	\$ 357,029.51	\$ 4,682,029.51	\$ 4,861,355.90
9/1/2019	-	759,500.00	759,500.00	-	1,425,625.00	1,425,625.00	2,185,125.00
9/1/2020	-	759,500.00	759,500.00	-	1,425,625.00	1,425,625.00	2,185,125.00
9/1/2021	-	759,500.00	759,500.00	-	1,425,625.00	1,425,625.00	2,185,125.00
9/1/2022	-	759,500.00	759,500.00	3,075,000	1,425,625.00	4,500,625.00	5,260,125.00
9/1/2023	-	759,500.00	759,500.00	2,500,000	1,333,375.00	3,833,375.00	4,592,875.00
9/1/2024	-	759,500.00	759,500.00	2,580,000	1,255,250.00	3,835,250.00	4,594,750.00
9/1/2025	\$ 2,665,000	759,500.00	3,424,500.00	-	1,171,400.00	1,171,400.00	4,595,900.00
9/1/2026	2,800,000	626,250.00	3,426,250.00	-	1,171,400.00	1,171,400.00	4,597,650.00
9/1/2027	2,235,000	486,250.00	2,721,250.00	-	1,171,400.00	1,171,400.00	3,892,650.00
9/1/2028	2,140,000	374,500.00	2,514,500.00	-	1,171,400.00	1,171,400.00	3,685,900.00
9/1/2029	2,250,000	267,500.00	2,517,500.00	-	1,171,400.00	1,171,400.00	3,688,900.00
9/1/2030	2,360,000	155,000.00	2,515,000.00	-	1,171,400.00	1,171,400.00	3,686,400.00
9/1/2031	740,000	37,000.00	777,000.00	1,745,000	1,171,400.00	2,916,400.00	3,693,400.00
9/1/2032	-	-	-	2,195,000	1,101,600.00	3,296,600.00	3,296,600.00
9/1/2033	-	-	-	1,275,000	1,013,800.00	2,288,800.00	2,288,800.00
9/1/2034	-	-	-	1,330,000	962,800.00	2,292,800.00	2,292,800.00
9/1/2035	-	-	-	2,385,000	909,600.00	3,294,600.00	3,294,600.00
9/1/2036	-	-	-	4,065,000	814,200.00	4,879,200.00	4,879,200.00
9/1/2037	-	-	-	5,220,000	651,600.00	5,871,600.00	5,871,600.00
9/1/2038	-	-	-	5,425,000	442,800.00	5,867,800.00	5,867,800.00
9/1/2039	-	-	-	5,645,000	225,800.00	5,870,800.00	5,870,800.00
Total	\$15,190,000	\$7,442,326.39	\$22,632,326.39	\$41,765,000	\$22,970,154.51	\$64,735,154.51	\$87,367,480.90

SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS

General

The 2018 Bonds are limited obligations secured solely by a pledge of, security interest in and lien on all of the Pledged Tax Revenues, the moneys in the Special Fund held by the Successor Agency, and moneys in certain funds and accounts held by the Trustee under the Indenture. Pledged Tax Revenues generally consist of tax increment revenues from the Project Areas which are deposited, or available for deposit, into the Redevelopment Property Tax Trust Fund, excluding (i) amounts required to pay debt service on the Existing Bonds, but only to the extent that such Tax Revenues were pledged to the payment of debt service on the Existing Bonds, (ii) amounts required to pay certain other senior obligations, and (iii) amounts required to pay taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law and Section 34183(a)(1) of the Dissolution Act unless such payments are subordinated to the payments on the 2015 Bonds, the 2018 Bonds or any additional Bonds issued pursuant to a Supplemental Indenture or to the payments owed under any Parity Debt Instrument. See “– Security for the 2018 Bonds; Equal Security.”

The 2018 Bonds are not a debt of the City, the State, or any of its political subdivisions (other than the Successor Agency and only to the extent set forth in the Indenture), and neither the City, the State, nor any of its political subdivisions other than the Successor Agency is liable therefor, nor in any event will the 2018 Bonds be payable out of any funds other than those of the Successor Agency and only to the limited extent set forth in the Indenture.

The 2018 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. None of the members of the Successor Agency, the City, or any persons executing the 2018 Bonds are liable personally on the 2018 Bonds by reason of their issuance. The Successor Agency has no taxing power.

Tax Increment Financing Generally

Under the Redevelopment Law and Section 16 of Article XVI of the State Constitution, taxes on all taxable property in a project area levied by or for the benefit of the State, any city, county, district or other public corporation (the “**Taxing Agencies**”) when collected are divided as follows:

(a) To Taxing Agencies. An amount each year equal to the amount that would have been produced by the then current tax rates applied to the assessed valuation of such property within the project areas last equalized prior to the effective date of the ordinance approving the redevelopment plan, plus the portion of the levied taxes in excess of the foregoing amount sufficient to pay debt service on any voter-approved bonded indebtedness of the respective Taxing Agencies incurred for the acquisition or improvement of real property and approved on or after January 1, 1989, is paid into the funds of the respective Taxing Agencies; and

(b) To the Former Agency/Successor Agency. That portion of the levied taxes in excess of the amount described in paragraph (a) is deposited into a special fund of the applicable redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness incurred by, such agency to finance or refinance activities in or related to such project area.

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 Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the “on or after January 1, 1989” reference from paragraph (a) above.

In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above. Pursuant to SB 107, effective September 22, 2015, debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects that are not pledged to or needed for debt service on successor agency obligations are allocated and paid to the entity that levies the override and will not be deposited into the Redevelopment Property Tax Trust Fund. As further described in this Official Statement, within the Project Areas, the City annually levies an ad valorem tax (the “**City Pension Override Tax**”) on all property within the City subject to taxation by the City pursuant to Measure R approved by the voters of the City on June 8, 1976 (“**Measure R**”) and Measure O approved by the voters of the City on June 7, 1988 (“**Measure O**”). The revenues from the City Pension Override Tax were pledged to the Refunded Bonds and, therefore, are pledged as security for the payment of debt service on the 2018 Bonds.

Within the Project Areas, the City, the East Bay Municipal Utility District (“**EBMUD**”) and the East Bay Regional Parks (“**EBRP**”) also levy debt service override taxes within their jurisdictions. However, the revenues from such override tax rates were not pledged as security for the payment of debt service on the Refunded Bonds and, therefore, are not pledged as security for the payment of debt service on the 2018 Bonds.

See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Security for the 2018 Bonds; Equal Security – *City Pension Override Tax*” and “PLEGGED TAX REVENUES AND DEBT SERVICE – Projected Pledged Tax Revenues and Debt Service Coverage – *Tax Rate.*”

Allocation of Taxes Pursuant to the Dissolution Act

General. Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects by permitting the pledge of tax increment revenues derived from the applicable project area to repayment of tax allocation bonds. The Dissolution Act requires that all property tax increment derived from all Project Areas be deposited in a Redevelopment Property Tax Trust Fund for the Successor Agency held and maintained by the County Controller. ***Discussions herein regarding tax increment revenues or tax revenues refer to those moneys deposited, or available for deposit, by the County Controller into the Redevelopment Property Tax Trust Fund.***

The Dissolution Act authorizes bonds, including the 2018 Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described below.

The Dissolution Act requires the County Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB 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 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 dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date so that property tax revenues (formerly tax increment revenues) are paid to the Successor Agency in such amounts and on such dates to ensure the timely payment of debt service on the bonds.

The Dissolution Act was further amended by SB 107, which, among other things, removed, for purposes of payment of enforceable obligations, certain time limits that had previously applied to the issuance of debt, the receipt of tax increment, the repayment of debt and any other matters set forth in Sections 33333.2, 33333.4, and 33333.6 of the Redevelopment Law. Accordingly, the Successor Agency will continue to be allocated revenue from all Project Areas until such time as all enforceable obligations have been repaid, even if such time extends beyond such Project Area plan's stated last day to repay indebtedness. There is some ambiguity regarding the application of SB 107 to the plan limits for the Army Base Project Area and the Oak Knoll Project Area. See "THE PROJECT AREAS – No Plan Limits" herein.

Pursuant to the Dissolution Act, the pledge of the Pledged Tax Revenues to repay the 2018 Bonds is made as if the 2018 Bonds had been issued prior to the effective date of Dissolution Act. Pursuant to the Dissolution Act, the Successor Agency has covenanted in the Indenture to take all actions necessary to ensure that the 2018 Bonds will be included in each of the Successor Agency's Recognized Obligation Payment Schedules as prepared from time to time in accordance with the Dissolution Act. See "– Recognized Obligation Payment Schedules" below.

Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to each Project Area, to the extent they constitute tax revenues, less administrative costs, as described herein, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Controller to the RORF on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See "– Recognized Obligation Payment Schedules" below.

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

Elimination of Housing Set-Aside. Prior to the Dissolution Act, the Redevelopment Law required generally that redevelopment agencies set aside in a low- and moderate-income housing fund not less than twenty percent (20%) of all tax revenues allocated to such agencies. This twenty percent (20%) set-aside requirement was eliminated by the Dissolution Act. Accordingly, Pledged Tax Revenues include the amounts that, prior to dissolution, would have been required to be deposited in the Former Agency's Low- and Moderate-Income Housing Fund with respect to the Project Areas, and all such amounts are available for the payment of debt service on the 2018 Bonds and Parity Debt.

Statutory Pass-Throughs.

Assembly Bill 1290. Assembly Bill 1290 (being Chapter 942, Statutes of 1993) (“**AB 1290**”) was adopted by the California Legislature and became law on January 1, 1994 (adding among other things, Sections 33607.5 and 33607.7 to the Redevelopment Law). The enactment of AB 1290 created several significant changes in the Redevelopment Law, including a mandatory statutory formula for sharing tax increment (“**AB 1290 Statutory Pass-Through Amounts**”) for project areas established, or amended in certain respects, on or after January 1, 1994, which applied to tax increment revenues net of the housing set-aside. The first twenty-five percent (25%) of net tax increment generated by the increase in assessed value after the establishment of the project areas or the effective date of the amendment is required to be paid to affected taxing entities. In addition, beginning in the 11th year of collecting tax increment, an additional twenty-one percent (21%) of the increment generated by increases in assessed value after the 10th year must be so paid. Finally, beginning in the 31st year of collecting tax increment, an additional fourteen percent (14%) of the increment generated by increases in assessed value after the 30th year must be so paid.

Senate Bill 211. In connection with the City’s amendment of the Central District Project Area’s redevelopment plan on January 6, 2004 to eliminate the time limit on the incurrence of debt for the original portion of the Central District Project Area, the Former Agency was obligated to make statutory tax sharing payments (referred to herein as “**SB 211 Statutory Tax Sharing Payments**” and together with AB 1290 Statutory Pass-Through Amounts, the “**Statutory Pass-Through Payments**”) pursuant to Section 33607.7 of the Redevelopment Law. SB 211 Statutory Tax-Sharing Payments are made to all taxing entities in accordance with the three-tiered formulas for statutory tax sharing payments required of those project areas adopted after January 1, 1994. Since the former time limit on incurrence of new debt for the original portion of the Project Area was January 1, 2004, these SB 211 Statutory Tax-Sharing Payments began in Fiscal Year 2004-05 and use the valuation for 2003-04 as the adjusted base year. The annual tax sharing amount to be divided among the affected taxing entities is 25% of the revenue derived from the difference in assessed value between the adjusted base year value and the current year value net of a 20% share for the former housing set-aside requirement. According to Redevelopment Law, these SB 211 Statutory Tax-Sharing Payments will continue through the last fiscal year within which the original portion of the Central District Project Area is able to repay indebtedness. The second tier of SB 211 Statutory Tax-Sharing Payments required by Section 33607.7 was initiated in Fiscal Year 2014-15 and will use the original portion of the Central District Project Area’s assessed values for Fiscal Year 2013-14 as a second adjusted base year value. The annual tier 2 tax sharing amount to be divided among the affected taxing entities is 21% of the revenue derived from the difference in assessed value between the second adjusted base year value and the current year value net of a 20% share for the former housing set-aside requirement. A third tier will not be initiated, since it would take effect, after the expiration of the original portion of the Central District Project Area’s ability to repay indebtedness. The Central District Project Area is also subject to statutory tax sharing under AB 1290.

The Dissolution Act requires that the County Controller calculate and pay the tax sharing obligations of the former redevelopment agencies as part of the process of allocating revenue from the Redevelopment Property Tax Trust Fund each January 2 and June 1. The legislation requires that the calculations be done in the same manner as prior to January 1, 2011. This includes calculation of statutory tax sharing amounts using a deduction of 20% for housing set-aside despite the fact that this obligation is no longer in effect. See “– *Elimination of Housing Set-Aside*” above.

Distribution. There are fifteen (15) taxing entities (the “**Taxing Entities**”) within the Project Areas. In addition to the Taxing Entities, the County Controller allocates a portion of revenue to the Educational Revenue Augmentation Fund (“**ERAF**”) for distribution to the schools. The Dissolution Act requires the County Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed for AB 1290 Statutory Pass-Through Amounts to the Taxing Entities for each six-month period

before amounts are distributed by the County Controller from the Redevelopment Property Tax Trust Fund to the RORF each January 2 and June 1, unless (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded by the Successor Agency (see below), (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the RORF, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Successor Agency's enforceable obligations, pass-through payments, and the Successor Agency's administrative cost allowance for the applicable six-month period, and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes for the applicable six-month period.

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the Taxing Entities under the Dissolution Act after payment of the Successor Agency's enforceable obligations, pass-through payments, and the Successor Agency's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed for AB 1290 Statutory Pass-Through Amounts, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted. The Successor Agency cannot guarantee that this process prescribed by the Dissolution Act of administering the tax revenues and the AB 1290 Statutory Pass-Through Amounts will effectively result in adequate Pledged Tax Revenues for the payment of principal and interest on the 2018 Bonds when due. See “– Recognized Obligation Payment Schedules.” See also “PLEGGED TAX REVENUES AND DEBT SERVICE” for additional information regarding the AB 1290 Statutory Pass-Through Amounts applicable to the Successor Agency and the revenues derived from the Project Areas.

The total AB 1290 Statutory Pass-Through Amounts for Fiscal Year 2016-17 was \$30,416,163 and for Fiscal Year 2017-18 is estimated to be \$39,450,297.

Subordination. Section 33607.5(e) of the Redevelopment Law sets forth a process pursuant to which such payments may be subordinated to debt service on newly-issued bonds or loans. The Successor Agency notified the Taxing Entities of its intent to subordinate the AB 1290 Statutory Pass-Through Amounts to debt service on the 2018 Bonds and received the approval of all Taxing Entities to subordinate the payment of the AB 1290 Statutory Pass-Through Amounts to the payment of debt service on the 2018 Bonds. The AB 1290 Statutory Pass-Through Amounts paid through ERAF to the schools is assumed to be subordinated with the AB 1290 Statutory Pass-Through Amounts paid directly to the schools. See also “CERTAIN RISK FACTORS – Subordination of ERAF.” Although the Successor Agency's obligation to pay AB 1290 Statutory Pass-Through Amounts are subordinate to the Successor Agency's obligations to pay debt service on the 2018 Bonds and 2015 Bonds, such obligation is not subordinate to its obligation to pay debt service on certain of the Existing Bonds* secured by tax revenues from the Central District Project Area only. In the event Pledged Tax Revenues from the Central District Project Area are insufficient in the future, the AB 1290 Statutory Pass-Through Amounts payable to Taxing Entities within the Central District

* Specifically, the Redevelopment Agency of the City of Oakland Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2006T (Federally Taxable); Redevelopment Agency of the City of Oakland Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2009T (Federally Taxable); and Oakland Redevelopment Successor Agency Central District Redevelopment Project Subordinated Tax Allocation Refunding Bonds, Series 2013.

Project Area would be available to pay debt service on the 2015 Bonds and the 2018 Bonds, but not such Existing Bonds.

Security for the 2018 Bonds; Equal Security

Pledge Under the Indenture. Except as may otherwise be provided in the Indenture, the 2018 Bonds and any Parity Debt shall be equally secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues and the moneys in the Special Fund, and the 2018 Bonds and any Parity Debt shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Redemption Account and the Reserve Account (including any subaccounts therein) without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The 2018 Bonds are additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the 2018 Bonds Reserve Subaccount of the Reserve Account. Except for the Pledged Tax Revenues deposited, or available for deposit, in the Redevelopment Property Tax Trust Fund, the moneys in the Special Fund, and the Funds and accounts held by the Trustee under the Indenture to the extent provided therein, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds (defined below).

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control (e.g., any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies) could affect the amount of Pledged Tax Revenues available in any six-month period to pay the principal of and interest on the 2018 Bonds. See “– Tax Increment Financing Generally,” “– Recognized Obligation Payment Schedules,” “LIMITATIONS ON TAX REVENUES” and “CERTAIN RISK FACTORS.”

In consideration of the acceptance of the 2018 Bonds by those who will hold the same from time to time, the Indenture constitutes a contract between the Successor Agency and the Owners from time to time of the 2018 Bonds, and the covenants and agreements set forth therein to be performed on behalf of the Successor Agency are for the equal and proportionate benefit, security and protection of all Owners of the 2018 Bonds, without preference, priority or distinction as to security or otherwise of any of the 2018 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 on the 2018 Bonds or in the Indenture.

The 2015 Bonds and any Parity Debt issued as bonds pursuant to a Supplemental Indenture (including the 2018 Bonds) are referred to herein as “**Bonds**.”

Definition of Pledged Tax Revenues. Per the Indenture, “**Pledged Tax Revenues**” means “all taxes that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws, and that are deposited, or are available for deposit, in the Redevelopment Property Tax Trust Fund, excluding (i) Tax Revenues required to pay debt service on the Existing Bonds, but only to the extent that such Tax Revenues were pledged to the payment of debt service on the Existing Bonds, (ii) amounts required to be paid under the Uptown Ground Lease and the 17th St. Garage DDA, but only to the extent that the amounts that would otherwise constitute Pledged Tax Revenues were pledged to the payment thereof (thereby not including in such exclusion Pledged Tax Revenues that were not pledged to the payment of amounts owed pursuant to the Uptown Ground Lease and the 17th St. Garage DDA), and (iii) all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law and Section 34183(a)(1) of the Dissolution Act unless such payments are subordinated to the payments on the 2015 Bonds or any additional Bonds issued pursuant to a Supplemental Indenture

(which includes the 2018 Bonds) or to the payments owed under any Parity Debt Instrument pursuant to Section 33607.5(e) of the Law and 34177.5(c) of the Dissolution Act. For the avoidance of doubt, the amounts described above constituting Pledged Tax Revenues also include all taxes previously pledged to the bonds refunded with proceeds of the Bonds, including without limitation, the refunded Series 2006B-TE Bonds and refunded Series 2011A-T Bonds as permitted by Sections 34177.5(a)(1) and 34183(a)(1)(B) of the Law.” The payment obligation under the 17th St. Garage DDA (defined below) was satisfied as of Fiscal Year 2015-16, so no further payments will be made pursuant to that agreement. All amounts owed to Taxing Entities have been subordinated to the payment of debt service on the 2015 Bonds and 2018 Bonds. See “Allocation of Taxes Subsequent to the Dissolution Act – *Statutory Pass-Throughs*.”

City Pension Override Tax. As previously described in this Official Statement, within the Project Areas, the City annually levies the City Pension Override Tax on all property within the City subject to taxation by the City pursuant to Measure R and Measure O. The revenues from the City Pension Override Tax were pledged to the Refunded Bonds and are pledged as security for the payment of debt service on the 2018 Bonds.

The City Pension Override Tax is levied by the City for the purpose of supporting the City’s Police and Fire Retirement System (“**PFRS**”). Pursuant to Measure R, certain provisions of the City Charter were amended to, among other things, require the City to amortize the City’s obligations to the PFRS and actuarially fund all liabilities for all members by July 1, 2016. In June 1988, Measure O extended the PFRS amortization period to fully fund the PFRS from July 1, 2016 to July 1, 2026. State legislation enacted in 1985 limits the rate of the levy of the City Pension Override Tax to the rate levied by the City in fiscal year 1983-84, or 0.1575%.

The projections of Pledged Tax Revenues in this Official Statement and the Fiscal Consultant’s Report assume that the City Pension Override Tax is levied only through July 1, 2026; neither the Successor Agency nor the City provide any assurance that the City will be permitted to levy the City Pension Override Tax after such date.

Within the Project Areas, the City, EBMUD and EBRP also levy debt service override taxes within their jurisdictions. However, the revenues from such override tax rates were not pledged as security for the payment of debt service on the Refunded Bonds and, therefore, are not pledged as security for the payment of debt service on the 2018 Bonds.

See also “PLEGGED TAX REVENUES AND DEBT SERVICE – Projected Pledged Tax Revenues and Debt Service Coverage – *Tax Rate*.”

Special Fund; Deposit of Pledged Tax Revenues

The Indenture establishes a Subordinate Bonds Special Fund (the “**Special Fund**”) to be held by the Successor Agency within the RORF. The Successor Agency shall deposit all of the Pledged Tax Revenues received with respect to any semi-annual period in accordance with the Indenture into the Special Fund promptly upon receipt thereof by the Successor Agency. All Pledged Tax Revenues received by the Successor Agency in excess of the amount required to make the deposits required in order to pay debt service on the Bonds and any Parity Debt and to make any other payments due under the Indenture, and except as may be provided to the contrary in the Indenture or in any Supplemental Indenture or Parity Debt Instrument, shall be released from the pledge and lien hereunder and shall be applied in accordance with the Law, including but not limited to the payment of debt service on any Subordinate Debt (defined below). Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indenture or other Parity Debt Instrument, the Successor Agency shall not have any beneficial right or

interest in the moneys on deposit in the Special Fund, except as may be provided in the Indenture and in any Supplemental Indenture or other Parity Debt Instrument.

There has been established under the Indenture a trust fund to be known as the Debt Service Fund, which will be held by the Trustee in trust. Moneys in the Special Fund shall be transferred by the Successor Agency to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are established in the Debt Service Fund pursuant to the Indenture, and in the following order of priority (provided further that, if on the fifth Business Day prior to the date the Successor Agency is required to transfer amounts on deposit in the Special Fund to the Trustee there are not amounts on deposit therein sufficient to make the following deposits, taking into account amounts required to be transferred with respect to Parity Debt other than Bonds, the Successor Agency shall immediately notify the Trustee of the amount of any such insufficiency):

Interest Account. On or before the fifth (5th) Business Day preceding each Interest Payment Date (commencing with the Interest Payment Date of September 1, 2018, with respect to the 2018 Bonds) the Successor Agency will withdraw from the Special Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on such date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds (defined below) on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. 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 the Indenture).

Principal Account. On or before the fifth (5th) Business Day preceding September 1 in each year (beginning September 1, 2018, with respect to the 2018 Bonds) the Successor Agency will withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and Outstanding Term Bonds, including pursuant to mandatory sinking account redemption, on the next September 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next September 1 on all of the Outstanding Serial Bonds and Outstanding Term Bonds. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Outstanding Serial Bonds and the Outstanding Term Bonds, including by mandatory sinking account redemption, as it becomes due and payable.

Reserve Account. Pursuant to the Original Indenture, the Trustee established a Reserve Account within the Debt Service Fund solely as security for payments payable by the Successor Agency pursuant to the Indenture or other Parity Debt Instrument. The Reserve Account is held by the Trustee in trust for the benefit of the Owners of the Bonds and any Parity Debt. The First Supplemental Indenture establishes a “**2018 Bonds Reserve Subaccount**,” within the Reserve Account established under the Original Indenture, to be held by the Trustee for the benefit of the Owners of the 2018 Bonds.

The amount on deposit in the Reserve Account is required to be maintained at the Reserve Requirement, which is defined in the Indenture to mean, with respect to the 2015 Bonds and each series of Parity Debt issued in the form of Bonds pursuant to a Supplemental Indenture (together, “**Outstanding Bonds**”), the lesser of (i) 125% of average Annual Debt Service with respect to that series of Outstanding Bonds, (ii) Maximum Annual Debt Service with respect to that series of Outstanding Bonds, or (iii) with respect to an individual series of Outstanding Bonds, 10% of the original principal amount of such series of Outstanding Bonds (or, if such series of Outstanding Bonds has more than a *de minimis* amount of original issue discount or premium (as determined in accordance with the Internal Revenue Code), 10% of the issue price of such series of Outstanding Bonds); subject to the limitations and conditions in the

Indenture relating to Parity Debt in the form of bonds. The calculation of the Reserve Requirement may, with respect to two or more series of bonds, be determined on a combined basis. The Reserve Requirement for the Series 2018-TE Bonds and Taxable Series 2018-T Bonds will be calculated on a combined basis.

The Reserve Requirement for the 2015 Bonds was satisfied by the delivery to the Trustee of a municipal bond debt service reserve insurance policy (the “**2015 Reserve Policy**”) issued by Assured Guaranty Municipal Corp (the “**2015 Insurer**”). The amounts available under the 2015 Reserve Policy shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts with respect to the payment of debt service on the 2015 Bonds. The Successor Agency has no obligation to replace the 2015 Reserve Policy or to fund the Reserve Requirement for the 2015 Bonds with cash if amounts are not available under the 2015 Reserve Policy, or in the event that any rating assigned to the 2015 Insurer is downgraded, suspended or withdrawn.

The Successor Agency expects to satisfy the Reserve Requirement for the 2018 Bonds by the delivery of the 2018 Reserve Policy for the 2018 Bonds by the 2018 Insurer to the Trustee on the date of delivery of the 2018 Bonds for deposit in the 2018 Bonds Reserve Subaccount. The Trustee would draw on the 2018 Reserve Policy in accordance with its terms and conditions and the terms of the Indenture. The amounts available under the 2018 Reserve Policy for the 2018 Bonds would be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts with respect to the payment of debt service on the 2018 Bonds. The Trustee would comply with all documentation relating to the 2018 Reserve Policy as required to maintain the 2018 Reserve Policy in full force and effect and as required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture. The Successor Agency will have no obligation to replace the 2018 Reserve Policy or to fund the 2018 Bonds Reserve Subaccount with cash if, at any time that any Series of 2018 Bonds are Outstanding, amounts are not available under the 2018 Reserve Policy. Additionally, the Successor Agency will have no obligation to replace the 2018 Reserve Policy, to deposit any cash in the 2018 Reserve Policy or to take any other action with respect to the 2018 Reserve Policy in the event that any rating assigned to the 2018 Insurer is downgraded, suspended or withdrawn. See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” for further information regarding the Reserve Account.

Amounts on deposit in the 2018 Bonds Reserve Subaccount shall not be available to pay debt service on any other Parity Debt.

See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” for further information regarding the Reserve Account, including the 2018 Bonds Reserve Subaccount therein. Amounts on deposit in the Reserve Account are not available to pay debt service in connection with any Senior Obligations or any Subordinate Debt. See “– Senior Obligations” below.

Senior Obligations

Generally. Pursuant to the Indenture, the Successor Agency cannot issue additional bonds or incur additional obligations that are payable from moneys deposited in the Redevelopment Property Tax Trust Fund on a senior basis to the 2018 Bonds and any Parity Debt. However, the Successor Agency’s pledge of moneys deposited in the Redevelopment Property Tax Trust Fund to pay debt service on the 2018 Bonds and any Parity Debt is subordinate to its prior pledge of or prior claim on certain such tax increment revenues to: (1) pay debt service on the Existing Bonds not being refunded by the 2018 Bonds, but only to the extent that such Tax Revenues were pledged to the payment of debt service on the Existing Bonds; (2) make payments pursuant to the Uptown Ground Lease dated as of October 24, 2005 by and between the Former Agency, the City and Uptown Housing Partners LP (the “**Uptown Ground Lease**”), but only to the

extent that the amounts that would otherwise constitute Pledged Tax Revenues were pledged to the payment thereof (thereby not including in such exclusion Pledged Tax Revenues that were not pledged to the payment of amounts owed pursuant to the Uptown Ground Lease); (3) make payments owed under the 17th Street Garage Disposition and Development Agreement, dated August 26, 2004, by and between the Former Agency and Rotunda Garage LP (the “**17th Street Garage DDA**”), but only to the extent that the amounts that would otherwise constitute Pledged Tax Revenues were pledged to the payment thereof (thereby not including in such exclusion Pledged Tax Revenues that were not pledged to the payment of amounts owed pursuant to the 17th St. Garage DDA); and (4) make pass-through payments unless such payments are subordinated to payments on the 2018 Bonds or any Parity Debt (as defined in the Indenture) issued pursuant to a Supplemental Indenture or to the payments owed under any Parity Debt Instrument pursuant to Section 33607.5(e) of the Law and 34177.5(c) of the Dissolution Act

Uptown Ground Lease. The Uptown Ground Lease was entered into for the purpose of leasing to Uptown Housing Partners LP certain property located in the Central District Project Area for the development of a mixed-use development comprised of 665 multi-family rental units (a portion of which are affordable housing), approximately 9,000 square feet of neighborhood service retail space, 533 parking spaces and an approximately 25,000 square foot public park (the “**Uptown Project**”). The Uptown Ground Lease obligates the Successor Agency to pay Uptown Housing Partners LP, among other amounts, net available increment generated by the development of the Uptown Project and collected from properties located thereon. The payment obligations under the Uptown Ground Lease are subordinate to the payment of debt service on Existing Bonds secured by revenues from the Central District Project Area. The final payment on the Uptown Ground Lease will be made in Fiscal Year 2019-20.

17th Street Garage. The 17th Street Garage DDA was entered into for the purpose of facilitating the development of a parking garage with 320 parking spaces in the Central District Project Area (the “**Garage**”) and obligated the Successor Agency to pay Rotunda Garage, LP net available increment revenues resulting from property taxes or possessory interest taxes assessed against properties or improvements to the Garage on the parcel on which it sits. The payment obligation under the 17th St. Garage DDA was satisfied as of Fiscal Year 2015-16, so no further payments will be made pursuant to that agreement.

“Net available increment” is defined similarly in both the 17th Street Garage DDA and the Uptown Ground Lease as property taxes collected by the Successor Agency from property within the Central District Project Area applicable to the Uptown Project in the case of the Uptown Ground Lease and to the Garage in the case of the 17th Street Garage DDA, less housing set-aside requirements, tax-sharing pass-through obligations, pledges of said tax increment to the payment of debt service on bonds issued prior to the date of the Lease or DDA and ERAF obligations.

Existing Bonds. The pledge of tax revenues from the Project Areas under the Indenture to pay debt service on the 2015 Bonds and the 2018 Bonds is subordinate to the pledge thereof for payment of debt service on certain existing bonds issued by the Former Agency for the benefit of one or more Project Areas not being refunded by the 2018 Bonds (the “**Existing Bonds**”). The Existing Bonds include the following outstanding bonds, which will continue to be outstanding following the sale of the 2018 Bonds:

<u>Existing Bonds (Excluding Refunded Bonds)</u>	<u>Currently Outstanding Principal Amount of Existing Bonds</u>
<i>Redevelopment Agency of the City of Oakland</i>	
Central City East Redevelopment Project Tax Allocation Bonds, Series 2006A-T (Federally Taxable)	\$ 46,715,000
Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-T (Federally Taxable)	58,035,000
Broadway/MacArthur/San Pablo Redevelopment Project Tax Allocation Bonds, Series 2006C-T (Federally Taxable)	8,765,000
Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2006T (Federally Taxable)	9,760,000
Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2009T (Federally Taxable)	18,000,000
Broadway/MacArthur/San Pablo Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010-T (Federally Taxable Recovery Zone Economic Development Bonds – Direct Payment)	7,075,000
<i>Oakland Redevelopment Successor Agency</i>	
Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2013	59,780,000
TOTAL	\$208,130,000

Property Tax Administration Fees. Pursuant to the Dissolution Act, since Fiscal Year 2012-13, the County Controller has charged the Successor Agency an annual fee to recover property tax administration costs. This administration fee is approximately 0.58% of tax increment and is allocated among all of the Project Areas as determined at the discretion of the Successor Agency. For Fiscal Year 2016-17, the County’s administrative charge to the Successor Agency for all of the Project Areas was \$910,327. For Fiscal Year 2017-18, the County’s administrative charge is estimated to be \$999,120. See also “LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedure – *Property Tax Administrative Costs.*”

Limitations on Additional Indebtedness

No Additional Senior Debt. Under the Indenture, the Successor Agency has covenanted that it will not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of Pledged Tax Revenues, except for: (i) obligations issued to refund any of the Existing Bonds, the 2015 Bonds, the 2018 Bonds or any Parity Debt, but only on a parity with the Bonds; and (ii) Subordinate Debt. See “ – *Parity Debt*” for a description of requirements for the issuance of Parity Debt under the Indenture. Accordingly, under the Indenture no additional bonds, notes or other obligations senior to the Bonds may be issued.

Parity Debt. The Successor Agency previously issued the 2015 Bonds, which are payable from Pledged Tax Revenues on a parity with the 2018 Bonds. In addition to the 2015 Bonds and the 2018 Bonds, the Successor Agency may issue additional bonds (including pursuant to a Supplemental Indenture) or incur other loans, advances or indebtedness payable from Pledged Tax Revenues on a parity with the 2018 Bonds and the 2015 Bonds (collectively, “**Parity Debt**”) to refund any of the Existing Bonds or outstanding Bonds or Parity Debt in such principal amount as shall be determined by the Successor Agency, subject to the following specific conditions which are conditions precedent to the issuance and delivery of such Parity Debt:

(a) No event of default under the Indenture or under any Parity Debt Instrument shall have occurred and be continuing unless such event of default will be cured by the issuance of such Parity Debt;

(b) The debt service on the Parity Debt either will be less than the debt service on the Existing Bonds or the Bonds or Parity Debt being refunded in each Bond Year or, alternatively, Pledged Tax Revenues received or to be received for the then current Fiscal Year based on the most recent taxable valuation of property in the Project Areas as evidenced in a written document from an appropriate official of the County, shall be at least equal to one hundred twenty five percent (125%) of Maximum Annual Debt Service on the 2015 Bonds and any other Parity Debt that will be outstanding immediately following the issuance of such Parity Debt;

(c) In the event the Successor Agency issues additional Bonds pursuant to a Supplemental Indenture, the Successor Agency shall cause the amount on deposit in the Reserve Account to equal the Reserve Requirement; and

(d) The Successor Agency shall deliver to the Trustee a written certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth above have been satisfied.

Subordinate Debt. Nothing contained in the Indenture prevents the Successor Agency from issuing and selling any bonds, notes, loans, advances or other indebtedness issued or incurred by the Successor Agency that are either: (a) payable from, but not secured by a pledge of or lien upon, the Pledged Tax Revenues; or (b) secured by a pledge of or lien upon the Pledged Tax Revenues that is subordinate to the pledge of and lien upon the Pledged Tax Revenues under the Indenture for the security of the 2018 Bonds (collectively, “**Subordinate Debt**”).

Recognized Obligation Payment Schedules

Dissolution Act. The Dissolution Act requires that, not later than February 1 of each year, successor agencies 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**” or “**ROPS**”) pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation.

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, under certain circumstances, amounts borrowed from the successor agency’s low- and moderate-income housing fund.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB 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 Schedules. A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by a bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following six-month period.

Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue, and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a successor agency may petition the State Department of Finance to provide written confirmation that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the State Department of Finance's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the State Department of Finance, then the State Department of Finance's review of such payments in each future Recognized Obligation Payment Schedule will be limited to confirming that they are required by the prior enforceable obligation.

On April 19, 2018, the State Department of Finance issued its determination letter approving the issuance of the 2018 Bonds. See APPENDIX H – "STATE DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE 2018 BONDS."

ROPS Covenant in Indenture. The Successor Agency has heretofore established the RORF as required by Section 34170.5(a) of the Dissolution Act. In the Indenture, the Successor Agency covenants to comply with all of the requirements of the Redevelopment Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees in the Indenture to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture.

Further, the Successor Agency covenants to take all actions required under the Dissolution Act to include

- (i) scheduled debt service on the Existing Bonds and any amounts required to replenish any of the reserve accounts established with respect to Existing Bonds,
- (ii) scheduled payments due under the Uptown Ground Lease and the 17th St. Garage DDA^{*},
- (iii) scheduled debt service on all Outstanding Bonds and any Parity Debt and any amount required under the Indenture or any Parity Debt Instrument to replenish the Reserve Account established under the Indenture or the reserve account established under any Parity Debt Instrument, and
- (iv) amounts due to any Insurer under an insurance or surety bond agreement, and any other issuer of a Qualified Reserve Account Credit Instrument (as defined in the Indenture),

in its annual Recognized Obligation Payment Schedules so as to enable the County Controller to distribute from the Redevelopment Property Tax Trust Fund to the RORF on each January 2 and June 1, as applicable, amounts required to enable the Successor Agency to pay principal of (including any mandatory sinking fund redemption amount), and interest on, the 2018 Bonds and Parity Debt on a timely basis, and to pay amounts owed to any Insurer, as well as the other amounts described above.

In addition, all amounts on hand received by the Successor Agency on the January 2, 2018 and June 1, 2018 for the payment of debt service on the Refunded Series 2006B-TE Bonds and the Refunded Series 2011A-T Bonds, shall be applied as provided in the First Supplemental Indenture to pay debt service on the 2018 Bonds on September 1, 2018.

The amounts received by the Successor Agency on the January 2, 2019 distribution date that otherwise would have been applied to the payment of debt service on the Refunded Series 2006B-TE Bonds and Refunded Series 2011A-T Bonds shall be applied as provided in the Indenture to pay debt service on the Series 2018-TE Bonds and Taxable Series 2018-T Bonds, respectively, on March 1, 2019 and any

^{*} The payment obligation under the 17th St. Garage DDA was satisfied as of Fiscal Year 2015-16, so no further payments will be made pursuant to that agreement.

amounts remaining shall be retained in the Special Fund and deposited in the Interest Account or Principal Account, as necessary, for payment of debt service on the Outstanding Bonds on September 1, 2019, pursuant to the terms of the Indenture.

Requirements Regarding ROPS Commencing 2019-20. Not later than February 1 of each year, commencing February 1, 2019, so long as any Existing Bonds, Outstanding Bonds or Parity Debt are outstanding, the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the County Controller that provides for the distribution of the following amounts:

- (i) for distribution on June 1, all debt service coming due and payable on all Outstanding Bonds and Parity Debt on the next succeeding September 1, less any amounts previously deposited in the Special Fund for payment of debt service on the Outstanding Bonds and Parity Debt on such September 1;
- (ii) for distribution on January 2:
 - a. all debt service coming due and payable on all outstanding Existing Bonds on the next succeeding March 1 and September 1; and
 - b. at least 50% (but, at the discretion of the Successor Agency, an amount up to 100%) of all debt service coming due and payable on all Outstanding Bonds and Parity Debt on the next succeeding March 1 and September 1;
- (iii) any amounts required to replenish the reserve accounts established for the Existing Bonds, the Reserve Account and any other reserve account established under any Parity Debt Instrument, and any amounts due and owing to an issuer of an insurance policy guaranteeing the scheduled payment of the principal of and interest on any of the Existing Bonds when due, the 2015 Insurer, the 2018 Insurer, any other Insurer, any other issuer of a Qualified Reserve Account Credit Instrument hereunder or under a Parity Debt Instrument, or an issuer of a reserve policy under any of the indentures pursuant to which the Existing Bonds were issued.

In addition, the Successor Agency also covenants to take all actions required under Section 34183(b) of the Dissolution Act to ensure that Pledged Tax Revenues that otherwise would be paid to the Taxing Entities under Section 34183(a) of the Dissolution Act are paid to the Successor Agency if needed to pay debt service on the 2018 Bonds, the 2015 Bonds and any other Parity Debt. Without limiting the foregoing, the Successor Agency covenants that it will, on or before May 1 and December 1 of each year, file a Notice of Insufficiency with the County Controller if the amount of Pledged Tax Revenues available to the Successor Agency from the Redevelopment Property Tax Trust Fund on the upcoming June 1 or January 2, as applicable, is insufficient to pay debt service on the Outstanding Bonds and Parity Debt, to replenish the Reserve Account established hereunder or the reserve accounts established under any Parity Debt Instrument and to pay the 2015 Insurer, the 2018 Insurer, any other Insurer and any other issuer of a Qualified Reserve Account Credit Instrument hereunder any amounts owing hereunder.

The Successor Agency additionally covenants (i) that if any amounts payable to the 2018 Insurer are not included on any current Recognized Obligation Payment Schedule and the Successor Agency is then legally permitted to amend such Recognized Obligation Payment Schedule, the Successor Agency will amend its current Recognized Obligation Payment Schedule to include such amounts payable to the 2018 Insurer, and (ii) not to submit the final amendment a “last and final” Recognized Obligation Payment Schedule pursuant to Section 34191.6 of the Dissolution Act without the prior written consent of the 2018 Insurer.

In the event the provisions set forth in the Dissolution Act as of the date of delivery of the 2018 Bonds that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Successor Agency agrees to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the 2018 Bonds and Parity Debt and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the receipt of moneys required to pay debt service in each Bond Year in the amounts and not later than the dates set forth above.

THE SUCCESSOR AGENCY

The Former Agency was created on October 11, 1956 by the City Council with the adoption of Resolution No. 35000 C.M.S., pursuant to the Redevelopment Law. As a result of AB 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies. See also “INTRODUCTION – The Successor Agency.”

On January 10, 2012, pursuant to Resolution No. 83679 C.M.S. and Sections 34171(j) and 34173 of the Dissolution Act, the City Council elected for the City to serve as successor agency to the Former Agency. On July 17, 2012, pursuant to provisions in the Dissolution Act amended by AB 1484, the City Council adopted Resolution No. 84017 C.M.S. creating the Oakland Redevelopment Successor Agency to serve as successor agency to the Former Agency. Also on July 17, 2012, the City Council sitting as the governing board of the Oakland Redevelopment Successor Agency adopted Agency Resolution No. 2012-0002 establishing the Successor Agency, designating its officers, and adopting administrative, governance and operating rules for the Successor Agency. The Successor Agency is a separate public entity from the City. Pursuant to Section 34176(a) of the Dissolution Act, the City Council elected for the City to retain the housing assets and functions of the Former Agency. Except for the housing assets retained by the City, the assets and liabilities of the Successor Agency are separate from the assets and liabilities of the City.

All legislative powers of the Successor Agency are vested in its eight-member governing board (the “**Board**”), which consists of the members of the City Council. The Mayor acts as the Chief Executive Officer of the Successor Agency, the City Administrator as its Administrator, the City Clerk as its Secretary, the City Treasurer as its Treasurer, and the City Attorney as its legal counsel.

Pursuant to the Dissolution Act, the Successor Agency succeeds to the organizational status of the Former Agency but generally without legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation or other work specifically authorized by the Dissolution Act. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act. The Successor Agency completed the due diligence reviews required by State law, made required payments to the taxing entities, and received a Finding of Completion from the State Department of Finance on May 29, 2013. Under a Bond Expenditure Agreement between the Successor Agency and the City entered into on November 8, 2013 (approved by the Oversight Board and the State Department of Finance (the “**Bond Expenditure Agreement**”)), the Successor Agency remits all excess bond proceeds to the City to use for redevelopment purposes consistent with the bond covenants and a bond spending plan adopted by the City. The Bond Expenditure Agreement provides for the Successor Agency to transfer excess bond funds totaling \$91.4 million to the City for eligible redevelopment projects, as well as future excess bond funds as they become available.

The Successor Agency has adopted two Long Range Property Management Plans (“LRPMPs”) for the disposition and use of Former Agency properties. Both LRPMPs have been approved by the Oversight Board and the State Department of Finance.

Under the Dissolution Act, many Successor Agency actions are subject to approval by the Oversight Board, as well as review or approval by the State Department of Finance, including the issuance of bonds, such as the 2018 Bonds. Matters are approved by the Successor Agency Board prior to being considered by the Oversight Board. The Oversight Board is comprised of seven-members, who are appointees of the City, the County and local special districts. Pursuant to SB 107, the functions of the Oversight Board will be assumed by an oversight board established for all successor agencies within Alameda County commencing on July 1, 2018.

The County Controller deposits funds into the Redevelopment Property Tax Trust Fund for the Successor Agency for each six-month period in the order specified in the Dissolution Act. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Allocation of Taxes Pursuant to the Dissolution Act” and “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Recognized Obligation Payment Schedules” herein.

THE PROJECT AREAS

General

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

As discussed under “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Tax Increment Financing Generally,” the 2018 Bonds are secured by Pledged Tax Revenues comprised of certain tax revenues from seven Project Areas, specifically:

- Broadway/MacArthur Project Area
- Central City Project Area
- Central District Project Area (including the 2002 Annex)
- Coliseum Area Project Area (including the 1998 Annex)
- Oak Knoll Project Area
- Army Base Project Area
- West Oakland Project Area

The Project Areas do not include the Acorn, Oak Center and Stanford/Adeline redevelopment project areas. See “INTRODUCTION – The Project Areas.” Certain specific information regarding each of the Project Areas is set forth in the below table.

**Summary of Project Areas for Fiscal Year 2017-18
(000's Omitted)**

Project Area	Acreage	Assessed Value	Base Year	Incremental Value	Volatility	Gross TI@ 1.1575%⁽¹⁾	Senior Obligations	Pledged Tax Revenues	% of Pledged Tax Revenues
Broadway/MacArthur	676	\$ 1,315,366	\$ 362,436	\$ 952,930	28%	\$11,039	(\$1,908)	\$ 9,130	7%
Central City	3,339	4,177,674	1,963,088	2,214,586	47	25,654	(5,424)	20,230	16
Central District	828	6,870,200	285,068	6,585,132	4	79,050	(29,931)	49,119	39
Coliseum Area	6,500	4,869,249	1,673,521	3,195,728	34	37,061	(8,033)	29,028	23
Army Base	1,375	774,061	361,415	412,646	47	4,787	(179)	4,609	4
Oak Knoll	183	81,509	0	81,509	0	945	(35)	910	1
West Oakland	1,565	1,997,248	898,197	1,099,051	45	12,730	(475)	12,255	10
Total	14,466	\$20,085,308	\$5,543,725	\$14,541,583	28%	\$171,266	(\$45,985)	\$125,281	100%

⁽¹⁾ Gross Tax Increment includes unitary revenue. See "PLEGGED TAX REVENUES AND DEBT SERVICE – Projected Pledged Tax Revenues and Debt Service Coverage – Tax Rate."

Source: HdL Coren & Cone.

The Fiscal Consultant Report set forth in APPENDIX C includes information regarding historical and projected assessed valuation, land use, assessment appeals and information regarding the largest assessees in Fiscal Year 2017-18 for the Project Areas described below. The assessed valuations of the developments described below for which construction has not been completed have not been included in the projections of Pledged Tax Revenues contained herein.

Broadway/MacArthur Project Area

General. The Broadway/MacArthur Project Area, formed in 2000, encompasses 676 acres and is comprised of two distinct areas in northern Oakland: Broadway’s Auto Row district and Telegraph Avenue between 27th and 42nd Streets, and the Golden Gate neighborhood along San Pablo Avenue from 53rd to 67th Street. The major project in the Broadway/MacArthur Project Area is the MacArthur Transit Village, which includes 875 mixed income housing units, approximately 31,500 square feet of retail and a public parking garage for Bay Area Rapid Transit (“BART”).

Four transit-oriented mixed-use developments are in the planning, entitlement or construction phase in the Broadway/MacArthur Project Area. The MacArthur Transit Village project is expected to include up to 875 mixed income housing units and approximately 31,500 square feet of retail. Construction of the first phase of the project, which included the construction of a public parking garage for BART, was completed in July 2014. The second phase, 90 units of affordable housing, was completed in November 2015. The third phase, 402 dwelling units (of which 45 units will be affordable to households earning up to 80 percent of the area median income) and 13,000 square feet of ground-floor commercial uses, began construction in April 2017 and is expected to complete construction in Spring 2019. The final phase, 383 residential units and 23,389 square feet of retail space, is expected to begin construction in early May 2018 and to complete construction in Summer 2020.

Since the adoption of the Broadway Valdez Specific Plan, part of which includes the Central District Project Area, in July 2014, 5 projects have been completed with 268 residential units and 256,000 square feet of retail and office, and over 17 projects are in process, including: 8 projects under construction with 1,635 residential units and 148,000 square feet of retail; 3 projects submitted for building permits with 703 residential units and 73,000 square feet of retail; and 6 projects in process of, or with approved, land use entitlements. The City also approved a Disposition and Development Agreement with TDP Webster, LLC, in early 2016 for a mixed use project with 234 residential units, 17,000 square feet of retail and a 242

space public parking garage to be sold back to City after the project is completed. This project started construction in Summer 2017 and is expected to be complete in 2020. All of the projects in this paragraph are also in the Central District Project Area.

Central City Project Area

General. Formed in July 2003, the Central City Project Area contains neighborhoods throughout East Oakland, including the Eastlake, Fruitvale, Central East Oakland and Elmhurst neighborhoods. The Central City Project Area encompasses 3,339 acres or approximately 6 square miles and extends between International and Foothill Boulevards from the southern edge of Lake Merritt east towards the City of San Leandro border. The Central City Project Area is primarily residential in nature, but contains commercial areas adjacent to downtown in the northwest portion of the Central City Project Area and along MacArthur and Foothill Boulevards in East Oakland.

The Central City Project Area has a number of major projects within its boundaries including the Foothill Square, Seminary Point and Brooklyn Basin projects. The Foothill Square project, completed in 2014, transformed an outdated and underutilized shopping center into a new 200,000 square feet destination retail center featuring a 72,000 square feet national grocery store. The Seminary Point project is a newly constructed 27,000 square feet commercial development project which the Former Agency purchased and assembled a number of private parcels for the purpose of developing a new commercial development project featuring a new 14,000 square feet Walgreen's.

The Brooklyn Basin Project broke ground in March 2014. The projected \$1.5 billion project is the largest approved, mixed-use master plan in the City. The project consists of approximately 3,100 housing units, 200,000 square feet of office and retail space, as well as 30 acres of parks and open space along the City's estuary. The project is expected to be completed by 2030.

Central District Project Area

General. The Central District Project Area consists of three geographical components, the Original Area adopted in 1969, the 1982 Amended Area added in 1982 and the 2002 Annex added in 2001, covering approximately 250 city blocks (828 acres) in an area generally bounded by I-980, Lake Merritt, 27th Street and the Embarcadero. The Central District is a major economic and transportation hub in the San Francisco-Oakland Metropolitan Area. There are nearly 30 office buildings with approximately 10.7 million square feet of office space located in the Central District. The Central District Project Area is also at the center of the BART system, with three stations (12th Street Oakland City Center, 19th Street Oakland and Lake Merritt) located within its boundaries. More than forty AC Transit bus lines connect the Central District Project Area with other parts of the City and nearby communities.

Within the Central District Project Area are four major redevelopment activity areas. The City Center activity area includes office and government buildings, as well as the recently completed Domain by Alta, a 264-unit rental apartment building, and Landmark Place, a residential condominium. The Chinatown activity area is a mixed-use neighborhood serving the needs of several Asian communities, including the Courtyard by Marriott Hotel and the Franklin 88 mixed-use condominium project. The Old Oakland activity area surrounds a group of eleven rehabilitated/restored mid-to-late nineteenth century Victorian commercial structures and includes the renovated historic Swan's Market. Lastly, the Uptown activity area is the location of the Uptown Project, developed by Forest City, Inc. and Resources for Community Development. In 2017 and 2018, four projects within the Central District Project Area began construction, including: a 600,000 square foot office tower at City Center, which is expected to be completed in 2019; a 334,000 square foot office building at 1100 Broadway with 11,000 square feet of ground floor retail, which is expected to be completed in 2019; a residential project with 234 units, 17,000 square feet of retail and a 242 space public parking garage at 2330 Webster Street, which is expected to be

completed in 2019; and a residential mid-rise with 288 units, ground floor retail and a 12,000 square foot plaza at City Center, which is expected to be completed in 2020.

In 2017, CIM Group purchased “Uptown Station” a former department store being restored as an office building on the corner of 20th Street and Broadway above the 19th Street BART station in the City’s Uptown neighborhood. Uptown Station, located at 1955 Broadway in Oakland, is a seven-story building, with 330,000 square feet of office space and 50,000 square feet of dedicated retail space open to pedestrian traffic on the ground floor. Construction on the Uptown Station is expected to be completed in 2019. Rent in the City for commercial office space has climbed substantially in recent years to an average of \$58.50/square foot and the office vacancy rate is one of the lowest in the nation.

Coliseum Area Project Area

General. The Coliseum Area Project Area is the largest of the Project Areas encompassing approximately 6,500 acres, or approximately 11 square miles in size. It was adopted in July 1995 and was amended by the addition of the 1998 Annex in July 1997. The Coliseum Area Project Area boundaries run from 23rd Avenue to the City of San Leandro border and along International Boulevard to the Estuary. The Coliseum Area Project Area is adjacent to the Oakland International Airport and contains the Oakland Coliseum and the Oracle Arena complex. It abuts the City’s city limits adjacent to the City of San Leandro.

The Coliseum Area Project Area has served as a major regional transportation hub featuring intermodal amenities such as: the Coliseum and Fruitvale BART stations; Union Pacific rail lines with freight and spur facilities; AC Transit; Coliseum Intercity Rail Platform (AMTRAK Capitol Corridor); Oakland International Airport; Oakland Airport Connector Project; and major arterials including I-880, Hegenberger Road, International Boulevard and San Leandro Street.

Impossible Foods Company, a company that develops plant-based meat and dairy products made without animals, opened a 68,000 square foot food production facility in East Oakland, within the Coliseum Area Project Area, in May 2017. The new facility created approximately 100 new jobs.

A new Acura dealership is currently being developed on a 3.6 acre site with a 35,000 square foot two-story auto dealership with showroom, offices, service and parts department, to be completed in August, 2018 with an estimated cost of \$12 million. Coliseum Connections, a 110 unit residential project of which 50% are market rate and 50% are affordable housing, is scheduled to be completed in 2019 with an estimated construction cost of \$43 million.

Oak Knoll Project Area

General. The Oak Knoll Project Area was adopted in July 1998 and consists of a former military base known as the Naval Medical Hospital, Oakland that was decommissioned by the federal Base Closure Commission in 1996. The Oak Knoll Project Area includes 183 acres of which 5.45 acres are owned by the City; 1.27 acres are under the ownership of the Sea West Coast Guard Federal Credit Union; and 7.92 acres are in use as the Seneca Residential and Day Treatment Center. Approximately 167 acres were sold in 2006 by the Federal Government to SunCal Oak Knoll LLC (“SunCal”) for private development. In 2008, SunCal filed for bankruptcy and sold these acres to Lehman Brothers as part of the bankruptcy. This property was sold back to SunCal, which is now out of bankruptcy, and Oak Knoll Venture Acquisitions, LLC (a subsidiary of SunCal) is the master developer.

The Oak Knoll Master Plan by SunCal includes 918 residential units, over 84 acres of parks and open space and over 72,000 square feet of commercial that are scheduled for construction in phases between 2019 and 2034 with a 2018 estimated construction cost of over \$850 million.

Army Base Project Area

General. The Army Base Project Area was adopted in July 2000 and includes the 425 acre former Army Base and adjacent areas totaling approximately 1,375 acres. Combined, the Army Base Project includes a total of 1,800 acres, including the Port of Oakland's maritime areas that are west and south of the Army Base, which include the existing marine terminal facilities and related infrastructure along the Outer Harbor and Inner Harbor channels, as well as the former Naval Fleet and Industrial Supply Center Oakland. The Army Base Project Area also includes an area along the Army Base's eastern boundary that is roughly between the re-aligned I-880 freeway and Wood Street.

Public improvements for the Oakland Global Trade and Logistics Center broke ground at the former Army Base in October 2013 and are on schedule to be fully completed prior to April 2019. Public funding commitments from the City, County and State of nearly \$262 million will fund public backbone infrastructure, rail and extensive site improvements to address both environmental and geotechnical remediation of the site. Public funding is being used to leverage approximately \$270 million in private investment to construct approximately 1.5 million square feet of new development consisting of trade and logistics warehousing, new marine terminal, ancillary maritime support services and truck parking, and recycling facilities. This state-of-the-art trade and logistics hub will help bolster the Port of Oakland's ability to compete globally, allow higher volumes of cargo and create additional jobs. Private improvements will be completed in multiple phases prior to June 2020. The first trade and logistics throughput distribution warehouse totaling 256,000 square feet was completed in July 2017, the second warehouse totaling 188,000 square feet started construction in March 2018 and the third warehouse totaling 223,000 square feet is scheduled to start construction in May 2018 and is scheduled to be completed by early 2019.

West Oakland Project Area

General. The West Oakland Project Area was adopted in November, 2003 and is made up of three sub-areas: Prescott/South Prescott, Clawson/McClymonds/Bunche and West MacArthur/Hoover. The West Oakland Project Area abuts the east edge of the Army Base Project Area and the west edges of the Central District and Broadway/MacArthur Project Areas. It is roughly bounded by I-980 on the east, I-880 on the west, Middle Harbor on the south and 40th Street on the north. The West Oakland Project Area was adopted to facilitate residential, commercial and industrial development of blighted, underutilized and contaminated sites that exist within the boundaries of the West Oakland Project Area.

Redevelopment Plans

In accordance with the Redevelopment Law, the Former Agency adopted redevelopment plans for each of the Project Areas. Such plans have been amended from time to time and so amended are herein referred to as the "Redevelopment Plans."

No Plan Limits

In accordance with the Redevelopment Law, redevelopment plans like the Redevelopment Plans were required to include certain limits on the financing of the redevelopment projects. These limits could include a time limit on the life of the redevelopment plan, a time limit on the incurrence of indebtedness, a time limit on the receipt of property tax increment and the repayment of indebtedness and a limit on the amount of bonded indebtedness outstanding at any time. Section 34189(a) of the Dissolution Act, added by SB 107 clarifies, that former tax increment limits set forth in redevelopment plans such as the Redevelopment Plans no longer apply for purposes of paying approved enforceable obligations such as the 2018 Bonds.

Section 34189 of the Dissolution Act, as amended by SB 107, eliminates all plan limits pursuant to Sections 33333.2, 33333.4 and 33333.6 of the Redevelopment Law. However, it is unclear whether Section 34189 of the Dissolution Act eliminates plan limits established pursuant to Section 33492.13 of the Redevelopment Law which applies to plan limits with respect to the Army Base Project Area and the Oak Knoll Project Area. If the plan limits for those Project Areas remain applicable, the Successor Agency does not believe that the loss of revenue resulting therefrom would materially adversely affect the Successor Agency's ability to pay debt service on the 2018 Bonds. See also APPENDIX C – "REPORT OF FISCAL CONSULTANT."

PLEDGED TAX REVENUES AND DEBT SERVICE

Pursuant to the Indenture, Pledged Tax Revenues are to be deposited by the Successor Agency into the Special Fund. Thereafter, moneys in the Special Fund shall be transferred by the Successor Agency to the Trustee for deposit in the Debt Service Fund, administered by the Trustee, and applied to the payment of the principal of and interest on the Bonds and Parity Debt. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Special Fund; Deposit of Pledged Tax Revenues." The Successor Agency has retained the Fiscal Consultant to provide projections of taxable valuation, tax increment and Pledged Tax Revenues from developments in the Project Areas.

Historical and Current Assessed Valuation and Pledged Tax Revenues

The following Table 1 shows the historical and current assessed valuations and Pledged Tax Revenues for the Project Areas. The following Table 2 shows the historical assessed valuations for each Project Area. The Successor Agency previously issued the 2015 Bonds, which are payable from Pledged Tax Revenues on a parity with the 2018 Bonds.

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Table 1
OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
Historical and Current Assessed Valuations and Pledged Tax Revenues
(Project Areas)

	2013-14	2014-15	2015-16	2016-17	2017-18 (est.)
Total Taxable Value ⁽¹⁾	\$15,168,840,806	\$15,897,532,223	\$17,323,596,326	\$18,669,383,404	\$20,085,307,934
Less Base Year Value	<u>5,543,724,566</u>	<u>5,543,724,566</u>	<u>5,543,724,566</u>	<u>5,543,724,566</u>	<u>5,543,724,566</u>
Total Incremental Value	\$ 9,625,116,240	\$10,353,807,657	\$11,779,871,760	\$13,125,658,838	\$14,541,583,368
Gross Tax Increment Revenue	\$ 111,410,991	\$ 119,845,738	\$ 124,366,106	\$ 142,089,082	\$ 168,318,827
Unitary Tax Revenue	<u>2,981,055</u>	<u>2,981,055</u>	<u>2,669,343</u>	<u>2,947,421</u>	<u>2,947,421</u>
Gross Revenues	\$ 114,392,046	\$ 122,826,793	\$ 127,035,449	\$ 145,036,503	\$ 171,266,249
LESS:					
SB 2557 County Administrative Fee	\$ 815,285	\$ 875,375	\$ 886,138	\$ 917,206	\$ 999,120
AB 1290 Statutory Tax Sharing ⁽²⁾	17,814,942	21,027,752	24,042,003	30,416,163	39,450,297
Central District DDA Payment Amounts ⁽³⁾	1,295,500	1,337,061	1,383,627	1,375,076	1,403,912
Existing Bonds					
Combined Senior Bonds Debt Service	\$ 45,109,563	\$ 44,446,034	\$ 41,003,415	\$ 36,120,372	\$ 36,619,033
Coliseum Area Project, Series 2006B-TE ⁽⁴⁾	1,803,325	1,800,125	1,568,875	1,565,525	1,571,050
Subordinated Housing, Series 2011-T ⁽⁴⁾	<u>5,425,963</u>	<u>5,411,400</u>	<u>5,396,800</u>	<u>5,396,800</u>	<u>5,391,675</u>
Pledged Tax Revenues ⁽⁵⁾	\$ 42,127,469	\$ 47,929,046	\$ 52,754,591	\$ 69,245,361	\$ 85,831,162

⁽¹⁾ Total Taxable Value reflects the aggregate taxable value for the Project Areas and includes taxable secured, secured utility and unsecured values net of real estate exemptions but without deduction of homeowners exemptions.

⁽²⁾ Includes non-subordinate AB 1290 Statutory Pass-Through Payments payable from the Central District Project Area, the Army Base Project Area, the Oak Knoll Project Area and the West Oakland Project Area. These payments were not subordinated to the payment of debt service on bonds secured by the tax revenues from these Project Areas. Also includes subordinate AB 1290 Statutory Pass-Through Payments payable from the Broadway Project Area, the Coliseum Area Project Area and the Central City Project Area. These tax sharing payments have been subordinated to the payment of debt service on all bonds secured by the tax revenues from these Project Areas. Subordination of all AB 1290 Statutory Pass-Through Payments has been requested and obtained in connection with the issuance of the 2018 Bonds. All tax sharing payments are subordinate to the payment of debt service on bonds issued by the Former Agency and secured by housing set-aside revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Allocation of Taxes Pursuant to the Dissolution Act – *Statutory Pass-Throughs*."

⁽³⁾ Development and disposition agreements (DDAs) and a ground lease (i.e., the 17th Street Garage DDA and the Uptown Ground Lease) were entered into by the former agency with property owners in the Central District Project Area. The payment obligation under the 17th St. Garage DDA was satisfied as of Fiscal Year 2015-16, so no further payments will be made pursuant to that agreement. The remaining payments are subordinate to the payment of debt service on bonds secured by revenues from the Central District Project Area and are subordinate to the payment of debt service on bonds secured by housing set-aside revenues. These payments are not subordinate to the payment of debt service on bonds that are secured by tax revenues generated by other Project Areas.

⁽⁴⁾ To be refunded by the 2018 Bonds.

⁽⁵⁾ The amounts shown here do not reflect the subordination of the AB 1290 Statutory Pass-Through Payments to the payment of debt service on the 2015 Bonds and the 2018 Bonds.

Source: HdL Coren & Cone.

Table 2
OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
Historical Assessed Values by Project Area
(000's)

Fiscal Year	Broadway/ MacArthur	Central City	Central District	Coliseum Area	Army Base	Oak Knoll	West Oakland	Total	Annual % Change
2008-09	\$ 830,803	\$3,790,098	\$4,330,516	\$4,330,270	\$ 794,183	\$107,469	\$1,556,400	\$15,739,739	-
2009-10	788,929	3,128,930	4,815,988	4,041,239	846,730	114,971	1,439,039	15,175,827	-3.6%
2010-11	781,084	2,846,755	4,484,964	3,782,364	1,142,173	114,384	1,320,599	14,472,322	-4.6
2011-12	825,073	2,825,584	4,579,797	3,736,195	1,179,967	115,212	1,295,791	14,557,619	0.6
2012-13	1,229,273	2,853,294	4,548,225	3,797,435	1,199,774	117,485	1,294,466	15,039,952	3.3
2013-14	1,060,180	2,951,720	4,679,735	3,888,292	1,122,857	80,143	1,385,913	15,168,841	0.9
2014-15	893,673	3,198,674	5,053,453	4,147,771	1,044,484	82,546	1,476,932	15,897,532	4.8
2015-16	931,057	3,504,705	5,742,759	4,387,890	1,029,105	84,067	1,644,015	17,323,596	9.0
2016-17	1,222,243	3,833,073	6,044,056	4,659,946	996,892	80,244	1,832,930	18,669,383	7.8
2017-18	1,315,366	4,177,674	6,870,200	4,869,249	774,061	81,509	1,997,248	20,085,308	7.6

Land Use in the Project Areas

The assessed valuation collectively of the Project Areas for the current fiscal year by land use category is set forth on the following Table 3.

Table 3
OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
Land Use in the Project Areas, Fiscal Year 2017-18

Category by Value	Combined Project Areas		
	# Parcels*	Net Taxable Assessed Values	% of Total
Residential	32,048	\$ 9,083,977,098	45%
Commercial	3,492	5,973,211,829	30
Industrial	1,527	2,119,321,007	11
Government Owned	1	656,814	0
Institutional	357	67,852,108	0
Recreational	81	40,340,717	0
Vacant	1,568	654,427,846	3
Exempt	1,676	0	0
SBE Non-Unitary		\$ 9,071,703	0%
Unsecured		2,136,448,812	11
Total:	40,750	\$20,085,307,934	100%

* Number of parcels not shown for the unsecured and SBE non-unitary utilities categories because the amounts shown are property tax billings that are associated with secured parcels already accounted for in the other categories shown.

Source: HdL Coren & Cone.

The top ten largest taxpayers by valuation in the Project Areas in the current fiscal year are set forth below in Table 4. Ownership concentration for these top assessees is 9.98% of total assessed valuation and 13.79% of incremental assessed valuation in the Project Areas. See “CERTAIN RISK FACTORS – Concentration of Property Ownership.”

Table 4
OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
Top Ten Taxpayers By Valuation in the Project Areas, Fiscal Year 2017-18
(in \$000s)

Assessee Name	Project Area	Primary Land Use	Parcel Count	Combined Assessed Value	Percent of Total Assessed Value	Percent of Incremental Value
Kaiser Foundation Health Plan Inc. ⁽¹⁾⁽²⁾	Multiple Projects	Foundation Admin. Offices/Parking	24	\$309,116,264	1.54%	2.13%
SSA Terminals LLC ⁽²⁾	Army Base	Cargo Handling	6	307,787,578	1.53	2.12
CIM Oakland Center 21 LP ⁽¹⁾⁽³⁾	Central District	Commercial Office Buildings	2	219,862,692	1.09	1.51
USPA City Center LLC ⁽¹⁾	Central District	Commercial Office Buildings	1	212,160,000	1.06	1.46
Broadway Franklin LLC	Central District	Commercial Office Buildings	2	207,902,989	1.04	1.43
1221 Broadway Investors LLC	Central District	Commercial Office Buildings	3	168,708,918	0.84	1.16
CIM Oakland 1 Kaiser Plaza LP ⁽¹⁾⁽³⁾	Central District	Commercial Office Buildings	3	159,064,328	0.79	1.09
Uptown Housing Partners LP ⁽²⁾	Central District	Residential on Leasehold Property	1	158,853,370	0.79	1.09
1800 Harrison Foundation	Central District	Commercial Office Buildings	1	135,290,714	0.67	0.93
1955 Broadway Oakland Owner ⁽¹⁾⁽³⁾	Central District	Commercial Office Buildings	1	125,970,000	0.63	0.87
TOTAL			44	\$2,004,716,853	9.98%	13.79%

Project Area Assessed Value: \$20,085,307,934

Project Area Incremental Value: \$14,541,583,368

⁽¹⁾ These taxpayers have pending assessment appeals on parcels owned.

⁽²⁾ Property owner values include substantial unsecured value.

⁽³⁾ Properties are wholly or partially owned by CIM Group, an owner and operator of commercial and residential real estate.

Source: HdL Coren & Cone.

Assessment Appeals

Appeals of assessments by property owners in the Project Areas can result in future reductions in assessed valuations that affect the Successor Agency. It has been the practice of the County Controller to not deduct appeal-related tax refunds from the Successor Agency’s tax increment. Instead, these refunds are apportioned to other taxing entities using the normal apportionment mechanism. While this practice is expected to continue indefinitely, the County Controller may choose to alter or eliminate it.

The most common type of appeal filed is known as a Proposition 8 appeal, in which the property owner seeks a reduction in a particular year’s secured assessment based on the current economic value of the property. The Alameda County Assessor (the “Assessor”) may also adjust valuations based on Proposition 8 criteria. In past years, assessment reductions under Proposition 8 have been generally temporary in nature and were usually restored to their previous levels, as adjusted for inflation, as economic conditions improve.

Property owners may also appeal the Proposition 13 base assessment of a property. Although less frequently filed, such appeals, if successful, can permanently reduce the enrolled valuation of a property and consequently affect the Successor Agency’s annual revenue. The annual filing period for all appeals extends from July 2 to September 15.

Current appeal filings in the Project Areas are shown in Table 5 below for the secured roll. The tables compare the Assessor’s valuation with the applicant’s opinion of the value of a property and show the resulting valuation for resolved appeals. Appeals are considered resolved when they are withdrawn by the applicant, denied a hearing by the board of assessment appeals, granted a hearing but denied an adjustment in valuation, or granted an adjustment in valuation.

Table 5
OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
Assessment Appeals in the Project Areas
For Appeals filed for Fiscal Year 2012-13 through 2017-18

Component Project Areas	Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Average Value Reduction on Successful Appeals	No. of Pending Appeals	Assessed Value under Pending Appeal	Est. No. of Appeals Allowed	Est. Loss on Pending Appeals Allowed (2018-19 Value Adjustment)
Broadway/MacArthur	62	45	31	49.95%	17	\$ 133,883,085	12	\$ 46,065,259
Central City	229	165	96	8.32	64	143,886,640	37	6,962,984
Central District	373	248	176	18.67	125	1,177,886,902	88	153,108,720
Coliseum Area	323	235	141	17.92	88	603,953,663	53	66,242,903
Oak Knoll	0	0	0	0.00	0	0	0	0
Army Base	46	19	12	48.17	27	1,050,576,044	17	319,611,835
West Oakland	153	117	63	23.76	36	143,548,576	19	18,363,950
Totals	1,186	829	519	23.80%	357	\$3,253,734,910	226	\$610,355,651

Source: HdL Coren & Cone.

As reflected above, there are 357 pending assessment appeals within the Project Areas. The values under appeal total \$3,253,734,910 and the owners are seeking reductions totaling \$1.47 billion. Based on the average number of appeals allowed over the past five years and the average reduction in value achieved in those successful appeals, the Fiscal Consultant estimates that 226 of the currently pending appeals will be allowed with a reduction in assessed value of \$610,355,651. The expected reduction in value has been incorporated into the projections of Pledged Tax Revenues as a reduction in assessed value for Fiscal Year 2018-19 in each of the Project Area projections attached to APPENDIX C – “REPORT OF FISCAL CONSULTANT.”

Projected Pledged Tax Revenues and Debt Service Coverage

Tax Rate. 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 override tax rate. The override 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.

As previously described, Section 34183(a)(1) of the Dissolution Act requires the County 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. In addition, effective September 22, 2015, debt service override revenues approved

by the voters for the purpose of supporting pension programs or capital projects that are not pledged to or needed for debt service on successor agency obligations are allocated and paid to the entity that levies the override and will not be deposited into the Redevelopment Property Tax Trust Fund.

Within the Project Areas, the City approved the City Pension Override Tax, the revenues from which were pledged as security for the payment of debt service on the Refunded Bonds and, therefore, are pledged as security for the payment of debt service on the 2018 Bonds. The City, EBMUD and EBRP also levy debt service override taxes within their jurisdictions. However, the revenues from such override tax rates were not pledged as security for the payment of debt service on the Refunded Bonds and, therefore, are not pledged as security for the payment of debt service on the 2018 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Security for the 2018 Bonds; Equal Security – *City Pension Override Tax*.”

As described in “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Security for the 2018 Bonds; Equal Security – *City Pension Override Tax*,” revenues from the City Pension Override Tax were pledged as security for the payment of debt service on the Refunded Bonds and, therefore, are pledged as security for the payment of debt service on the 2018 Bonds. If tax increment revenues deposited into the Redevelopment Property Tax Trust Fund from the Project Areas derived from the general levy tax rate are sufficient to meet the Successor Agency’s bonded indebtedness, the revenues derived from City Pension Override Tax will be allocated by the County Controller directly to the City and not the Successor Agency. In the event tax increment revenues in the Redevelopment Property Tax Trust Fund from the general tax levy tax rate are insufficient to pay debt service on the 2018 Bonds and, it becomes necessary for tax revenues generated from the City Pension Override Tax to be allocated to the Successor Agency, the Successor Agency will be required to undertake a process to prevent revenues derived from the City Pension Override Tax from being allocated by the County Controller directly to the City.

Accordingly, the projections of Pledged Tax Revenues in this Official Statement and the Fiscal Consultant’s Report are based on a total tax rate of 1.1575% composed of the general ad valorem levy tax rate of 1.000% and the City Pension Override Tax of 0.15750%. The following table shows the components of the tax rate applied to secured and unsecured assessed values in the Project Areas.

Fiscal Year 2017-18 Secured Tax Rate

General Levy	1.00000
City of Oakland	<u>.15750</u>
Total RDA Eligible Tax Rate:	1.15750
<u>Non-RDA Eligible Tax Rates</u>	
East Bay Regional Park 1	.00210
EBMUD Special District 1	.00110
Oakland U.S.D. Bonds	.10150
Peralta Community College Dist.	.03100
Bay Area Rapid Transit District	.00840
City of Oakland	<u>.04700</u>
Total Tax Rate:	<u>1.34860</u>

See APPENDIX C – “REPORT OF FISCAL CONSULTANT” for more information regarding tax rates.

Projections. Set forth below are tables showing Projected Tax Revenues, aggregate Pledged Tax Revenues and Net Available Tax Revenues and estimated all-in coverage for the 2018 Bonds.

The Successor Agency believes that the assumptions (set forth in the footnotes below and in APPENDIX C – “REPORT OF FISCAL CONSULTANT”) upon which the projections are based are reasonable;

however, some assumptions may not materialize and unanticipated events and circumstances may occur. See "CERTAIN RISK FACTORS." Therefore, the actual Pledged Tax Revenues received during the forecast period may vary from the projections and the variations may be material.

A summary of the projected Pledged Tax Revenues by Project Area for Fiscal Years 2017-18 through 2039-40 is set forth in Table 6 below and a summary of combined Project Areas projected Pledged Tax Revenues is set forth in Table 7 below. The largest contributor to Pledged Tax Revenues in each year shown is the Central District Project Area, followed by the Coliseum Area Project Area and the Central City Project Area.

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Table 6
OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
Projected Pledged Tax Revenues by Project Areas
(000s)

Fiscal Year	Broadway/ MacArthur	Central City	Central District	Coliseum Area	Oak Knoll	Army Base	West Oakland	Combined Project Areas
2017-18	\$ 9,130	\$20,230	\$ 49,119	\$29,028	\$ 910	\$4,609	\$12,255	\$125,281
2018-19	9,845	24,481	56,264	33,369	958	1,731	14,349	140,998
2019-20	10,114	25,717	58,015	34,499	977	1,889	14,925	146,136
2020-21	10,392	26,766	66,639	35,606	997	1,981	15,422	157,803
2021-22	10,677	27,838	83,723	36,731	1,017	2,076	15,929	177,991
2022-23	10,965	28,928	89,783	37,875	1,037	2,172	16,446	187,206
2023-24	11,260	30,042	91,540	39,050	1,057	2,270	16,974	192,193
2024-25	11,564	31,176	93,332	40,245	1,079	2,370	17,512	197,277
2025-26	11,875	32,330	83,658	41,461	1,100	2,472	18,060	190,957
2026-27	10,404	28,474	84,239	37,038	970	2,105	16,150	179,380
2027-28	10,606	29,391	85,849	37,305	989	2,319	16,581	183,040
2028-29	10,889	30,450	87,525	38,427	1,009	2,413	17,084	187,797
2029-30	11,180	31,531	89,235	39,560	1,029	2,508	17,597	192,640
2030-31	11,474	32,639	90,979	40,727	1,049	2,606	18,120	197,594
2031-32	12,602	33,765	92,758	41,913	1,070	2,705	18,654	203,467
2032-33	12,998	34,910	94,572	41,693	1,092	2,806	19,198	207,270
2033-34	13,311	40,275	96,423	42,924	1,113	2,910	19,754	216,709
2034-35	13,635	41,745	98,311	45,611	1,136	3,015	20,320	223,772
2035-36	13,955	42,964	100,236	51,947	1,158	3,123	20,898	234,282
2036-37	13,128	44,207	102,200	53,254	1,181	3,232	21,487	238,691
2037-38	13,508	45,476	104,203	54,587	1,205	3,344	22,089	244,412
2038-39	13,894	46,770	106,247	55,947	1,229	3,458	22,702	250,246
2039-40	14,286	48,089	108,331	57,334	1,254	3,575	23,327	256,195

Source: HdL Coren & Cone.

Table 7
OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
Projected Pledged Tax Revenues
Fiscal Years 2017-18 through 2039-40
(Project Areas)
(000s)

Taxable Values ⁽¹⁾	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	
Real Property ⁽²⁾	\$19,206,121	\$19,947,079	\$20,388,523	\$20,796,294	\$21,212,219	\$21,636,464	\$22,069,193	\$22,510,577	\$22,960,789	\$23,420,004	\$23,888,404	
Personal Property ⁽³⁾	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	
Total Projected Value	20,085,308	20,826,266	21,267,710	21,675,481	22,091,406	22,515,651	22,948,380	23,389,764	23,839,976	24,299,191	24,767,591	
Taxable Value over Base	5,543,725	14,541,583	15,282,541	15,723,986	16,131,756	16,547,682	16,971,926	17,404,656	17,846,039	18,296,251	18,755,467	19,223,867
Gross Tax Increment Revenue ⁽⁴⁾	168,319	176,895	182,005	186,725	191,539	196,450	201,459	206,568	200,209	188,557	192,239	
Unitary Tax Revenue ⁽⁵⁾	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	
Gross Tax Revenues	171,266	179,843	184,953	189,672	194,487	199,397	204,406	209,515	203,156	191,505	195,186	
LESS:												
SB 2557 Admin. Fee ⁽⁶⁾	(999)	(1,049)	(1,079)	(1,107)	(1,135)	(1,163)	(1,192)	(1,222)	(1,185)	(1,117)	(1,139)	
<i>Existing Debt Service Obligations</i>												
Combined Senior Bonds Debt Service	(36,619)	(36,362)	(36,274)	(30,763)	(15,361)	(11,028)	(11,021)	(11,016)	(11,014)	(11,008)	(11,007)	
Subordinated Housing, Series 2011-T	(5,392)	0	0	0	0	0	0	0	0	0	0	
Coliseum Area Project, Series 2006B-TE	(1,571)	0	0	0	0	0	0	0	0	0	0	
Uptown Development DDA ⁽⁷⁾	(1,404)	(1,433)	(1,463)	0	0	0	0	0	0	0	0	
Pledged Tax Revenues	125,281	140,998	146,136	157,803	177,991	187,206	192,193	197,277	190,957	179,380	183,040	
<i>Subordinate Debt Service Obligations</i>												
2015 Bonds	(8,097)	(8,086)	(8,092)	(8,095)	(8,088)	(4,940)	(4,941)	(4,940)	(4,942)	(4,927)	(4,927)	
2018 Bonds	(4,861)	(2,185)	(2,185)	(2,185)	(5,260)	(4,593)	(4,595)	(4,596)	(4,598)	(3,893)	(3,686)	
Remaining Tax Revenues	112,323	130,727	135,859	147,524	164,644	177,673	182,657	187,741	181,418	170,560	174,428	
<i>Subordinate Tax Sharing Obligations</i>												
AB 1290 Statutory Tax Sharing Tier 1 ⁽⁸⁾	(27,829)	(29,544)	(30,566)	(31,510)	(32,473)	(33,455)	(34,457)	(35,478)	(34,947)	(32,674)	(33,410)	
AB 1290 Statutory Tax Sharing Tier 2 ⁽⁸⁾	(11,622)	(13,568)	(14,397)	(15,170)	(15,959)	(16,764)	(17,585)	(18,423)	(18,373)	(17,516)	(18,175)	
AB 1290 Statutory Tax Sharing Tier 3 ⁽⁸⁾	0	0	0	0	0	0	0	0	0	(108)	(214)	
Net Tax Revenues	72,873	87,614	90,897	100,843	116,211	127,454	130,615	133,840	128,098	120,262	122,629	

⁽¹⁾ Taxable values as reported by Alameda County.

⁽²⁾ Real property consists of land and improvements. Increased for inflation at 2% annually. Values for Fiscal Year 2018-19 are increased by \$979.4 million for 1,988 sales after January 1, 2017 and projected values for Fiscal Year 2019-20 are increased by \$42.5 million for 163 sales after January 1, 2018. Projected values for Fiscal Year 2018-19 are reduced by \$610.4 million for pending appeals.

⁽³⁾ Personal property is held constant at 2017-18 level.

⁽⁴⁾ Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of \$1.1575 per \$100 of taxable value through 2025-26, where the tax rate is held to \$1.00 per \$100 of taxable value thereafter. Per AB 26, all revenue derived from debt service override tax rates will be directed to the levying entities except for pension fund levies such as in the City. Tax increment revenue derived from the City's 0.1575% override tax rate will continue to be deposited in the Redevelopment Property Tax Trust Fund. Per SB 107, revenues attributed to the tax rate override will continue to be made available for payment of debt service; however, revenue in excess of the debt service payments will be directed to the levying taxing entity.

⁽⁵⁾ Unitary revenue as reported by Alameda County for Fiscal Year 2016-17.

⁽⁶⁾ County Administration fee is estimated at 0.58% of Gross Revenue.

⁽⁷⁾ See individual projection for Central District Project Area. See APPENDIX C – "REPORT OF FISCAL CONSULTANT."

⁽⁸⁾ See individual projections for West Oakland Project Area, Central District Project Area, Army Base Project Area, Oak Knoll Project Area, Coliseum Area Project Area, Broadway/MacArthur Project Area, and Central City Project Area in APPENDIX C – "REPORT OF FISCAL CONSULTANT."

Source: HdL Coren & Cone.

Table 7 (cont'd)

Taxable Values ⁽¹⁾	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40
Real Property ⁽²⁾	\$24,366,172	\$24,853,496	\$25,350,566	\$25,857,577	\$26,374,729	\$26,902,223	\$27,440,268	\$27,989,073	\$28,548,855	\$29,119,832	\$29,702,228	\$30,296,273
Personal Property ⁽³⁾	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187
Total Projected Value	25,245,359	25,732,683	26,229,753	26,736,764	27,253,916	27,781,410	28,319,455	28,868,260	29,428,042	29,999,019	30,581,415	31,175,460
Taxable Value over Base	19,701,635	20,188,958	20,686,028	21,193,040	21,710,191	22,237,686	22,775,730	23,324,536	23,884,317	24,455,294	25,037,691	25,631,735
Gross Tax Increment Revenue ⁽⁴⁾	197,016	201,890	206,860	211,930	217,102	222,377	227,757	233,245	238,843	244,553	250,377	256,317
Unitary Tax Revenue ⁽⁵⁾	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947
Gross Tax Revenues	199,964	204,837	209,808	214,878	220,049	225,324	230,705	236,193	241,791	247,500	253,324	259,265
LESS:												
SB 2557 Admin. Fee ⁽⁶⁾	(1,167)	(1,195)	(1,224)	(1,254)	(1,284)	(1,315)	(1,346)	(1,378)	(1,411)	(1,444)	(1,478)	(1,513)
Existing Debt Service Obligations												
Combined Senior Bonds Debt Service	(11,000)	(11,002)	(10,989)	(10,157)	(11,496)	(7,300)	(5,586)	(533)	(1,689)	(1,644)	(1,600)	(1,557)
Subordinated Housing, Series 2011-T	0	0	0	0	0	0	0	0	0	0	0	0
Coliseum Area Project, Series 2006B-TE	0	0	0	0	0	0	0	0	0	0	0	0
Uptown Development DDA ⁽⁷⁾	0	0	0	0	0	0	0	0	0	0	0	0
Pledged Tax Revenues	187,797	192,640	197,594	203,467	207,270	216,709	223,772	234,282	238,691	244,412	250,246	256,195
Subordinate Debt Service Obligations												
2015 Bonds	(4,929)	(4,928)	(4,931)	(5,752)	(5,849)	(10,042)	(11,146)	(14,138)	0	0	0	0
2018 Bonds	(3,689)	(3,686)	(3,693)	(3,297)	(2,289)	(2,293)	(3,295)	(4,879)	(5,872)	(5,868)	(5,871)	0
Remaining Tax Revenues	179,179	184,026	188,970	194,418	199,131	204,375	209,332	215,264	232,819	238,545	244,375	256,195
Subordinate Tax Sharing Obligations												
AB 1290 Statutory Tax Sharing Tier 1 ⁽⁸⁾	(34,365)	(35,340)	(36,334)	(37,348)	(38,383)	(39,438)	(40,514)	(41,611)	(42,731)	(43,873)	(45,038)	(46,226)
AB 1290 Statutory Tax Sharing Tier 2 ⁽⁸⁾	(18,958)	(19,757)	(20,572)	(21,403)	(22,250)	(23,115)	(23,997)	(24,897)	(25,814)	(26,750)	(27,705)	(28,679)
AB 1290 Statutory Tax Sharing Tier 3 ⁽⁸⁾	(339)	(468)	(598)	(776)	(958)	(1,146)	(1,536)	(1,934)	(2,340)	(2,754)	(3,177)	(3,608)
Net Tax Revenues	125,516	128,462	131,466	134,891	137,540	140,676	143,285	146,822	161,934	165,167	168,456	177,683

⁽¹⁾ Taxable values as reported by Alameda County.

⁽²⁾ Real property consists of land and improvements. Increased for inflation at 2% annually. Values for Fiscal Year 2018-19 are increased by \$979.4 million for 1,988 sales after January 1, 2017 and projected values for Fiscal Year 2019-20 are increased by \$42.5 million for 163 sales after January 1, 2018. Projected values for Fiscal Year 2018-19 are reduced by \$610.4 million for pending appeals.

⁽³⁾ Personal property is held constant at 2017-18 level.

⁽⁴⁾ Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of \$1.1575 per \$100 of taxable value through 2025-26, where the tax rate is held to \$1.00 per \$100 of taxable value thereafter. Per AB 26, all revenue derived from debt service override tax rates will be directed to the levying entities except for pension fund levies such as in the City. Tax increment revenue derived from the City's 0.1575% override tax rate will continue to be deposited in the Redevelopment Property Tax Trust Fund. Per SB 107, revenues attributed to the tax rate override will continue to be made available for payment of debt service; however, revenue in excess of the debt service payments will be directed to the levying taxing entity.

⁽⁵⁾ Unitary revenue as reported by Alameda County for Fiscal Year 2016-17.

⁽⁶⁾ County Administration fee is estimated at 0.58% of Gross Revenue.

⁽⁷⁾ See individual projection for Central District Project Area. See APPENDIX C – "REPORT OF FISCAL CONSULTANT."

⁽⁸⁾ See individual projections for West Oakland Project Area, Central District Project Area, Army Base Project Area, Oak Knoll Project Area, Coliseum Area Project Area, Broadway/MacArthur Project Area, and Central City Project Area in APPENDIX C – "REPORT OF FISCAL CONSULTANT."

Source: HDL Coren & Cone.

Table 8
OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
Estimated Debt Service Coverage (Existing Bonds and 2018 Bonds)
(The Project Areas)
(in 000s)

	<u>Existing Bonds</u>							<u>Subordinated Bonds</u>		<u>All-In Coverage with Growth</u>	<u>All-In Coverage with No Growth</u>	
	<u>Gross Tax Revenue</u>	<u>SB_2557 Charge</u>	<u>Broadway</u>	<u>Central District</u>	<u>Central City East</u>	<u>Coliseum</u>	<u>Uptown DDA</u>	<u>Pledged Tax Revenues⁽¹⁾</u>	<u>2015 Bonds</u>			<u>2018 Bonds</u>
2018-19	\$179,843	(\$1,049)	(\$1,493)	(\$25,327)	(\$4,468)	(\$5,075)	(\$1,433)	\$140,998	(\$8,086)	(\$2,185)	3.72	3.72
2019-20	184,953	(1,079)	(1,489)	(25,237)	(4,468)	(5,081)	(1,463)	146,136	(8,092)	(2,185)	3.83	3.72
2020-21	189,672	(1,107)	(1,488)	(19,732)	(4,467)	(5,076)	-	157,803	(8,095)	(2,185)	4.59	4.36
2021-22	194,487	(1,135)	(1,485)	(4,337)	(4,464)	(5,075)	-	177,991	(8,088)	(5,260)	6.73	6.23
2022-23	199,397	(1,163)	(1,486)	-	(4,465)	(5,077)	-	187,206	(4,940)	(4,593)	9.64	8.70
2023-24	204,406	(1,192)	(1,485)	-	(4,464)	(5,072)	-	192,193	(4,941)	(4,595)	9.89	8.70
2024-25	209,515	(1,222)	(1,481)	-	(4,465)	(5,070)	-	197,277	(4,940)	(4,596)	10.13	8.70
2025-26	203,156	(1,185)	(1,476)	-	(4,469)	(5,070)	-	190,957	(4,942)	(4,598)	9.83	8.70
2026-27	191,505	(1,117)	(1,474)	-	(4,468)	(5,066)	-	179,380	(4,927)	(3,893)	9.60	9.02
2027-28	195,186	(1,139)	(1,474)	-	(4,464)	(5,069)	-	183,040	(4,927)	(3,686)	9.89	9.11
2028-29	199,964	(1,167)	(1,472)	-	(4,466)	(5,063)	-	187,797	(4,929)	(3,689)	10.13	9.11
2029-30	204,837	(1,195)	(1,467)	-	(4,468)	(5,067)	-	192,640	(4,928)	(3,686)	10.38	9.11
2030-31	209,808	(1,224)	(1,465)	-	(4,464)	(5,061)	-	197,594	(4,931)	(3,693)	10.63	9.12
2031-32	214,878	(1,254)	(634)	-	(4,464)	(5,059)	-	203,467	(5,752)	(3,297)	11.12	9.31
2032-33	220,049	(1,284)	(542)	-	(4,468)	(6,486)	-	207,270	(5,846)	(2,289)	11.14	9.11
2033-34	225,324	(1,315)	(539)	-	(274)	(6,487)	-	216,709	(10,042)	(2,293)	11.41	9.11
2034-35	230,705	(1,346)	(531)	-	-	(5,055)	-	223,772	(11,146)	(3,295)	11.45	8.93
2035-36	236,193	(1,378)	(533)	-	-	-	-	234,282	(14,138)	(4,879)	12.01	9.15
2036-37	241,791	(1,411)	(1,689)	-	-	-	-	238,691	-	(5,872)	31.79	23.65
2037-38	247,500	(1,444)	(1,644)	-	-	-	-	244,412	-	(5,868)	32.76	23.80
2038-39	253,324	(1,478)	(1,600)	-	-	-	-	250,246	-	(5,871)	33.71	23.93
2039-40	259,265	(1,513)	(1,557)	-	-	-	-	256,195	-	-	165.51	114.81
	\$4,695,759	(\$27,396)	(\$28,504)	(\$74,632)	(\$67,266)	(\$89,009)	(\$2,897)	\$4,406,057	(\$123,689)	(\$82,506)		

⁽¹⁾ Pledged Tax Revenues as defined in the Indenture excludes debt service on the Existing Bonds and payments made in connection with outstanding Disposition and Development Agreements.

CERTAIN RISK FACTORS

In addition to the information set forth elsewhere in this Official Statement, potential investors should consider the following matters in evaluating an investment in the 2018 Bonds. The following does not purport to be an exhaustive listing of risks and other considerations that may be relevant to investing in the 2018 Bonds and no assurance can be given that additional risk factors will not become evident at any future time. The order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Estimates of Tax Revenues

To estimate the Pledged Tax Revenues ultimately available to pay debt service on the 2018 Bonds, the Successor Agency has made certain assumptions with regard to the present and future assessed valuation of taxable property in the Project Areas, future tax rates, growth in tax revenues over time, percentage of taxes collected and other senior obligations. See “PLEGGED TAX REVENUES AND DEBT SERVICE” and APPENDIX C – “REPORT OF FISCAL CONSULTANT.” The Successor Agency currently estimates that it will have sufficient tax increment revenues collectively from the Project Areas to pay the principal of and interest on the 2018 Bonds. However, there can be no assurance that the actual amount of tax increment revenues received will be as set forth in the Successor Agency’s projections.

Recognized Obligation Payment Schedules

As described in greater detail above under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Recognized Obligation Payment Schedules,” the Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Tax revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Controller to the RORF without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the applicable distribution dates, as applicable. If the Successor Agency were to fail to complete an approved Recognized Obligation Payment Schedule, the availability of Pledged Tax Revenues to pay debt service on the 2018 Bonds could be adversely affected. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Recognized Obligation Payment Schedules.”

Accuracy of Assumptions

To estimate the tax revenues ultimately available to pay debt service on the 2018 Bonds, the Successor Agency has made certain assumptions with regard to the present and future assessed valuation of taxable property in the Project Areas, future tax rates, growth in tax revenues over time, percentage of taxes collected, other senior obligations, the amount of funds available for investment and the interest rate at which those funds will be invested. See APPENDIX C – “REPORT OF FISCAL CONSULTANT.” The Successor Agency believes these assumptions to be reasonable, but there are no assurances that these assumptions will be realized. To the extent that the assessed valuation, the tax rates, the percentages collected, the amount of the funds available for investment or the interest rate at which they are invested, are less than the Successor Agency’s assumptions, the Pledged Tax Revenues may be less than those projected and may be insufficient to pay debt service on the 2018 Bonds.

Reduction in Tax Base and Assessed Values

Tax revenues allocated to the Redevelopment Property Tax Trust Fund constitute the ultimate source of payment on the 2018 Bonds, the Existing Bonds and any Parity Debt. Such tax revenues are determined by the amount of the incremental taxable value of property in the Project Areas, the current rate or rates at which property in the Project Areas is taxed and the percentage of taxes collected in the Project Areas. A reduction of the taxable values of property in the Project Areas could occur as a result of

numerous factors beyond the Successor Agency's control, including but not limited to, a general economic downturn, political and economic obstacles to additional development and redevelopment activities in the Project Areas, relocation out of the Project Areas by one or more major property owners or tenants, property becoming exempt from property taxes through condemnation or acquisition by certain entities such as nonprofit corporations, or the complete or partial destruction of property caused by, among other calamities, earthquake, fire, flood or other natural disaster. In addition, taxable values may be reduced pursuant to successful appeals of assessed valuations or by widespread temporary reduction in assessed valuation under Proposition 8. These risks may be greater where, as here, some of the Project Areas have a high concentration of major taxpayers. See "PLEGGED TAX REVENUES AND DEBT SERVICE – Table 4, Top Ten Taxpayers By Valuation in the Project Areas" above, and "– Concentration of Property Ownership" below. There are also appeals to assessed valuation which could result in a substantial reduction thereof. See "PLEGGED TAX REVENUES AND DEBT SERVICE – Assessment Appeals" above. Any such reductions in taxable values could cause a reduction in the Pledged Tax Revenues securing the 2018 Bonds and could have an adverse effect on the Successor Agency's ability to make timely payments with respect to such 2018 Bonds. However, based on estimated debt service on the 2018 Bonds and the 2015 Bonds and other assumptions reflected in the projections of Pledged Tax Revenues in Table 6 and Table 7 of this Official Statement and the report of the Fiscal Consultant, the Successor Agency projects that estimated assessed values for Fiscal Year 2018-19 can withstand a proportionate permanent loss across each of the seven Project Areas of approximately 55% of Fiscal Year 2018-19 assessed values (approximately \$11.5 billion) before Pledged Tax Revenues would be insufficient to pay in full estimated debt service on the 2018 Bonds and the 2015 Bonds in any fiscal year.

In general, because property on the unsecured tax roll includes personal property and leasehold interests, the values of property on the unsecured roll are more likely to fluctuate and are more susceptible to reduction due to adverse economic circumstances affecting the owners of the properties. Accordingly, unsecured assessed valuation may present special risks and may be more susceptible to fluctuation from year to year than valuation reflected on the secured roll. According to the Fiscal Consultant, the unsecured roll represents approximately 10.64% of the overall assessed value for Fiscal Year 2017-18. See "PLEGGED TAX REVENUES AND DEBT SERVICE – Table 3, Land Use in the Project Areas" above.

Article XIII A of the California Constitution 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 inflationary 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 or comparable local data. Such adjustments are computed on a calendar year basis. In projecting future Pledged Tax Revenues to be available to it to make payments with respect to the 2018 Bonds, the Successor Agency has assumed a two percent inflation rate for Fiscal Year 2018-19 and two percent inflationary increases annually thereafter. The projected Pledged Tax Revenues are based on the latest actual amounts received by the Successor Agency. However, future deflation could cause decreases in property values, a reduction in tax revenues received by the Successor Agency and a reduction in Pledged Tax Revenues. See "PLEGGED TAX REVENUES AND DEBT SERVICE" and "LIMITATIONS ON TAX REVENUES – Tax Limitations – Article XIII A of California Constitution" herein.

In addition to the other limitations on and required application under the Dissolution Act of tax revenues on deposit in the Redevelopment Property Tax Trust Fund, the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing tax revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce Pledged Tax Revenues and adversely affect the source of repayment and security of the 2018 Bonds.

Concentration of Property Ownership

Based on Fiscal Year 2017-18 assessed taxable valuations, the top ten property taxpayers in the Project Areas represent approximately 10% of the total Fiscal Year 2017-18 taxable assessed value and approximately 14% of the Fiscal Year 2017-18 incremental assessed value within the Project Areas. Some of these property owners have pending assessed value appeals with respect to their property in the Project Areas. Bankruptcy, termination of operations or departure from the Project Areas by one or more of the largest property owners from the Project Areas could adversely impact the availability of Pledged Tax Revenues to pay debt service on the 2018 Bonds. See “PLEGGED TAX REVENUES AND DEBT SERVICE – Projected Pledged Tax Revenues and Debt Service Coverage.”

Assessment Appeals

There are two basic types of assessment appeals provided for under California law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the Assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the Assessor is reduced, the valuation of the property cannot increase in subsequent years more than two percent (2%) annually unless and until another change in ownership and/or additional new construction activity occurs. The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property’s then current taxable value (escalated base year value). Pursuant to California law, a property owner may apply for a Proposition 8 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 City, a property owner desiring a Proposition 8 reduction of the assessed value of such owner’s property in any year must submit an application to the County’s Assessment Appeals Board. Applications for any tax year must be submitted by September 15 of such tax year. Following a review of the application by the Assessor, the Assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Assessment Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Assessment Appeals Board generally is required to determine the outcome of appeals within two years of each appeal’s filing date unless waived by applicant. 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 (escalated to the inflation rate of no more than two percent) following the year for which the reduction application is filed. However, 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 and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted. See “LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedure” and “PLEGGED TAX REVENUES AND DEBT SERVICE.” Assessors also have the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of properties affected by particular negative economic conditions.

An appeal may result in a reduction to the Assessor’s original taxable value and a tax refund to the applicant property owner. A reduction in present or future taxable values within the Project Areas, which may arise out of successful appeals by property owners, will affect the amount of present or future Pledged Tax Revenues.

Five of the top ten largest property taxpayers in the Project Areas have pending property tax appeals. See “PLEGGED TAX REVENUES AND DEBT SERVICE – Table 4, Top Ten Taxpayers By Valuation in the Project Areas,” and “– Assessment Appeals” for a description of pending appeals and the potential impact on allocable tax revenues if the appeals are granted. See also APPENDIX C – “REPORT OF FISCAL CONSULTANT” for discussion of assessment appeals.

State Budget Issues; Changes in the Law

AB 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, in an effort to address structural deficits in the State general fund budget. In general terms, these bills implemented a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (at a then projected savings of \$1.5 billion). There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Pledged Tax Revenues.

Fiscal Year 2018-19 Budget Proposal. On January 10, 2018, the Governor released his proposed State Budget for Fiscal Year 2018-19 (the "**2018-19 Proposed Budget**"). The 2018-19 Proposed Budget estimates that total resources available in Fiscal Year 2017-18 totaled approximately \$131.86 billion (including a prior year balance of \$4.61 billion) and total expenditures in Fiscal Year 2017-18 totaled approximately \$126.51 billion. The 2018-19 Proposed Budget projects total resources available for Fiscal Year 2018-19 of \$135.14 billion, inclusive of revenues and transfers of \$129.79 billion and a prior year balance of \$5.35 billion. The 2018-19 Proposed Budget projects total expenditures of \$131.69 billion. The 2018-19 Proposed Budget proposes to allocate \$1.17 billion of the General Fund's projected fund balance to the Reserve for Liquidation of Encumbrances and \$2.29 billion of such fund balance to the State's Special Fund for Economic Uncertainties.

According to the Legislative Analyst's Office, the 2018-19 Proposed Budget proposes to end Fiscal Year 2018-19 with \$15.7 billion in total reserves, which would consist of \$13.5 billion in the State's constitutional rainy day fund (reserves available for future budget emergencies) and \$2.3 billion in discretionary reserves (available for any purpose). The budget would increase the rainy day fund by over \$5 billion in Fiscal Year 2018-19, including an optional \$3.5 billion deposit. The 2018-19 Proposed Budget deposits enough reserves into the State's rainy day fund that it reaches its constitutional maximum. The Legislative Analyst's Office advises that this approach may be prudent in light of economic and federal budget uncertainty, but comes with trade-offs for the State, including requiring rainy day reserves in excess of 10 percent to be spent on infrastructure projects.

The final Fiscal Year 2018-19 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the 2018-19 Proposed Budget and may be affected by national and State economic conditions and other factors which the Successor Agency cannot predict. The State governor cautions that there are uncertainties that must be considered as the 2018-19 Proposed Budget is revised, including the impact of federal tax reform and federal healthcare legislation. Accordingly, the Successor Agency does not provide any assurances that there will not be any changes in the final Fiscal Year 2018-19 State budget from the 2018-19 Proposed Budget, nor can the Successor Agency predict the impact that the final Fiscal Year 2018-19 State budget, or subsequent budgets, will have on its finances and operations.

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 Redevelopment Law, the Dissolution Act or other laws or the Constitution of the State resulting in a reduction of Pledged Tax Revenues, or that otherwise have an adverse effect on the Successor Agency's ability to pay debt service on the 2018 Bonds.

Certain litigation is challenging some of the terms of the Dissolution Act, and it is anticipated that there will be additional future legislation in this area. The Successor Agency cannot predict what measures may be proposed or implemented for the current fiscal year or in the future. The Successor Agency cannot predict the outcome or impact of any such interpretations or reviews, on the availability of Pledged Tax Revenues to pay the 2018 Bonds.

Subordination of ERAF

The Successor Agency has obtained the approval of the Taxing Entities to subordinate payment of their AB 1290 Statutory Pass-Through Amounts to the payment of debt service on the 2018 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Allocation of Taxes Pursuant to the Dissolution Act – *Statutory Pass-Throughs*.” As ERAF is not an entity, but a fund, there is not a mechanism to seek affirmative approval of the subordination of monies payable to ERAF. The Successor Agency believes that the AB 1290 Statutory Pass-Through Amounts to be deposited in ERAF have also been subordinated, given that the Taxing Entities, to whom the amounts deposited in ERAF will be distributed, have approved the subordination of the AB 1290 Statutory Pass-Through Amounts directly payable to them. Should a Taxing Entity or the State disagree with the Successor Agency’s position with regards to the subordination of the ERAF and determine that the AB 1290 Statutory Pass-Through Amounts due to ERAF cannot be subordinated, such amounts would be payable on a basis senior to the payment of debt service on the 2015 Bonds and 2018 Bonds. The AB 1290 Statutory Pass-Through Amount for ERAF for Fiscal Year 2017-18 is approximately \$8.3 million. This amount is approximately 21% of the total AB 1290 Statutory Pass-Through Amounts. The Successor Agency does not believe that an obligation to pay the ERAF amounts on a basis senior to the payment of debt service on the 2015 Bonds and 2018 Bonds will have a materially adverse effect on its ability to pay debt service on the 2015 Bonds and 2018 Bonds.

Development Risks

Several of the Project Areas have significant redevelopment activities currently in process or planned, particularly within the Oak Knoll and Army Base Project Areas. These developments are subject to all the risks generally associated with real estate development. Projected development within the Project Areas may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within the Project Areas could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Areas is delayed or halted, the economy of the Project Areas could be affected. If such events lead to a decline in assessed values, they could cause a reduction in Pledged Tax Revenues. In addition, if there is a decline in the general economy of the Project Areas, the owners of property within the Project Areas may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of the tax revenues received by the Successor Agency from the Project Areas. In addition, the insolvency or bankruptcy of one or more large owners of property within the Project Areas could delay or impair the receipt of tax revenues by the Successor Agency.

Natural Hazard Risks

Real estate values can be adversely affected by a variety of natural events and conditions, including earthquakes, fires, and sea level rise. The Successor Agency expects that one or more of these conditions may occur from time to time, and such conditions may result in damage to property improvements. Any damage resulting from a natural disaster may entail significant repair or replacement costs, and repair or replacement may never occur. Under any of these circumstances, the value of real estate within the Project Areas could depreciate substantially and owners of property may be less willing or able to pay property taxes.

Seismic Risk. The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area, including the Hayward Fault which runs under Oakland, Berkeley and other cities in the County, and the San Andreas Fault which passes about 3 miles to the southeast of the city of San Francisco’s border. Significant seismic events in the past include the 1906 San Francisco earthquake along the San Andreas fault, with an estimated magnitude of 8.3 on the Richter scale of earthquake intensity, and the 1989 Loma Prieta earthquake, centered about 60 miles south of the City,

which registered 6.9 on the Richter scale of earthquake intensity. The Loma Prieta earthquake caused fires, building collapses, and structural damage to buildings and highways in the San Francisco Bay Area, including the City. Much of the damage resulting from the Loma Prieta earthquake was due to soil liquefaction, a phenomenon during which loose, saturated, non-cohesive soils temporarily lose shear strength during ground shaking induced by severe earthquakes.

More recently, on August 24, 2014, an earthquake occurred in Napa, California. The tremor's epicenter was located approximately 3.7 miles northwest of American Canyon near the West Napa Fault and registered 6.0 on the Richter scale of earthquake intensity. Napa is approximately 60 miles north of the City. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The Napa earthquake was the largest earthquake in the Bay Area since the 1989 Loma Prieta earthquake; the City did not suffer any material damage as a result of this earthquake.

In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (U.S.G.S.), the California Geological Survey, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more quakes of about magnitude 6.7 or larger will occur in the San Francisco Bay Area before the year 2045. Such earthquakes may be very destructive. In April 2018, the U.S.G.S. and the U.S. Department of the Interior issued "The HayWired Earthquake Scenario – We Can Outsmart Disaster," which noted that on average, for the past 12 major earthquakes on the Hayward Fault, part of which lies beneath the City, the interval between events has been about 150 years plus or minus 60 years. The last major earthquake on the Hayward Fault was a magnitude 6.8 earthquake in 1868 – 150 years ago. In addition to the potential damage to City-owned buildings and facilities (on which the City does not generally carry earthquake insurance), due to the importance of San Francisco Bay Area as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake anywhere in the Bay Area may cause significant temporary and possibly long-term harm to the City's economy, tax receipts, and business and residential real property values.

Fire. A substantial portion of the City is built in partially-wooded hillside areas, which are naturally prone to wildfire. While 16.5 square miles in the Oakland Hills is designated a very high severity zone by the California State Fire Marshall's Office, fire dangers exist at various levels throughout the City. In October 1991, a fire in the Oakland/Berkeley Hills damaged 1,990 acres of forest and residential property, destroying 2,354 homes and 456 apartment units, most of which were in the City. The City has since established a vegetation management program pursuant to which fire hazard inspections, brush and debris removal, and public education are conducted.

Risk of Sea Level Rise. Numerous scientific studies on global climate change show that sea levels will rise given the increasing temperature of the oceans and growing ocean volume, as land ice melts and runs off into the ocean. In the last century, the San Francisco Bay water levels have risen 8 inches. Such scientific studies also project accelerating sea level rise due to climate change over the coming century. As a result, bayfront cities like the City are at risk of substantial flood damage over time, which will affect private development as well as public infrastructure, including highways, emergency services, transit stations, schools, wastewater infrastructure, and landfills. The City could lose considerable tax revenues and many residents, businesses and governmental operations along the waterfront could be displaced.

The City, including the Port of Oakland, is committed to planning for and adapting to these impacts and has a number of initiatives and policies already in place. For example, in Fall 2017, the City released a report entitled "Oakland Preliminary Sea-Level Rise Road Map," identifying geographic zones at risk of sea level rise and providing a framework for adaptation strategies to confront these risks. That study shows upper range projections for sea levels offshore of the City to rise between 36 to 66 inches by 2100. The City is working on implementing the report's proposed actions to provide the foundation for a citywide sea level rise adaptation plan.

In April 2017, the Working Group of the California Ocean Protection Council Science Advisory Team (in collaboration with several State agencies, including the California Natural Resource Agency, the Governor’s Office of Planning and Research, and the California Energy Commission) published a report entitled “Rising Seas in California: An Update on Sea Level Rise Science” (the “**Sea Level Rise Report**”) to provide a new synthesis of the state of science regarding sea level rise. The Sea Level Rise Report will provide the basis for State guidance to State and local agencies for incorporating sea level rise into design, planning, permitting, construction, investment and other decisions. Among many findings, the Sea Level Rise Report indicates that the effects of sea level rise are already being felt on the State’s shoreline with more extensive flooding during storms and period tidal flooding. In addition, the Sea Level Rise Report notes that the rate of ice sheet loss from Greenland and Antarctic ice sheets pose a particular risk of sea level rise for the State coastline.

A scientific report issued in March 2018 by professors at UC Berkeley and the University of Arizona suggests that flooding risk from climate change could be exacerbated in the San Francisco Bay Area due to the sinking of soil, known as subsidence. Under the new projections in this report, damage due to flooding could be worse than estimated under earlier climate change studies.

Projections of the impacts of global climate change on the City are complex and depend on many factors that are outside the City’s control. The various scientific studies that forecast the amount and timing of sea level rise and its adverse impacts, including flooding risk, are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast when sea level rise or other adverse impacts of climate change (e.g., the occurrence and frequency of 100-year storm events and king tides) will occur. In particular, the City cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse impacts on the business operations or financial condition of the City and the local economy during the term of the 2018 Bonds.

The City has filed a lawsuit against the five largest investor-owned oil companies that is pending in United States District Court, Northern District of California, Case No. 3:17-cv-06011-WHA, entitled *The People of the State of California, acting by and through the Oakland City Attorney, Barbara J. Parker, v. BP P.L.C, et al.* In that lawsuit, the City Attorney is seeking to have the defendant oil companies pay into an equitable abatement fund to help fund investment in sea level rise adaptation infrastructure. While the City believes that its claim is meritorious, the City can give no assurance regarding whether it will be successful and obtain the requested relief from the courts or the requested contributions to the abatement fund from the defendant oil companies.

Tsunamis. A tsunami is a series of waves generated in a body of water by a rapid disturbance that vertically displaces the water. Such changes can be caused by an underwater fault rupture (that generates an earthquake) or underwater landslides (typically triggered by earthquakes). In the 100 years between 1868 and 1968, 19 tsunamis were recorded at the Golden Gate tide gauge, with a maximum wave height of 7.4 feet. A tsunami having a wave height of 20 feet is estimated to arrive at the Golden Gate once every 200 years. For most tsunamis approaching the coast, several hours are available to evacuate residents and undertake other emergency preparations. However, tsunamis can also be generated by local earthquakes, in which case the first waves could reach shore mere minutes after the ground stops shaking, giving authorities no time to issue a warning.

According to the Safety Element of the City’s General Plan, the scarcity of data makes it difficult to estimate the tsunami hazard in the City. However, past tsunamis have resulted in little damage around San Francisco Bay. Flooding from tsunamis would affect low-lying areas along San Francisco Bay and the Oakland Estuary, especially filled areas that are only a few feet above sea level. Facilities in an estimated tsunami inundation zone include the Port of Oakland’s seaport, the Oakland International Airport, the Oakland Coliseum complex, the City of Oakland Corporation yard, two schools and two fire stations.

Other Natural Hazards. The Successor Agency cannot predict when seismic events, fires, tsunamis or other natural events, such as sea rise or other impacts of climate change or flooding from a major storm may occur and, if any such events occur, what effect, if any, such events may have on assessed values of taxable property within the Project Areas. It should be assumed, therefore, that a natural event or man-made activity may occur and may cause damage to improvements on parcels in the Project Areas of varying seriousness, that such damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate usability or because other considerations may preclude such repair or replacement. Consequently, the occurrence of any of these conditions could result in a significant decrease in the assessed value of taxable values of property in the Project Areas and could result in a significant reduction in Pledged Tax Revenues. Such reduction of Pledged Tax Revenues could have an adverse effect on the Successor Agency's payment of debt service on the 2018 Bonds.

No Validation Proceeding Undertaken

California Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a "validation proceeding," for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the 2018 Bonds, California Government Code Section 53511 authorizes a local agency to "bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness." Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters herein adjudicated or which could have been adjudicated, against all persons: "The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive."

The Successor Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the 2018 Bonds. The Successor Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the 2018 Bonds and specifying the related deadline for any challenge to the 2018 Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the 2018 Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5, must be brought within thirty (30) days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such challenge period expired with respect to the 2018 Bonds and the Oversight Board Resolution on April 25, 2018.

It is possible that a lawsuit challenging the Dissolution Act or specific provisions thereof based on the inability of successor agencies to meet their obligations to bondholders as those obligations become due, or to pay any other of their other obligations, could be successful and 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 2018 Bonds could be impeded and result in a delinquency or default in the timely payment of principal of, and interest on, the 2018 Bonds.

The Successor Agency believes that the aforementioned considerations would provide some protections against the adverse consequences upon the Successor Agency and the availability of Pledged Tax Revenues for the payment of debt service on the 2018 Bonds in the event of successful challenges to the Dissolution Act or portions thereof. However, the Successor Agency does not guarantee that any lawsuit challenging the Dissolution Act or portions thereof will not result in an outcome that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the 2018 Bonds.

Reductions in Unitary Values

As the result of the adoption of AB 454 (Chapter 921, Statutes of 1986), a portion of the County-wide unitary values assigned to public utilities was allocated to the Project Area. For Fiscal Year 2016-17, \$2,947,421 of the tax increment revenue allocated to the Successor Agency with respect to the Project Areas was attributable to unitary property and the Fiscal Consultant has assumed in its report that it will be in approximately the same amount for Fiscal Year 2017-18 and all additional fiscal years in the projection. Any substantial reduction in the values of public utility properties, either because of deregulation of a utility industry or for any other reason, will have an adverse impact on the amount of Tax Revenues. The extent of any such impact would depend on the proportion of the Project Areas unitary revenue to the total tax revenues generated in the Project Areas. For further information concerning unitary values, see “LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedure” and “– Taxation of Unitary Property.”

Hazardous Substances

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

Reduction in Inflation Rate

As described in greater detail below, Article XIII A of the California Constitution 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 (2%) increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis.

Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Any resulting reduction in the full cash value base over the term of the 2018 Bonds could reduce Pledged Tax Revenues. See “LIMITATIONS ON TAX REVENUES – Tax Limitations – Article XIII A of California Constitution.” Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2% limitation ten times. The years in which less than 2% growth was realized included fiscal years 1983-84 (1.0%), 1995-96 (1.19%), 1996-97 (1.11%), 1999-00 (1.85%), 2004-05 (1.867%), 2010-11 (-0.237%), 2011-12 (0.753%), 2014-15 (0.454%), 2015-16 (1.998%) and 2016-17 (1.525%). The Successor Agency’s current projections of tax increment revenue assume the 2.00% factor for Fiscal Year 2018-19 for all subsequent years of the projection. The Successor Agency is, however, unable to predict if any adjustments to the full cash value of real property within the Project Areas, whether an increase or a reduction, will be realized in the future. See also APPENDIX C – “REPORT OF FISCAL CONSULTANT.” Any resulting reduction in the full cash value base over the term of the 2018 Bonds could reduce Pledged Tax Revenues. See “LIMITATIONS ON TAX REVENUES – Tax Limitations – Article XIII A of California Constitution.”

Delinquencies

The Successor Agency does not have any independent power to levy and collect property taxes. Delinquencies in the payment of property taxes could have an adverse effect on the Successor Agency's ability to make timely debt service payments.

Investment Risk

All funds held by the Trustee under the Indenture and all funds held by the Successor Agency in the Special Fund, into which all Pledged Tax Revenues are initially deposited, are required to be invested in Permitted Investments as provided in the Indenture. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Indenture or the Special Fund could have a material adverse effect on the security for the 2018 Bonds.

Bankruptcy and Foreclosure

The payment of the property tax revenue from which Pledged Tax Revenues are derived and the ability of the City to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940 discussed below) or by the laws of the State relating to judicial foreclosure.

The rights of the Owners of the 2018 Bonds and the enforceability of the obligation to make payments on the 2018 Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights under currently existing law or laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The various legal opinions to be delivered concurrently with the delivery of the 2018 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. See APPENDIX F – "FORM OF BOND COUNSEL FINAL OPINION."

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 likelihood of a delay or default in payment of the principal of and interest on the 2018 Bonds and the possibility of delinquent tax installments not being paid in full. Moreover, if the value of the subject property is less than the lien of property taxes, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws, payment of property taxes may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over property taxes in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

In addition, the United States Bankruptcy Code might prevent moneys on deposit in the RORF from being applied to pay interest on the 2018 Bonds and/or to redeem 2018 Bonds if bankruptcy proceedings were brought by or against a landowner and if the court found that any of such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the United States Bankruptcy Code.

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

persons in military service if a court concludes that the ability to pay such taxes or assessments is materially affected by reason of such service.

As discussed under “LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedure – *Delinquencies*,” under its current policies, the County Controller distributes one hundred percent (100%) of tax increment revenues allocated to the Successor Agency without regard to delinquencies in the payment of property taxes. However, there can be no assurance that such policies will not be changed in the future.

Levy and Collection of Taxes

The Successor Agency has no independent power to levy and 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 ability of the Successor Agency to pay debt service on the 2018 Bonds. Likewise, delinquencies in the payment of property taxes and the impact of bankruptcy proceedings on the legal 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 2018 Bonds. The County allocates property taxes to the Redevelopment Property Tax Trust Fund based on one hundred percent (100%) of the tax levy, notwithstanding any delinquencies. However, the County may discontinue such practice at any time. If there is a decline in the general economy of any Project Area, the owners of property within such Project Area may be less able or less willing to make timely payments of property taxes, causing a delay or stoppage of Pledged Tax Revenues received by the Successor Agency from such Project Area.

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2018-TE Bonds, the Successor Agency has covenanted in the Indenture to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”), and the Successor Agency has covenanted in the Indenture to comply with certain provisions of the Tax Code. The interest on the Series 2018-TE Bonds could become includable in the gross income for purposes of federal income taxation retroactive to the date of issuance of the Series 2018-TE Bonds as a result of acts or omissions of the Successor Agency in violation of these or other covenants in the Indenture applicable to the Series 2018-TE Bonds. The Series 2018-TE Bonds are not subject to redemption or any increase in interest rates should an event of taxability occur and will remain outstanding until maturity or prior redemption in accordance with the provisions contained in the Indenture. See “TAX MATTERS.”

Risk of Tax Audit

In December 1999, as a part of a larger reorganization of the Internal Revenue Service (the “**IRS**”), the IRS commenced operation of its Tax Exempt and Government Entities Division (the “**TE/GE Division**”), as the successor to its Employee Plans and Exempt Organizations division. The TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. There is no assurance that if an IRS examination of the Series 2018-TE Bonds was undertaken it would not adversely affect the market value of the Series 2018-TE Bonds. See “TAX MATTERS.”

Secondary Market

There can be no guarantee that there will be a secondary market for the 2018 Bonds, or if a secondary market exists, that the 2018 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 are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the 2018 Bonds will not be affected by the introduction or enactment of any future legislation (including, without limitation, amendments to the Tax Code), or by any state constitutional amendments, executive orders, court decisions, changes in interpretation of the Tax Code, or actions of the IRS, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the 2018 Bonds for audit examination, or the course or result of any IRS audit or examination of the 2018 Bonds or obligations that present similar tax issues as the 2018 Bonds.

2018 Bonds are Limited Obligations

The 2018 Bonds are special, limited obligations of the Successor Agency and as such are not debt of the City, the State or any of their political subdivisions other than the Successor Agency, and none of the City, the State or any of their political subdivisions other than the Successor Agency is liable for the payment thereof. The principal of, and premium, if any, and interest on, the 2018 Bonds are payable solely from Pledged Tax Revenues allocated to the Successor Agency from the Project Areas and certain other funds pledged therefor under the Indenture. The 2018 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS.” No Owner of the 2018 Bonds may compel exercise of the taxing power of the State, the City or any of their political subdivisions to pay the principal of, or premium, if any, or interest due on, the 2018 Bonds.

Limited Recourse on Default

If the Successor Agency defaults on its obligations under the Indenture, the Trustee has the right to accelerate the 2018 Bonds. However, in the event of a default and such acceleration, there can be no assurance that the Trustee will have sufficient moneys available for payment of the 2018 Bonds.

LIMITATIONS ON TAX REVENUES

The 2018 Bonds are secured by a pledge of Pledged Tax Revenues attributable to the Project Areas. The Successor Agency does not have any independent power to levy and collect property taxes; accordingly, the amount of tax revenues available to the Successor Agency for payment of the principal of and interest on the 2018 Bonds is affected by several factors described below, in addition to those “CERTAIN RISK FACTORS” described above.

Property Tax Collection Procedure

Classifications. In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The secured classification includes property on which any property tax levied by a county becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against the 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, regardless of the time of creation of the other liens.

Generally, *ad valorem* taxes are collected by a county (the “**Taxing Authority**”) for the benefit of the various entities (cities, school districts and special districts) that share in the *ad valorem* tax (each, a taxing entity) and redevelopment agencies eligible to receive tax increment revenues.

Collections. Secured property and unsecured property are entered on separate parts of 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 (4) ways of collecting unsecured personal property taxes in the case of delinquency: (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 the 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 for the amount of taxes which are delinquent.

Delinquencies. The valuation of property is determined as of January 1 each year and equal installments of taxes levied upon secured property become delinquent after the following December 10 and April 10. Taxes on unsecured property are due March 1. Unsecured taxes enrolled by July 31, if unpaid, are delinquent August 31 and are subject to penalty; unsecured taxes added to the roll after July 31, if unpaid, are delinquent on the last day of the month succeeding the month of enrollment.

Penalty. A ten percent (10%) penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, on or about June 30 of the fiscal year, property on the secured roll on which taxes are delinquent is declared to be in default by operation of law and declaration of the tax collector. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of one and one half of a percent (1.5%) per month to the time of redemption and a \$15 redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county tax collector. A ten percent (10%) penalty also applies to the delinquent taxes on property on the unsecured roll, and further, an additional penalty of one and one half of a percent (1.5%) per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

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 in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next January 1 tax lien date following the change and thus delayed the realization of increased property taxes from the new assessments for up to fourteen (14) months. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Areas, Pledged Tax Revenues may increase.

Property Tax Administrative Costs. In 1990, the Legislature enacted Senate Bill 2557 (Statutes of 1990, Chapter 466) 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. Subsequent legislation clarified that the provisions of SB 2557 include redevelopment agencies as a local government agency which must pay such administrative costs. 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 amounts under SB 1559 related to sales and use taxes, to be deducted from property tax revenues before moneys are deposited into the Redevelopment Property Tax Trust Fund.

Taxation of Unitary Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with the Fiscal Year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case, values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate

area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property is changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modifies 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 revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the one percent (1%) tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to one hundred and two percent (102%) of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than one hundred and two percent (102%) of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization. To administer the allocation of unitary tax revenues to redevelopment agencies, the County Controller no longer includes the taxable value of utilities as part of the reported taxable values of a project area. As a result, the base year value of Project Areas is reduced by the amount of utility value that existed originally in the base year value. The County Controller allocated unitary revenues to the Project Areas during Fiscal Year 2016-17 in the amounts shown below in the table below, which the Fiscal Consultant has assumed, for purposes of calculating tax revenues available for debt service on the 2018 Bonds, will be allocated in the same amount for Fiscal Year 2017-18 and will remain constant in future years.

**Fiscal Year 2016-17
Unitary Revenue
Allocated by the County**

<u>Project Area</u>	<u>Unitary Revenue</u>
Broadway/MacArthur Project Area	\$ 8,585
Central City Project Area	20,318
Central District Project Area	2,827,159
Coliseum Area Project Area	70,622
Oak Knoll Project Area	1,330
Army Base Project Area	11,007
West Oakland Project Area	<u>8,400</u>
Total:	\$2,947,421

Tax Limitations – Article XIII A of California Constitution

Article XIII A of the State Constitution, known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIII A limits the maximum *ad valorem* tax on real property to one percent (1%) of “full cash value,” and provides that such tax shall be collected by the counties and apportioned according to State statutes. Section 1(b) of Article XIII A provides that the one percent (1%) limitation does not apply to *ad valorem* taxes levied to pay interest or redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978, and (2) any 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.

Section 2 of Article XIII A defines “full cash value” to mean the county assessor’s valuation of real property as shown on the 1975-76 Fiscal Year tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent (2%) per year, or to reflect a reduction in the consumer price index or comparable data for the taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above. Such legislation further provides that each county will levy the maximum tax permitted by Article XIII A, which is \$1.00 per \$100 of assessed market value. The legislation further establishes the method for allocating the taxes collected by each county among the taxing agencies in the county.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age fifty-five (55) and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in property tax revenues.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent (2%) annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

The Successor Agency cannot predict whether there will be any future challenges or changes to California’s present system of property tax assessment or the effect on the Successor Agency’s receipt of Pledged Tax Revenues as a result of such challenge or change.

Article XIII B of California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution which has been subsequently amended several times. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State 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 appropriation limit is Fiscal Year 1978-79 and the limit is to be adjusted annually to reflect changes in population, cost of living and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Effective September 30, 1980, the California Legislature added Section 33678 of the Redevelopment Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by the agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIII B or any statutory provision enacted in implementation thereof. The constitutionality of Section 33678 has been upheld by the Second

and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosely* and *Brown v. Community Redevelopment Agency*.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the California 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 bonded indebtedness issued by a taxing entity (not 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. Pledged Tax Revenues do not include any such amounts.

Articles XIIC and XIID of California Constitution

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. The 2018 Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218 and are outside of the scope of taxes that are limited by Proposition 26.

Future Initiatives

Article XIII A, Article XIII B, 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 or other legislation could be adopted, further affecting the availability of tax increment revenues or the Successor Agency’s ability to expend tax increment revenue.

TAX MATTERS

Series 2018-TE Bonds

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Series 2018-TE Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax, although, in the case of tax years beginning prior to January 1, 2018, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest earned by a corporation prior to the end of its tax year in 2018 is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Successor Agency comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2018-TE Bonds. The Successor Agency has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Series 2018-TE Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Series 2018-TE Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Series 2018-TE Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “original issue premium” for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Series 2018-TE Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Series 2018-TE Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Series 2018-TE Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Series 2018-TE Bonds who purchase the Series 2018-TE Bonds after the initial offering of a substantial amount of such maturity. Owners of such Series 2018-TE Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2018-TE Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Series 2018-TE Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Series 2018-TE Bond (said term being the shorter of the Series 2018-TE Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Series 2018-TE Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Series 2018-TE Bond is amortized each year over the term to maturity of the Series 2018-TE Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Series 2018-TE Bond premium is not deductible for federal income tax purposes. Owners of premium Series 2018-TE Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Series 2018-TE Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Series 2018-TE Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Series 2018-TE Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Series 2018-TE Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Series 2018-TE Bonds, or as to the consequences of owning or receiving interest on the Series 2018-

TE Bonds, as of any future date. Prospective purchasers of the Series 2018-TE Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Series 2018-TE Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2018 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Series 2018-TE Bonds, the ownership, sale or disposition of the 2018 Bonds, or the amount, accrual or receipt of interest on the Series 2018-TE Bonds.

Form of Bond Counsel Opinion. At the time of issuance of the Series 2018-TE Bonds, Bond Counsel expects to deliver an opinion for the Series 2018-TE Bonds in substantially the form set forth in APPENDIX F – “FORM OF BOND COUNSEL FINAL OPINION.”

Taxable Series 2018-T Bonds

General. The interest on the Taxable Series 2018-T Bonds is not intended by the Successor Agency to be excluded from gross income for federal income tax purposes. However, in the opinion of Bond Counsel, interest on the Taxable Series 2018-T Bonds is exempt from California personal income taxes.

Owners of the Taxable Series 2018-T Bonds should be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Taxable Series 2018-T Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Taxable Series 2018-T Bonds, the ownership, sale or disposition of the Taxable Series 2018-T Bonds, or the amount, accrual or receipt of interest on the Taxable Series 2018-T Bonds.

Form of Bond Counsel Opinion. At the time of issuance of the Taxable Series 2018-T Bonds, Bond Counsel expects to deliver an opinion for the Taxable Series 2018-T Bonds in substantially the form set forth in APPENDIX F – “FORM OF BOND COUNSEL FINAL OPINION.”

LITIGATION

There is no litigation now pending or, to the best knowledge of the Successor Agency, threatened to restrain or enjoin the execution or delivery of the 2018 Bonds or the Indenture or in any way questioning or affecting the validity of the foregoing or any of the proceedings for the authorization, sale, execution or delivery of the 2018 Bonds. In the opinion of counsel to the Successor Agency, there is no lawsuit or claim pending against the Successor Agency, which if decided adversely to the Successor Agency would materially affect the Successor Agency’s finances so as to impair the ability of the Successor Agency to pay debt service on the 2015 Bonds or the 2018 Bonds as it becomes due.

A number of lawsuits have been filed that challenge the Dissolution Act or the application of certain of its provisions. The Successor Agency is unable to predict the likely outcome of these actions or the possible impact, if any, of their outcomes on the distribution of property tax revenues or other moneys to the Successor Agency under the Dissolution Act or on the Successor Agency’s ability to make payments of principal of and interest on the 2018 Bonds.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Certificate, the Successor Agency will covenant for the benefit of the Owners of the 2018 Bonds to provide certain financial information and operating data relating to the

Successor Agency and the 2018 Bonds by not later than nine months after the end of the Successor Agency's Fiscal Year (currently June 30) (the "Annual Report"), commencing with the report for Fiscal Year 2017-2018, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the Successor Agency, or its dissemination agent, if any, with the MSRB through its EMMA system. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events and the text of the Continuing Disclosure Certificate are set forth under the caption APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." The sole remedy under the Continuing Disclosure Certificate in the event of any failure of the Successor Agency to comply will be an action to compel specific performance. The Successor Agency has agreed to these continuing disclosure undertakings in order to assist the Underwriters with their compliance with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Within the last five years, certain filings relating to the public debt obligations of the Successor Agency and related entities were incomplete or not made in a timely manner, as required under then outstanding continuing disclosure obligations of the Successor Agency and related entities. The Successor Agency has procedures in place to enhance timely filing and to review and monitor compliance with all of its continuing disclosure undertakings.

LEGAL MATTERS

Certain legal matters incident to the issuance, sale and delivery of the 2018 Bonds are subject to the approving legal opinion of Jones Hall, A Professional Law Corporation, as Bond Counsel. Certain legal matters incident to the issuance of the 2018 Bonds will be passed upon for the Successor Agency by the City Attorney of the City of Oakland. Curlls Bartling P.C. is acting as Disclosure Counsel to the Successor Agency in connection with the 2018 Bonds. Certain legal matters will be passed upon for the Underwriters by Stradling Yocca Carlson & Rauth, P.C.

Bond Counsel's engagement is limited to a review of the legal procedures required for the authorization, issuance and sale of the 2018 Bonds, the exemption of interest on the Series 2018-T Bonds from federal income taxation and California personal income taxes, and the exemption of interest on the Taxable Series 2018-T Bonds from California personal income taxes. See "TAX MATTERS" herein and APPENDIX F – "FORM OF BOND COUNSEL FINAL OPINION."

Fees payable to Bond Counsel and Disclosure Counsel are contingent upon the sale and delivery of the 2018 Bonds.

MUNICIPAL ADVISOR

The Successor Agency has retained Urban Futures, Inc. as municipal advisor (the "Municipal Advisor") in connection with the authorization, issuance, sale and delivery of the 2018 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent registered municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of, among other things, the mathematical computations of the amounts deposited in the Escrow Accounts to pay, when due, the redemption price of and accrued interest on the Refunded Bonds will be verified by Causey Demgen & Moore P.C.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), has assigned a rating to the 2018 Bonds of "AA-". Such ratings reflect only the view of such organization, and an explanation of the significance of the ratings may be obtained by contacting S&P. Such ratings are not recommendations to buy, sell or hold the 2018 Bonds. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the 2018 Bonds. The Successor Agency undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

FINANCIAL STATEMENTS

The audited financial statements of the Successor Agency for the Fiscal Year ended June 30, 2017, are included as part of APPENDIX B – "SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017." Such financial statements have been audited by Macias Gini & O'Connell, LLP (the "Auditor"), independent certified public accountants, whose report also appears in Appendix B. The Auditor was not requested to consent to the inclusion of its report in Appendix B, nor has the Auditor undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

FISCAL CONSULTANT REPORT

In connection with the issuance of the 2018 Bonds, the Successor Agency has engaged HdL Coren & Cone, Diamond Bar, California, to prepare a Fiscal Consultant Report. See APPENDIX C – "REPORT OF FISCAL CONSULTANT."

UNDERWRITING

The 2018 Bonds will be sold to Stifel, Nicolaus & Company, Inc., as representative ("**Representative**") of itself and FTN Financial Capital Markets (together, the "**Underwriters**"), pursuant to a bond purchase agreement between the Successor Agency and the Representative (the "**Purchase Agreement**"). The Underwriters have agreed to purchase the Series 2018-TE Bonds for \$18,374,891.39 (which amount represents the \$15,190,000.00 aggregate principal amount of the Series 2018-TE Bonds, plus original issue premium of \$3,230,683.15, and less an underwriters' discount of \$45,791.76). The Underwriters have agreed to purchase the Taxable Series 2018-T Bonds for \$40,863,285.16 (which amount represents the \$41,765,000 aggregate principal amount of the Taxable Series 2018-T Bonds, less original issue discount of \$775,810.10, and less an underwriters' discount of \$125,904.74).

The initial public offering prices of the 2018 Bonds may be changed from time to time by the Underwriters. The Purchase Agreement for the 2018 Bonds provides that the Underwriters will purchase all of 2018 Bonds if any are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement including, among others, the approval of certain legal matters by counsel.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate

swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Successor Agency. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Successor Agency.

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MISCELLANEOUS

All the summaries contained herein of the 2018 Bonds, the Indenture, applicable legislation, 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. The Successor Agency shall provide, upon request, annual audited financial statements when available.

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the Owners or Beneficial Owners.

The execution and delivery of this Official Statement have been duly authorized by the Successor Agency Board.

OAKLAND REDEVELOPMENT
SUCCESSOR AGENCY

By: /s/ Sabrina B. Landreth
Agency Administrator

APPENDIX A

SELECTED INFORMATION REGARDING THE CITY OF OAKLAND

This Appendix A sets forth certain general information about the City of Oakland, California (the “City” or “Oakland”). The following information concerning the City is included only for general background purposes. It is not intended to suggest that the 2018 Bonds are payable from any source other than Pledged Tax Revenues and other amounts pledged therefor under the Indenture.

Certain statements included or incorporated by reference in this Appendix A constitute “forward-looking statements.” 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 City 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.

Overview

The City is located in the County of Alameda (the “**County**”) on the eastern shore of the San Francisco Bay (the “**Bay**”), approximately seven miles from downtown San Francisco via the San Francisco-Oakland Bay Bridge. Occupying approximately 53.8 square miles, the City is the largest and most established of the “East Bay” cities. Its geography ranges from industrialized areas in the west, which border the Bay, to suburban foothills in the east. The City is the hub of an extensive transportation network, which includes several interstate freeways, the western terminus of major railroad and trucking operations, and one of the largest container-ship ports in the United States. The City is also served by an active international airport and the Bay Area Rapid Transit system, which connects the City by commuter rail to most of the San Francisco Bay Area (the “**Bay Area**”). Formerly the industrial heart of the Bay Area, the City has developed into a diverse financial, commercial and governmental center. The City is the seat of government for the County and is the eighth most populous city in the State of California (the “**State**”), with a population of approximately 426,074 as of January 1, 2017.

Oakland has a diverse mix of traditional and new economy companies. Companies are attracted to the City’s excellent quality of life, comparatively low business costs, proximity to research institutions and vast intermodal transportation network. Leading industries include business services, health care services, transportation, food processing, light manufacturing, government, arts, culture, entertainment, and tech-startups. Prominent employers or businesses headquartered in the City include Clorox Company, Kaiser Permanente, Pandora, Ask.com, and Dreyer’s Grand Ice Cream.

Culturally, the City is home to the regionally and nationally recognized Oakland Museum of California, many up-and-coming artistic and cultural institutions, an award-winning zoo, the Paramount Theatre and the renovated Fox Theater. The City is also the only city in California outside of Los Angeles, and the only city in the Bay Area, with three major professional sports teams. The Oakland Athletics, the Golden State Warriors, and the Oakland Raiders all play at stadiums within the City. At other times, these venues are used for other purposes, such as concerts and other events.

In Oakland, Oakland and Bay Area residents enjoy a thriving restaurant scene, diverse entertainment and arts offerings and a vibrant nightlife. A wide range of dining options are available in the City, ranging from street eats like the “Art Murmur” to fine dining restaurants, including Michelin-starred avant-garde Commis. Over the years, Oakland has attracted many artists and high profile chefs, who have created a wave of new restaurants with creative menus that contribute to the City’s burgeoning restaurant scene in areas like Temescal, Uptown, Downtown, Rockridge, Grand Lake, Piedmont and Jack London Square.

The City has been recognized by numerous publications and groups throughout the years. A few of the most recent accolades are listed below:

- No. 5 among Best Cities for Diversity in STEM – by SmartAsset, December 2017
- Oakland among "Top 18 For 2018" Travel Predictions – by British Airways, October 2017
- Oakland MSA among the 25 Happiest Cities in the United States – by National Geographic, October 2017
- No. 3 among Cities where Millennials are moving – by SmartAsset, September 2017
- No. 9 among the 10 Most Walkable Cities of 2017 – by Redfin, May 2017
- Ranked among the “top 30 healthiest cities in the United States” by *WalletHub*, February 2017
- Ranked No. 15 among “Super Cool U.S. Cities to Visit” by *Expedia Viewfinder*, March 2017
- Ranked 9th “Best City to Score Your Dream Job” by GoBanking, January 2017

City Government

The City was incorporated as a town in 1852 and as a city in 1854. In 1889, the City became a charter city. The Charter of the City (the “*Charter*”) provides for: the election, organization, powers and duties of the legislative branch, known as the City Council (the “*City Council*”); the powers and duties of the executive and administrative branches; fiscal and budgetary matters, personnel administration, franchises, licenses, permits, leases and sales; employee pension funds; and the creation and organization of the Port of Oakland. An eight-member City Council, seven of whom are elected by district and one of whom is elected on a citywide basis, governs the City. The mayor of the City (the “*Mayor*”) is not a member of the City Council but is the City’s chief executive officer. The current Mayor, Libby Schaaf, is serving her first term, which expires in January 2019. No person can be elected Mayor for more than two consecutive terms. The Mayor and City Council members serve four-year terms, staggered at two-year intervals. The City Attorney is elected to a four-year term, two years following the election of the Mayor. The current City Attorney was re-elected in November 2016. The term for which she was re-elected will expire on January 31, 2021. The City Auditor is elected to a four-year term at the same election as the Mayor. The current City Auditor’s term will expire in January 2019.

The Mayor appoints a City Administrator who is subject to confirmation by the City Council. The City Administrator is responsible for daily administration of City affairs and preparation of the annual budget for the Mayor to submit to the City Council. Subject to civil service regulations, the City Administrator appoints all City employees who are not elected officers of the City. The current City Administrator, Sabrina B. Landreth, was appointed on July 1, 2015.

The City provides a full range of services required by State law and the Charter, including those functions delegated to cities under State law. These services include public safety (police and fire), sanitation and environmental health enforcement, recreational and cultural activities, public improvements, planning, zoning and general administrative services.

ECONOMIC HIGHLIGHTS

With new developments in Oakland, the City has welcomed thousands of new residents and hundreds of new businesses to be part of an exciting transformation. Easy transit options, available housing and new opportunities for shopping and dining have helped attract residents and businesses to the City. Accessibility to the Oakland International Airport, Port of Oakland and rail connections make shipping and receiving goods quick, easy and affordable. The City also has a well-trained workforce, being located near many colleges and universities. All of these factors help stimulate development in Oakland, making the City a desirable center for business, development and investment regionally, nationally and internationally.

Population

The Demographic Research Unit of the California Department of Finance estimated the City's population on January 1, 2017 at 426,074. This figure represents approximately 25.9% of the corresponding County figure and 1.08% of the corresponding State figure. The City's population grew 0.68% between 2016 and 2017. The following Table 1 sets forth the estimated population of the City, the County, and the State for calendar years 2013 through 2017.

Table 1
City of Oakland, County of Alameda and State of California
Population

Calendar Year ⁽¹⁾	City	County	State
2013	407,660	1,567,091	38,238,492
2014	412,290	1,588,348	38,572,211
2015	417,993	1,611,318	38,915,880
2016	423,191	1,629,233	39,189,035
2017	426,074	1,645,359	39,523,613

⁽¹⁾ Data reflect population estimates as of January 1 of each year.

Source: State of California Department of Finance, Demographic Research Unit, *E-4 Population Estimates for Cities, Counties, and the State, 2011-2017, with 2010 Census Benchmark*, released May 1, 2017, all as shown on its website on February 16, 2018.

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Industry and Employment

The following Table 2 sets forth estimates of the labor force, civilian employment, and unemployment for City residents, State residents and United States residents from calendar years 2013 through 2017. The California Employment Development Department has reported unemployment figures for January 2018 at 4.6% for the State and 4.4% for the City (not seasonally adjusted) and preliminary unemployment figures for February 2018 at 4.5% for the State and 4.2% for the City (not seasonally adjusted).

Table 2
City of Oakland, State of California and United States
Civilian Labor Force, Employment and Unemployment
Annual Average for Years 2013 through 2017⁽¹⁾

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate (%)
2013				
City	207,100	188,700	18,400	8.9
State	18,624,300	16,958,700	1,665,600	8.9
United States	155,389,000	143,929,000	11,460,000	7.4
2014				
City	207,800	192,800	14,900	7.2
State	18,755,000	17,348,600	1,406,400	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
City	209,900	197,600	12,200	5.8
State	18,893,200	17,723,300	1,169,900	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
City	213,400	202,200	11,200	5.3
State	19,102,700	18,065,000	1,037,700	5.4
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
City	214,033	204,233	9,825	4.6
California	19,224,100	18,302,800	921,300	4.8
United States	160,320,000	153,337,000	6,982,000	4.4

⁽¹⁾ All data presented as annual averages.

Source: For City and State information, State of California Employment Development Department, Labor Market Information Division, *California Historical Civilian Labor Force (Data Not Seasonally Adjusted), March 2016 Benchmark*, dated January 19, 2018, as shown on its website on February 23, 2018; LMI for Oakland-Hayward-Berkeley MD, California, *Unemployment Rates and Labor Force*, Labor Force Data Search Tool, Sub-County Place Oakland City, Year 2017, Time Period January-December, Data Not Seasonally Adjusted. For U.S. information, U.S. Department of Labor, Bureau of Labor Statistics, *Household Data Annual Averages 1. Employment status of the civilian noninstitutional population, 1946 to date*, last modified January 19, 2018, as shown on its website on February 23, 2018.

Commercial Activity

The following Table 3 sets forth a history of taxable sales for the City for Fiscal Years 2012-13 through 2016-17.

Table 3
City of Oakland
Trade Outlets and Taxable Sales
for Fiscal Years 2012-13 through 2016-17
(\$ In Thousands)

Taxable Retail Sales	2012-13	2013-14	2014-15	2015-16	2016-17
Auto & Transportation	\$ 743,329	\$ 838,029	\$ 894,683	\$ 933,844	\$903,362
Business & Industry	655,454	653,875	558,343	578,225	617,380
General Customer Goods	559,941	574,519	605,914	586,743	554,885
Restaurants & Hotels	681,562	751,108	855,561	953,697	1,001,054
Building & Construction	374,421	434,677	456,964	474,895	514,481
Food & Drugs	402,383	417,291	440,323	490,278	511,093
Fuel & Service Stations	733,489	704,208	632,457	502,608	568,368
TOTAL ALL OUTLETS	\$4,150,579	\$4,373,707	\$4,444,245	\$4,520,290	\$4,670,623

Source: HdL Companies, as shown in the City of Oakland, Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2017.

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The following Table 4 sets forth the largest industries in the City in terms of employment in each respective industry, as estimated by the U.S. Census Bureau for calendar years 2012 through 2016.

Table 4
City of Oakland
Employment by Industry Group
Annual Averages 2012 through 2016⁽¹⁾

Industry Employment	2012	2013	2014	2015	2016
Agriculture, forestry, fishing and hunting, and mining	622	674	857	1,072	1,060
Construction	11,359	11,042	10,666	11,300	12,033
Manufacturing	11,926	11,812	12,607	12,814	13,608
Wholesale trade	4,031	4,182	4,275	4,117	4,482
Retail trade	17,595	18,182	18,472	18,487	18,316
Transportation and warehousing, and utilities	9,004	9,283	9,336	9,634	10,038
Information	6,022	5,519	5,739	6,303	6,846
Finance and insurance, and real estate and rental and leasing	10,893	10,970	10,884	10,951	11,459
Professional, scientific, and management, and administrative and waste management services	28,285	29,254	30,123	32,098	35,113
Educational services, and health care and social assistance	45,527	45,844	46,900	48,655	48,299
Arts, entertainment, and recreation, and accommodation and food services	19,102	20,353	21,596	22,946	23,849
Other services, except public administration	11,843	11,840	12,437	13,225	13,656
Public administration	7,598	7,653	7,180	7,503	7,656
TOTAL ⁽²⁾	<u>183,807</u>	<u>186,608</u>	<u>191,072</u>	<u>199,105</u>	<u>206,415</u>

(1) Most current information available.

(2) Total may not be precise due to rounding.

Source: U.S. Census Bureau, Industry by Occupation for the Civilian Employed Population 16 Years and Over, 2012
2016 American Community Survey 5-Year Estimates.

The following Table 5 sets forth the top ten major employers in the City, whose employees represent approximately 21% of the City's labor force, as of June 30, 2017.

Table 5
City of Oakland
Principal Employers
as of June 30, 2017

Rank	Employer	Number of Employees	Percent of Total Employment
1	Kaiser Permanente/Kaiser Foundation	12,287	6.13%
2	Oakland Unified School District	5,080	2.53
3	County of Alameda	4,490	2.24
4	City of Oakland	3,500	1.75
5	Bay Area Rapid Transit	3,288	1.64
6	State of California	3,168	1.58
7	UCSF Children's Hospital Oakland	2,675	1.33
8	Alameda Health Systems (Highland Hospital)	2,300	1.15
9	Southwest Airlines	2,256	1.13
10	Sutter Hospitals, Medical Foundation & Support Services	<u>2,257</u>	<u>1.13</u>
	TOTAL	41,301	20.61%

Source: City of Oakland, Comprehensive Annual Financial Reports for Fiscal Year Ended June 30, 2017.

Construction Activity

The following Table 6 sets forth a summary of residential and commercial building permit valuations in the City for Fiscal Years 2012-13 through 2016-17.

Table 6
City of Oakland
Building Permit Valuation
2012-13 through 2016-17

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Building Permits Issued	13,513	14,680	15,117	18,693	17,259
Authorized New Dwelling Units	486	420	806	1,641	3,101
Commercial Value (in thousands)	\$ 65,152	\$100,239	\$238,592	\$306,809	\$211,874
Residential Value (in thousands)	\$253,516	\$181,087	\$246,776	\$495,481	\$638,944

Source: City of Oakland, Comprehensive Annual Financial Reports for Fiscal Year Ended June 30, 2013 through June 30, 2017.

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APPENDIX B

**SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Component Unit of the City of Oakland, California)

Independent Auditor's Reports
and Basic Financial Statements

For the Year Ended June 30, 2017



Certified
Public
Accountants

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

FINANCIAL REPORT

PROJECT TEAM

Katano Kasaine
Finance Director / Treasurer

Kirsten LaCasse
Controller

AUDIT/FINANCIAL STATEMENT COORDINATOR

Kirsten LaCasse, *Controller*

FINANCIAL STATEMENT PREPARATION

Financial Statement Leaders

Theresa Woo
Financial Analyst

Lilian Falkin
Accounting Supervisor

Accounting Team

Michelle Wong
Timothy Turner
Lilian Falkin

Connie L. Chu
Felipe Kiocho
Young Shin

Andy Yang
Rogelio Medalla

SPECIAL ASSISTANCE

Dawn Hort

Madhukar Kumar

David Jones

SPECIAL ASSISTANCE - DEPARTMENTS & OFFICES

City Administrator's Office

City Attorney's Office

Finance Department - Treasury Bureau

Economic & Workforce Development

Housing and Community Development

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Component Unit of the City of Oakland, California)
For the Year Ended June 30, 2017

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Independent Auditor's Report

Board of Directors
Oakland Redevelopment Successor Agency
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Oakland Redevelopment Successor Agency (Agency), a component unit of the City of Oakland (City), California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2017, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California

December 22, 2017

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Component Unit of the City of Oakland, California)

Management's Discussion and Analysis – Unaudited
For the Year Ended June 30, 2017

As management of the Oakland Redevelopment Successor Agency of the City of Oakland (“ORSA”), we offer readers of the ORSA’s basic financial statements this narrative overview and analysis of the financial activities of the ORSA for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the ORSA’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

On May 29, 2013, the State of California’s Department of Finance (DOF) issued its finding on the ORSA stating that it used excess bond proceeds from bonds issued prior to 2011 pursuant to Health and Safety Code (HSC) Section 34191.4. Based on the DOF’s finding, the Oakland Oversight Board approved the ORSA’s Bond Expenditure Agreement between the ORSA and the City of Oakland (City) that would transfer current and future excess tax allocation bond proceeds to the City to fund redevelopment projects and programs in progress on July 29, 2013. For the year ended June 30, 2017, the ORSA transferred excess tax allocation bond proceeds in the amount of \$7.0 million to the City.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the ORSA’s basic financial statements. The ORSA’s basic financial statements comprise two components: 1) basic financial statements and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements. These financial statements are prepared on the economic resources measurement focus and the accrual basis of accounting.

FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. At the close of June 30, 2017, the ORSA has a negative net position of \$294.1 million. Under the former California Redevelopment Law, the former Redevelopment Agency of the City of Oakland (Agency) issued bonds or incurs long-term debt to finance its redevelopment projects by pledging future tax increment revenues (See Note 6 to the basic financial statements).

In general, ORSA’s assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). These include public projects such as public parking, street improvements, park improvements, transportation improvements, cultural facilities, and community centers. Once redevelopment projects that were public facilities were completed by the former Agency, the responsibilities for their continued maintenance and operations were transferred to the appropriate public entity such as the City including the capitalized redevelopment project costs. In addition, completed projects with private developers were also transferred to the developers in accordance with disposition and development agreements. Although completed public facilities and joint agency-private partnership projects were transferred to the City or private entities, the related debt remained with the former redevelopment agency and was transferred to the ORSA.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Component Unit of the City of Oakland, California)

Management's Discussion and Analysis – Unaudited (Continued)
For the Year Ended June 30, 2017

Shown below is a schedule that summarizes the ORSA's net position held in trust:

Condensed Statements of Fiduciary Net Position
(In thousands)

Assets	June 30, 2017	June 30, 2016	\$ Change
Current and other assets	\$ 61,808	\$ 63,733	\$ (1,925)
Restricted cash and investments	17,179	21,845	(4,666)
Notes and loans receivable, net	16,798	16,977	(179)
Property held for resale	2,818	2,818	-
Total assets	98,603	105,373	(6,770)
Deferred outflows of resources	6,051	6,396	(345)
Liabilities			
Other liabilities	13,432	13,922	(490)
Long-term liabilities	385,300	415,723	(30,423)
Total liabilities	398,732	429,645	(30,913)
Total net position held in trust	\$ (294,078)	\$ (317,876)	\$ 23,798

At June 30, 2017, the ORSA's liabilities exceeded its assets and deferred outflows of resources, resulting in a net deficit of \$294.1 million. This represents a \$23.8 million deficit reduction compared to the net position at June 30, 2016. The change is mainly due to the following:

- Total assets were \$98.6 million, a reduction of \$6.8 million compared to \$105.4 million at June 30, 2016. The reduction is mainly due to scheduled debt service payments and transfer of excess tax allocation bond proceeds to the City that reduced restricted cash and investments and unrestricted cash and investments by \$4.7 million and \$1.8 million, respectively.
- Deferred outflows of resources reduced by \$0.3 million compared to \$6.4 million at June 30, 2016 to \$6.1 million at June 30, 2017. The reduction was from scheduled amortization of debt refunding losses in FY2017.
- A \$0.5 million reduction in other liabilities was due to reduced timing payments for eligible expenditures.
- The \$30.4 million decrease in long-term liabilities was due to \$29.2 million scheduled debt service payments combined with net of a \$1.2 million reduction in the long-term debt premium and discount.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Component Unit of the City of Oakland, California)
Management's Discussion and Analysis – Unaudited (Continued)
For the Year Ended June 30, 2017

Condensed Statements of Changes in Fiduciary Net Position
(In thousands)

Additions	Year Ended June 30, 2017	Year Ended June 30, 2016	\$ Change
Redevelopment property tax revenues	\$ 68,760	\$ 68,468	\$ 292
Other revenues	4,186	4,509	(323)
Total additions	<u>72,946</u>	<u>72,977</u>	<u>(31)</u>
Deductions			
General and administrative	3,788	3,923	(135)
Project expenses	17,498	17,336	162
Interest on debt	20,814	22,674	(1,860)
Bond issuance costs	-	681	(681)
Total deductions	<u>42,100</u>	<u>44,614</u>	<u>(2,514)</u>
Special item from			
Transfer of excess tax allocation bond proceeds to the City, approved by the California Department of Finance	(7,048)	-	(7,048)
Total special items	<u>(7,048)</u>	<u>-</u>	<u>(7,048)</u>
Change in net position	23,798	28,363	(4,565)
Net position held in trust, beginning of year	(317,876)	(346,239)	28,363
Net position held in trust, end of year	<u>\$ (294,078)</u>	<u>\$ (317,876)</u>	<u>\$ 23,798</u>

Key elements of the ORSA's additions and deductions are presented below:

- The ORSA's additions for FY2017 were \$72.9 million, which was nearly the same as \$73.0 million for FY2016. On the individual addition level, redevelopment property tax revenue increased by 0.3 million, which is offset by \$0.3 million reduction in federal and State grants compared with FY2016.
- The ORSA's deductions for FY2017 were \$42.1 million compared to \$44.6 million for FY2016, a decrease of \$2.5 million. The decrease was mainly due to the decrease of \$1.8 million in interest expenses on long-term obligations as the result of reduced outstanding principal balances combined with the elimination of \$0.7 million of debt issuance costs incurred in the prior fiscal year.
- During FY2017, the ORSA transferred \$7.0 million of excess tax allocation bond proceeds to the City, which was approved by the DOF. The transfer was reported as a special item in FY2017.

Debt Administration

At June 30, 2017, the ORSA had long-term bonds outstanding totaling \$378.2 million, a decrease of \$29.2 million from fiscal year 2016 as the result of scheduled debt service payments on outstanding long-term debts (Tax Allocation Bonds and Housing Set-Aside Bonds), which are backed by redevelopment property tax revenues.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Component Unit of the City of Oakland, California)

Management's Discussion and Analysis – Unaudited (Continued)
For the Year Ended June 30, 2017

Below is a breakdown of the long-term debt is as follows (in thousands):

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Long-Term Debt		
Tax allocation bonds	\$ 338,510	\$ 362,245
Housing set-aside bonds	<u>39,720</u>	<u>45,225</u>
Subtotal - Bonds outstanding	378,230	407,470
Unamortized amounts:		
Premiums and discounts	<u>7,070</u>	<u>8,253</u>
Total long-term debt	<u>\$ 385,300</u>	<u>\$ 415,723</u>

Bond Ratings

Bond ratings reflect the credit strength of the ORSA's value and size. The strengths that Moody's Investors Services takes into account are the ORSA's large geographic and total project area, sizable incremental and assessed valuation, and solid high period of debt service coverage.

The table below shows ORSA bond ratings for the outstanding bonds as of June 30, 2017:

<u>Type of Obligation</u>	<u>Ratings</u>		
	<u>Moody's</u>	<u>S & P</u>	<u>Fitch</u>
Tax Allocation Bonds:			
Subordinated Tax Allocation Refunding Bonds, Series 2015-TE, 2015-T <u>Central District Redevelopment Project</u>	N/A	A-/AA*	N/A
Subordinated Tax Allocation Bonds, Series 2006T	A3*	A-/A*	N/A
Subordinated Tax Allocation Bond Series 2009T	N/A	A-	N/A
Subordinated Tax Allocation Refunding Bonds, Series 2013 <u>Coliseum Area Redevelopment Project</u>	N/A	A-	N/A
Tax Allocation Bonds, Series 2006B-TE, B-T <u>Central City East Redevelopment Project</u>	Baa1	A	N/A
Tax Allocation Bonds, Series 2006A-T <u>Broadway/MacArthur/San Pablo Redevelopment Project</u>	Baa1	A	N/A
Tax Allocation Bonds, Series 2006C-T	Baa1	A+	N/A
Tax Allocation Bonds, Series 2010T	N/A	A-	N/A
Subordinated Housing Set-Aside Bonds:			
Revenue Bonds, Series 2011A-T	Baa1	AA-	N/A

* Insured maturities

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Component Unit of the City of Oakland, California)

Management's Discussion and Analysis – Unaudited (Continued)

For the Year Ended June 30, 2017

REVENUES AND RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE

Pursuant to State laws and regulations, the ORSA is required to adopt a Recognized Obligation Payments Schedule (“ROPS”). A ROPS, listing all enforceable obligations due and payable currently in the six-month coverage period, is prepared in a manner provided by the DOF and is the basis for the distribution of property tax revenues from the Redevelopment Property Tax Trust Fund (“Trust Fund”). The ROPS represents the ORSA’s annual budget. The semi-annual Administrative Budget for the ORSA is presented and approved by the Successor Agency governing board and ORSA’s Oversight Board, and subsequently approved as part of the ROPS by the DOF

In September 2015, the State passed the Senate Bill 107, which authorizes successor agencies to submit a Last and Final ROPS, which shall list the remaining enforceable obligations of the successor agency and the total outstanding obligation and a schedule of remaining payments for each enforceable obligation, for approval by the oversight board and the DOF. Upon approval by the DOF, the Last and Final ROPS will establish the maximum amount of Redevelopment Property Tax Trust Funds to be distributed to the ORSA.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the ORSA’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Controller’s Bureau, City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353, Oakland, California 94612-2093. Additional financial data may also be found on the ORSA’s website (www.oaklandnet.com).

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BASIC FINANCIAL STATEMENTS

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Component Unit of the City of Oakland, California)

Statement of Fiduciary Net Position

June 30, 2017

(Amounts in Thousands)

ASSETS

Current assets:

Cash and investments	\$ 54,392
Accrued interest receivable	406
Due from City of Oakland	2,311
Due from other governments	2,705
Prepaid expenses	1,994
Restricted investments	<u>17,179</u>
Total current assets	<u>78,987</u>

Noncurrent assets:

Notes and loans receivable (net of allowance for uncollectable of \$46,675)	16,798
Property held for resale	<u>2,818</u>
Total noncurrent assets	<u>19,616</u>
Total assets	<u>98,603</u>

DEFERRED OUTFLOWS OF RESOURCES

Unamortized losses on refunding of debts	<u>6,051</u>
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LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	244
Accrued interest payable	7,082
Due to the City of Oakland	6,059
Deposits and other liabilities	<u>47</u>
Total current liabilities	<u>13,432</u>

Long-term liabilities:

Due within one year	31,107
Due in more than one year	<u>354,193</u>
Total long-term liabilities	<u>385,300</u>
Total liabilities	<u>398,732</u>

NET POSITION

Restricted for redevelopment	<u>\$ (294,078)</u>
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See accompanying notes to the basic financial statements.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Component Unit of the City of Oakland, California)

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2017
(Amounts in Thousands)

ADDITIONS

Redevelopment property tax revenues	\$	68,760
Investment income:		
Interest on investments		545
Net appreciation in fair value of investments		4
Federal and State grants		2,381
Other		1,256
Total additions		72,946

DEDUCTIONS

General and administrative:		
Salaries, wages and benefits		3,643
Materials, supplies and other services		145
Project expenses		17,498
Interest on debt		20,814
Total deductions		42,100

SPECIAL ITEM

Transfer of excess tax allocation bond proceeds to the City, approved by the California Department of Finance		(7,048)
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Change in net position

		23,798
Net position, beginning of year		(317,876)
Net position, ending of year	\$	(294,078)

See accompanying notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Component Unit of the City of Oakland, California)

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(Amounts in Thousands)

NOTE 1 – REPORTING ENTITY

The Redevelopment Agency of the City of Oakland (Agency) was established in 1956 by the Oakland City Council as a public entity legally separate from the City. Until June 28, 2011, the Agency had the authority to acquire, rehabilitate, develop, administer, and sell or lease property in a “Redevelopment Area.” Redevelopment projects are developed in cooperation with private developers. Public redevelopment projects are also developed under cooperation agreements between the Agency and the City or other public entity that will own the project.

On June 28, 2011, the State of California enacted Assembly Bill X1 26 (AB X1 26). This legislation is referred to herein as the Redevelopment Dissolution Law. On December 29, 2011, the California Supreme Court upheld the constitutionality of AB X1 26 and all redevelopment agencies in California were dissolved by operation of law effective February 1, 2012. The legislation provides for the successor agencies and oversight boards that are responsible for overseeing the dissolution process and the wind down of redevelopment activity. At the City of Oakland’s meeting on January 10, 2012, the City Council affirmed its decision as part of City Resolution Number 83679 C.M.S. to serve as the Oakland Redevelopment Successor Agency (ORSA) of the City, effective February 1, 2012 as such a component unit of the City. Also upon dissolution, the City Council elected as part of Resolution Number 83680 C.M.S. to retain the housing assets, functions, and powers previously performed by the former Agency.

ORSA was created to serve as a custodian of the assets and to wind down the affairs of the former Agency. ORSA is a separate public entity from the City, subject to the direction of an Oversight Board. The Oversight Board is comprised of seven-member representatives from local government bodies: two City representatives appointed by the Mayor; two County of Alameda (County) representatives; the County Superintendent of Education; the Chancellor of California Community Colleges; and one representative from the largest special district taxing entity.

In general, ORSA’s assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, ORSA will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of ORSA’s custodial role, ORSA is reported in a fiduciary fund (private-purpose trust fund) in the City’s financial statements.

In September 2015, the State passed the Senate Bill 107 (the Bill) which contains additional provisions and provides specificity to existing law governing the dissolution of redevelopment agencies and the wind-down of their existing activities and obligations. The Bill includes specific language to ORSA that facilitates the issuance of bonds or other indebtedness for the purposes of low and moderate income housing and various infrastructure in the City, by allowing the pledge of revenues available in the Redevelopment Property Tax Trust Fund that are not otherwise pledged, subject to the approval of the Oversight Board. The Bill declares that the Central District Subordinated Tax Allocations Refunding Series 2013 and Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T are finally and conclusively approved as enforceable obligations. The Bill required that remaining principal amount of any of the loans that were previously unpaid after September 2015 shall be recalculated from the date of the original loan at a simple interest rate of 3%.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Component Unit of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2017

(Amounts in Thousands)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Accounting

The financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Investments

ORSA records investment transactions on the trade date. Investments are reported at fair value or at net asset value. ORSA measures its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, using observable market transactions or available market information. Investment income, including unrealized gains and losses from investments, is recognized as revenue.

ORSA follows the practice of pooling cash of all operating funds for investment. Income or losses arising from the investment of pooled cash are allocated on a monthly basis to the participating funds based on their proportionate share of the average daily cash balance.

Proceeds from debt and other funds which are restricted for the payment of debt or for enforceable obligations in the Recognized Obligations Payment Schedules (ROPS) and held by fiscal agents by agreement are classified as restricted assets.

ORSA follows Governmental Accounting Standards Board (GASB) Statement No. 72 in measuring the fair value of its investment within the fair value hierarchy established by GAAP. The following levels indicate the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1 - Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 - Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.
- Level 3 - Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Component Unit of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2017

(Amounts in Thousands)

Redevelopment Property Tax Revenues

Pursuant to the Redevelopment Dissolution Law, funds that would have been distributed to the former Agency as tax increment, hereafter referred to as redevelopment property tax revenues, are deposited into ORSA's Redevelopment Property Tax Trust Fund ("RPTTF") administered by the County of Alameda's Auditor-Controller (the County) for the benefit of holders of the former Agency's enforceable obligations and the taxing entities that receive pass-through payments. After deducting its administrative costs, the County must distribute the collected redevelopment property tax revenue into the ORSA's RPTTF twice each year as follows:

<u>Distribution Dates</u>	<u>Covers ROPS to be Paid</u>
January 2	January 1 through June 30
June 1	July 1 through December 31

The amounts distributed for ROPS are forward looking to the next six month period.

The Redevelopment Dissolution Law requires the County to disburse funds from the RPTTF in the following order: (1) for payments local agencies and schools would have received from the collected revenue before dissolution and for any pass-through payments pursuant to agreement; (2) for payment of the former redevelopment agency's enforceable obligations; (3) for payment of the ORSA's administrative expenses; and (4) to local taxing agencies.

If there are insufficient funds available in the RPTTF to pay all enforceable obligations, the Redevelopment Dissolution Law requires the County to reduce or eliminate the above-listed distributions in the following order: (1) to reduce or eliminate distributions to local taxing agencies; (2) to reduce or eliminate payment of the ORSA's administrative expenses; and (3) to deduct the amount required to meet the former redevelopment agency's bond debt service from pass-through payments.

The hierarchy of payment for enforceable obligations on the ORSA's ROPS is as follows: (1) debt service on tax allocation bonds; (2) debt service on revenue bonds; (3) all other obligations; and (4) the ORSA's administrative costs. The maximum administrative cost allowance is the greater of \$250,000 or three percent of the revenue allocated to the ORSA.

Restricted Assets

Assets are restricted for specified uses by bond debt requirements, grant provisions or other requirements and their use is limited by applicable bond covenants or agreements.

Property Held for Resale

For financial statement presentation, property held for resale is stated at the lower of estimated cost or estimated conveyance value. Estimated conveyance value is management's estimated of net realizable value of each property parcel based on its current use. The ORSA does not depreciate property held for resale, as it is the intention of the ORSA to only hold the property for a period of time until it can be resold for development. California DOF has approved ORSA's Long-Range Property Management Plan (LRPMP) of its use or disposition of properties on May 29, 2014, as discussed in Note 5.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Component Unit of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2017

(Amounts in Thousands)

Long-term Debt

The former Agency issued Tax Allocation Bonds and Housing Set-Aside Bonds to finance housing and other redevelopment projects. Bonds payable are reported at face value, net of applicable premiums and discounts. The premiums and discounts are amortized as a component of bonds payable on a straight-line basis over the remaining life of the debt instrument. Costs related to the issuance of bonds are reported as an expense. Gains or losses occurring from refunding of debt are reported as deferred outflows of resources or deferred inflows of resources, respectively, and amortized over the shorter of the life of the refunded debt or refunding debt. Amortization of these balances is recorded as a component of interest expense.

Special Item

Special items are significant transactions or events within the control of management that are either 1) unusual in nature (possessing a high degree of abnormality and clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the entity) or 2) infrequent in occurrence (not reasonably expected to recur in the foreseeable future, taking into account the environment in which the entity operates).

The transfer of excess bond proceeds to the City as requested by ORSA and approved by DOF pursuant to Health and Safety Code section 34179 (h) qualifies as a special item since this action was under the control of ORSA's Oversight Board and met the criteria of infrequent. ORSA transferred \$7.0 million of excess bond proceeds to the City in FY 2017, which was recorded as special item in the financial statements.

Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Effects of New Pronouncements

The City's adoption in 2017 of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, did not have a material impact on the ORSA's financial statements.

The ORSA is currently analyzing their accounting practices to determine the potential impact on the financial statements of certain new accounting standards pronouncements issued by the GASB, including GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 85, *Omnibus 2017*, GASB Statement No. 86, *Certain Debt Extinguishment Issues*, and GASB Statement No. 87, *Leases*.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Component Unit of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2017

(Amounts in Thousands)

NOTE 3 – CASH AND INVESTMENTS

The ORSA's cash and investments consist of the following at June 30, 2017:

Unrestricted cash and investments:	
Demand deposits	\$ 2,449
Investments	51,943
Total unrestricted cash and investments	<u>54,392</u>
Restricted investments	<u>17,179</u>
Total cash and investments	<u><u>\$ 71,571</u></u>

Investments

The ORSA follows the City's Investment Policy, which is governed by provisions of the California Government Code 53600 and the City's Municipal Code. The ORSA also has investments subject to provisions of the bond indentures of the former Agency's various bond issues. According to the Investment Policy and bond indentures, the ORSA is permitted to invest in the State of California Local Agency Investment Fund (LAIF), obligations of the U.S. Treasury or U.S. government agencies, time deposits, money market mutual funds invested in U.S. government securities, along with various other permitted investments. Under the provisions of the bond indentures, certain accounts with trustees were established for repayment of debt, amounts required to be held in reserve, and temporary investments for unexpended bond proceeds.

The ORSA categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. At June 30, 2017, the ORSA does not have any of its investments using Level 1 and 3 inputs. The ORSA has the following recurring fair value measurements as of June 30, 2017:

	Significant other observable inputs (Level 2)	Investments measured at the net asset value (NAV)
Unrestricted investments:		
U.S. Government Agency Securities (Discount)	\$ 46,943	\$ -
Money Market Mutual Funds	-	5,000
Restricted investments:		
U.S. Government Agency Securities (Discount)	5,984	-
Money Market Mutual Funds	-	11,195
Sub-total	<u>\$ 52,927</u>	<u>\$ 16,195</u>

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Component Unit of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2017

(Amounts in Thousands)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, ORSA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, ORSA will not be able to recover the value of the investment or collateral securities that are in the possession of another party.

The California Government Code requires that a financial institution secure its deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by the depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged governmental securities and/or first trust deed mortgage notes held in the collateral pool must be at least 110% and 150% of ORSA's deposits, respectively. The collateral is held by the pledging financial institution's trust department and is held in the ORSA's name.

As of June 30, 2017, the carrying amount of the ORSA's deposits was \$2.45 million. The deposits are insured by the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit of \$0.25 million, and the remaining bank balance of \$2.21 million are collateralized with securities held by the pledging financial institutions as required by Section 53652 of the California Government Code.

ORSA invests in individual investments. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the ORSA employs the trust department of a bank or trustee as the custodian of certain ORSA investments, regardless of their form.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by the nationally recognized statistical rating organizations. The ORSA's Investment Policy has mitigated credit risk by limiting investments to the safest types of securities, by prequalifying financial institutions, by diversifying the portfolio and by establishing monitoring procedures.

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market rates. ORSA Investment Policy has mitigated interest rate risk by establishing policies over liquidity.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Component Unit of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2017

(Amounts in Thousands)

As of June 30, 2017, ORSA had the following investments, credit risk ratings, and maturities:

<u>Type of Investment</u>	<u>Current Yield (%)</u>	<u>Credit Ratings (S&P)</u>	<u>Maturities</u>	
			<u>Less than 1 Year</u>	<u>3 Years</u>
Unrestricted investments:				
U.S. Government Agency Securities (Discount)	0.90-0.99	AA	\$ 46,943	\$ -
Money Market Mutual Funds	0.85	AAA	5,000	-
Total unrestricted investments			<u>\$ 51,943</u>	<u>\$ -</u>
Restricted investments:				
U.S. Government Agency Securities (Discount)	0.89	AA	\$ 2,999	\$ -
U.S. Government Agency Securities (Discount)	1.71	AA	-	2,985
Money Market Mutual Funds	0.82-0.84	AAA	11,195	-
Total restricted investments			<u>\$ 14,194</u>	<u>\$ 2,985</u>

Concentration of Credit Risk

Concentration of credit risk is the risk that the failure of any one issuer would place an undue financial burden on ORSA. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are exempt from this requirement, as they are normally diversified themselves. The following table shows ORSA's investments in one issuer that exceed 5% of ORSA's investment portfolios at June 30, 2017:

<u>Type of Investment/Issuer</u>	<u>Amount</u>	<u>% of Unrestricted Portfolio</u>
U.S. Government Agency Securities		
Federal Home Loan Bank	\$ 46,943	90.4%
<u>Type of Investment/Issuer</u>	<u>Amount</u>	<u>% of Restricted Portfolio</u>
U.S. Government Agency Securities		
Federal Home Loan Bank	\$ 2,999	17.5%
Federal Farm Credit	2,985	17.4%

NOTE 4 – LOANS RECEIVABLE

Composition of loans receivable as of June 30, 2017 is as follows:

Housing development project loans	\$ 1,463
Economic development loans	62,010
Gross notes and loans receivable	63,473
Allowance for uncollectible	(46,675)
Total notes and loans receivable, net	<u>\$ 16,798</u>

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Component Unit of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2017

(Amounts in Thousands)

NOTE 5 – PROPERTY HELD FOR RESALE

As of June 30, 2017, ORSA has a total \$2.8 million for properties booked at the lower of cost or estimated conveyance value. On May 29, 2014, pursuant to HSC Section 34191.4, the DOF approved the ORSA’s LRPMP addressing the disposition and use of former Agency properties and authorizing the disposition of properties pursuant to the plan.

NOTE 6 – LONG-TERM DEBT

The following is a summary of long-term debt as of June 30, 2017:

Type of Obligation	Original Issued Amount	Issued Year	Maturity Fiscal Year	Interest Rate Range	June 30, 2017 Principal Balance
Tax Allocation Bonds:					
<u>Central District Redevelopment Project</u>					
Subordinated Tax Allocation Bonds, Series 2006T	\$ 33,135	2006	2022	5.25% - 5.41%	\$ 10,680
Subordinated Tax Allocation Bond Series 2009T	38,755	2009	2021	8.00% - 8.50%	22,850
Subordinated Tax Allocation Refunding Bonds, 2013	102,960	2013	2023	4.00% - 5.00%	72,990
<u>Coliseum Area Redevelopment Project</u>					
Tax Allocation Bonds, Series 2006B-TE	28,770	2006	2037	4.00% - 5.00%	18,640
Tax Allocation Bonds, Series 2006B-T	73,820	2006	2036	5.26% - 5.54%	59,810
<u>Central City East Redevelopment Project</u>					
Tax Allocation Bonds, Series 2006A-T	62,520	2006	2035	5.26% - 5.54%	48,495
<u>Broadway/MacArthur/San Pablo Redevelopment Project</u>					
Tax Allocation Bonds, Series 2006C-T	12,325	2006	2033	5.28% - 5.59%	9,165
Tax Allocation Bonds, Series 2010T	7,390	2010	2041	7.20% - 7.40%	7,135
Subtotal	<u>359,675</u>				<u>249,765</u>
Subordinated Housing Set-Aside Bonds:					
Revenue Bonds Series 2006A-T	82,645	2006	2017	5.38%	-
Revenue Bonds, Series 2011A-T	46,980	2011	2042	7.50% - 9.25%	39,720
Subtotal	<u>129,625</u>				<u>39,720</u>
ORSA Subordinated Tax Allocation Refunding Bonds:					
Series 2015-TE	22,510	2015	2037	5.00%	22,510
Series 2015-T (federally taxable)	66,675	2015	2036	1.33% - 4.92%	66,235
Subtotal	<u>89,185</u>				<u>88,745</u>
Total long-term debt	<u>\$ 578,485</u>				<u>\$ 378,230</u>

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Component Unit of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2017

(Amounts in Thousands)

A summary of the changes in long-term debt for the year ended June 30, 2017 follows (in thousands):

	July 1, 2016	Deductions	June 30, 2017	Due within One Year
Bonds Payable:				
Tax allocation bonds	\$ 273,060	\$ (23,295)	\$ 249,765	\$ 23,650
Housing set-aside bonds	45,225	(5,505)	39,720	1,935
Subordinated tax allocation refunding bonds	89,185	(440)	88,745	4,340
Subtotal	<u>407,470</u>	<u>(29,240)</u>	<u>378,230</u>	<u>29,925</u>
Less unamortized amounts:				
Issuance premiums	10,232	(1,319)	8,913	1,318
Issuance discount	<u>(1,979)</u>	<u>136</u>	<u>(1,843)</u>	<u>(136)</u>
Total	<u>\$ 415,723</u>	<u>\$ (30,423)</u>	<u>\$ 385,300</u>	<u>\$ 31,107</u>

Tax Allocation Bonds and Housing Set-Aside Bonds

The Tax Allocation Bonds (TAB), which are comprised of Series 2006T, Series 2009T, Series 2006A-T, Series 2006B TE/T, Series 2006C-T, Series 2010T, and Series 2013 are issued primarily to finance redevelopment projects and are all secured by pledge of redevelopment property tax revenues (i.e. former tax increment), consisting of a portion of taxes levied upon all taxable properties within each of the tax increment generating redevelopment project areas, and are equally and ratably secured on a parity with each TAB series.

As of June 30, 2017, the total principal and interest remaining on these TABs was estimated at \$356.0 million and the property tax revenues are pledged until the year 2041, the final maturity date of the bonds. The former Agency's debt service payments are requested through the ROPS as enforceable obligations until the debt obligations have been satisfied.

Historically, upon receipt of property tax increment, the former Agency calculated the 80 percent and 20 percent and the voluntary 5 percent amount of tax increment and would then transfer the 20 percent and 5 percent portion to the Low and Moderate Income Housing Fund, as required by the California HSC and the former Agency board resolution. The previous requirement to bifurcate the tax increment into 80 percent and 20 percent portions was eliminated in AB X1 26. However, in order to maintain compliance with bond indentures secured by the 80 percent and 20 percent tax increment, the ORSA plans to request the funds through the ROPS from the Trust Fund pursuant to HSC Section 34183(a)(2)(A), and segregate the funds in the debt service funds accordingly until the debt obligations have been satisfied.

Housing Set-Aside Bonds

The Housing Set-Aside Bonds, which are comprised of Series 2011A-T are issued to finance affordable housing projects and are secured by a pledge and lien upon the 20% redevelopment property tax revenue (i.e. former tax increment) set-aside for the low and moderate income housing fund.

As of June 30, 2017, the total principal and interest remaining on the Housing Set-Aside Bonds was estimated at \$93.2 million and the property tax revenues are pledged until the year 2042, the final maturity date of the bonds. The former Agency's debt service payments are requested through the ROPS as enforceable obligations until the debt obligations have been satisfied.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Component Unit of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2017

(Amounts in Thousands)

In the future, in order to maintain compliance with bond indentures secured by the 20 percent tax increment, the ORSA plans to request the funds through the ROPS from the Trust Fund pursuant to HSC Section 34183 (a)(2)(A), and segregate the funds in the debt service funds accordingly until the debt obligations have been satisfied.

Subordinated Tax Allocation Refunding Bonds

The Subordinate Tax Allocation Refunding Bonds are comprised of Series 2015-TE and Series 2015-T (the "Series 2015 Bonds"). The Series 2015 Bonds are limited obligations of the ORSA and payable from and secured by pledged tax revenues. Pledged tax revenues are tax increment revenues that were eligible for allocation to the former Agency and are allocated to the ORSA, excluding (i) tax revenues required to pay debt service on the existing bonds, (ii) certain amounts required to be paid under the Uptown Ground Lease and the 17th Street Garage Disposition and Development Agreement, and (iii) amounts required to be paid to taxing entities pursuant to the Dissolution Act, unless such payments are subordinated.

As of June 30, 2017, the total principal and interest remaining on the Series 2015 Bonds was estimated at \$138.0 million and the property tax revenues are pledged until the fiscal year 2037, the final maturity date of the bonds. The former Agency's debt service payments are requested through the ROPS as enforceable obligations until the debt obligations have been satisfied.

Debt Service Requirements

The debt service requirements for all debt are based upon a fixed rate of interest. The annual requirements to amortize outstanding tax allocation bonds and housing set-aside bonds outstanding as of June 30, 2017, including mandatory sinking fund payments, are as follows:

Year Ending June 30:	Tax Allocation Bonds		Housing Set-Aside Bonds		Subordinate Refunding Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 23,650	\$ 13,366	\$ 1,935	\$ 3,389	\$ 4,340	\$ 3,710
2019	25,520	11,973	2,075	3,239	4,425	3,622
2020	26,700	10,479	2,235	3,077	4,515	3,509
2021	28,175	8,871	2,400	2,897	4,645	3,373
2022	24,330	7,416	2,515	2,701	4,795	3,216
2023 - 2027	37,930	28,687	5,620	11,530	13,440	14,137
2028 - 2032	44,075	18,217	210	10,527	12,850	11,484
2033 - 2037	33,925	6,354	35	10,504	39,735	6,204
2038 - 2042	5,460	828	22,695	5,618	-	-
TOTAL	<u>\$ 249,765</u>	<u>\$ 106,191</u>	<u>\$ 39,720</u>	<u>\$ 53,482</u>	<u>\$ 88,745</u>	<u>\$ 49,255</u>

Outstanding Defeased Bonds

For financial reporting purposes, the ORSA's advance-refunded debt is considered defeased and therefore removed as a liability from ORSA's statement of fiduciary net position. Using the proceeds from the Series 2015 Bonds, ORSA paid off \$86.9 million of defeased debt during FY 2017. The remaining outstanding balance for defeased bonds was \$7.4 million at June 30, 2017.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

(A Component Unit of the City of Oakland, California)

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2017

(Amounts in Thousands)

NOTE 7 – TRANSACTIONS WITH THE CITY

City Expenses

In FY 2017, ORSA incurred a total of \$6.7 million expense in general administration and project-related overhead. Of this amount, \$1.8 million reimbursed the City for general and administrative overhead and \$4.9 million paid for project-related overhead and operational costs for support services provided by designated City employees.

Due from the City

As of June 30, 2017, ORSA has a total due from the City in the amount of \$2.3 million, which has no change compared to the \$2.3 million at June 30, 2016. The ending balance is composed of the former Agency's assets transferred to Housing Successor, which include the former Agency's Central District Project Area Fund loan receivable from the City in the amount of \$1.5 million, land sale receivable of \$0.3 million as well as the former Agency's Coliseum Project Area Fund loan receivable from the City in the amount of \$0.5 million.

Due to the City

At June 30, 2017, ORSA has a payable to the City in the amount of \$6.1 million, which included the former Agency's Low and Moderate Housing Fund loan of \$1.5 million to the Central City East Project Funds where the Low and Moderate Housing Funds Assets were transferred to the Housing Successor, a loan of \$2.7 million from the Capital Project Fund to the West Oakland Project for public improvements and a payable of \$1.9 million to the City for support services.

NOTE 8 – COMMITMENTS

Encumbrances

As of June 30, 2017, the ORSA had encumbered \$818.3 million for contracted obligations, per the ROPS covering the July 1, 2017 through June 30, 2018 period, which was approved by the DOF on May 17, 2017.

NOTE 9 – LITIGATION

Litigation/Unpaid Claims

The ORSA is subject to various claims and from time to time is involved in lawsuits in which damages are sought. As litigation is subject to many uncertainties and as the outcome of litigated matters cannot be predicted with certainty, it is reasonably possible that some of these legal actions could be decided unfavorably against the ORSA. In the opinion of the City Attorney's Office for the ORSA, none of these claims are expected to have a significant impact on the financial position or changes in financial position of the ORSA.

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OTHER SUPPLEMENTARY INFORMATION

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Component Unit of the City of Oakland, California)

Combining Schedule of Fiduciary Net Position
June 30, 2017
(Amounts in Thousands)

	Redevelopment Obligation Retirement Fund	Planning Fund	Capital Project Funds	Federal and State Grants	Debt Service	Elimination	Total
ASSETS							
Current assets:							
Cash and investments	\$ 26,258	\$ 4,864	\$ 21,082	\$ 1,468	\$ 720	\$ -	\$ 54,392
Accrued interest receivable	217	4	167	13	5	-	406
Due from other funds	12,779	-	-	-	-	(12,779)	-
Due from City of Oakland	-	-	2,311	-	-	-	2,311
Due from other governments	-	-	2,705	-	-	-	2,705
Prepaid expenses	-	-	-	-	1,994	-	1,994
Restricted investments	-	-	3,190	-	13,989	-	17,179
Total current assets	39,254	4,868	29,455	1,481	16,708	(12,779)	78,987
Non-current assets:							
Notes and loans receivable (net of allowance for uncollectable)	-	35	16,763	-	-	-	16,798
Property held for resale	-	-	2,818	-	-	-	2,818
Total non-current assets	-	35	19,581	-	-	-	19,616
Total assets	39,254	4,903	49,036	1,481	16,708	(12,779)	98,603
DEFERRED OUTFLOWS OF RESOURCES							
Unarmortized losses on refunding of debts	-	-	-	-	6,051	-	6,051
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	-	7	237	-	-	-	244
Accrued interest payable	-	-	-	-	7,082	-	7,082
Due to other funds	-	-	12,779	-	-	(12,779)	-
Due to the City of Oakland	-	650	5,409	-	-	-	6,059
Deposits and other liabilities	-	6	41	-	-	-	47
Total current liabilities	-	663	18,466	-	7,082	(12,779)	13,432
Long-term liabilities:							
Due within one year	-	-	-	-	31,107	-	31,107
Due in more than one year	-	-	-	-	354,193	-	354,193
Total long-term liabilities	-	-	-	-	385,300	-	385,300
Total liabilities	-	663	18,466	-	392,382	(12,779)	398,732
NET POSITION							
Restricted for redevelopment	\$ 39,254	\$ 4,240	\$ 30,570	\$ 1,481	\$ (369,623)	\$ -	\$ (294,078)

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Component Unit of the City of Oakland, California)

Combining Schedule of Changes in Fiduciary Net Position
For the Year Ended June 30, 2017
(Amounts in Thousands)

	Redevelopment Obligation Retirement Fund	Planning Fund	Capital Project Funds	Federal and State Grants	Debt Service	Elimination	Total
ADDITIONS							
Redevelopment property tax revenues	\$ 68,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,760
Investment income:							
Interest on investments	76	19	391	6	53	-	545
Net appreciation (depreciation) in fair value of investments	4	(3)	(12)	2	13	-	4
Federal grants	-	-	-	-	221	-	221
State grants	-	-	-	2,160	-	-	2,160
Other	-	-	1,256	-	-	-	1,256
Total additions	<u>68,840</u>	<u>16</u>	<u>1,635</u>	<u>2,168</u>	<u>287</u>	<u>-</u>	<u>72,946</u>
DEDUCTIONS							
General and project administration:							
Salaries, wages and benefits	-	3,643	-	-	-	-	3,643
Materials, supplies and other services	-	145	-	-	-	-	145
Project expenses	-	-	16,805	693	-	-	17,498
Interest on long-term debt	-	-	-	-	20,814	-	20,814
Total deductions	<u>-</u>	<u>3,788</u>	<u>16,805</u>	<u>693</u>	<u>20,814</u>	<u>-</u>	<u>42,100</u>
Net increase (decrease) before other financing sources (uses) and special item	<u>68,840</u>	<u>(3,772)</u>	<u>(15,170)</u>	<u>1,475</u>	<u>(20,527)</u>	<u>-</u>	<u>30,846</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	-	4,497	10,531	-	51,027	(66,055)	-
Transfers out	(66,055)	-	-	-	-	66,055	-
Total other financing sources (uses)	<u>(66,055)</u>	<u>4,497</u>	<u>10,531</u>	<u>-</u>	<u>51,027</u>	<u>-</u>	<u>-</u>
SPECIAL ITEM							
Transfer of excess tax allocation bond proceeds to the City, approved by the California Department of Finance	-	-	(7,048)	-	-	-	(7,048)
Total special item	<u>-</u>	<u>-</u>	<u>(7,048)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,048)</u>
Change in net position	2,785	725	(11,687)	1,475	30,500	-	23,798
Net position, beginning of year	36,469	3,515	42,257	6	(400,123)	-	(317,876)
Net position, ending of year	<u>\$ 39,254</u>	<u>\$ 4,240</u>	<u>\$ 30,570</u>	<u>\$ 1,481</u>	<u>\$ (369,623)</u>	<u>\$ -</u>	<u>\$ (294,078)</u>

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Component Unit of the City of Oakland, California)

Combining Schedule of Fiduciary Net Position for Capital Project Sub-Funds
June 30, 2017
(Amounts in Thousands)

	Central District	Coliseum	Central City East	Low and Moderate Housing	Broadway MacArthur San Pablo	Oakland Army Base	Other Projects	Total Capital Project Funds
ASSETS								
Current assets:								
Cash and investments	\$ -	\$ 8,978	\$ 8,482	\$ 813	\$ 832	\$ -	\$ 1,977	\$ 21,082
Accrued interest receivable	-	60	58	28	6	-	15	167
Due from City of Oakland	1,779	532	-	-	-	-	-	2,311
Due from other governments	-	-	-	-	-	-	2,705	2,705
Restricted investments	-	68	184	2,191	747	-	-	3,190
Total current assets	1,779	9,638	8,724	3,032	1,585	-	4,697	29,455
Non-current assets:								
Notes and loans receivable (net of allowance for uncollectable of \$46,675)	14,635	675	-	-	820	-	633	16,763
Property held for resale	2,818	-	-	-	-	-	-	2,818
Total non-current assets	17,453	675	-	-	820	-	633	19,581
Total assets	19,232	10,313	8,724	3,032	2,405	-	5,330	49,036
LIABILITIES								
Current liabilities:								
Accounts payable and accrued liabilities	-	2	1	232	2	-	-	237
Due to other funds	10,441	-	-	-	-	2,338	-	12,779
Due to the City of Oakland	675	205	1,454	106	137	127	2,705	5,409
Deposits and other liabilities	3	-	-	-	25	-	13	41
Total liabilities	11,119	207	1,455	338	164	2,465	2,718	18,466
NET POSITION								
Restricted for development	\$ 8,113	\$ 10,106	\$ 7,269	\$ 2,694	\$ 2,241	\$ (2,465)	\$ 2,612	\$ 30,570

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Component Unit of the City of Oakland, California)

Combining Schedule of Fiduciary Net Position for Capital Project Sub-Funds
June 30, 2017
(Amounts in Thousands)

	Central District	Coliseum	Central City East	Low and Moderate Housing	Broadway MacArthur San Pablo	Oakland Army Base	Other Projects	Total Capital Project Funds
ADDITIONS								
Investment income:								
Interest on investments	\$ 259	\$ 41	\$ 35	\$ 42	\$ 6	\$ -	\$ 8	\$ 391
Net change in fair value of investments	-	-	-	(3)	-	(9)	-	(12)
Other	1,215	41	-	-	-	-	-	1,256
Total additions	1,474	82	35	39	6	(9)	8	1,635
DEDUCTIONS								
Project expenses	8,990	834	68	6,374	539	-	-	16,805
Total deductions	8,990	834	68	6,374	539	-	-	16,805
Net decrease before other financing sources and special item	(7,516)	(752)	(33)	(6,335)	(533)	(9)	8	(15,170)
OTHER FINANCING SOURCES:								
Transfers in	4,215	787	65	4,936	528	-	-	10,531
SPECIAL ITEM								
Transfer of excess tax allocation bond proceeds to the City, approved by the California Department of Finance	(1,208)	(2)	(5)	(5,810)	(23)	-	-	(7,048)
Change in net position	(4,509)	33	27	(7,209)	(28)	(9)	8	(11,687)
Net position, beginning of year	12,622	10,073	7,242	9,903	2,269	(2,456)	2,604	42,257
Net position, ending of year	\$ 8,113	\$ 10,106	\$ 7,269	\$ 2,694	\$ 2,241	\$ (2,465)	\$ 2,612	\$ 30,570



**Independent Auditor’s Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Directors
Oakland Redevelopment Successor Agency
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oakland Redevelopment Successor Agency (Agency), a component unit of the City of Oakland (City), California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Walnut Creek, California
December 22, 2017

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY
(A Component Unit of the City of Oakland, California)
Schedule of Finding and Response
For the Year Ended June 30, 2017

CURRENT YEAR FINDING

No current year finding.

STATUS OF PRIOR YEAR'S FINDING

Reference Number and Finding:

Finding No. 2016-001 – Significant Deficiency over Financial Reporting Accounting for Non-Routine Transactions.

In fiscal year 2016, the Agency had errors arising from non-routine transactions relating to the refunding of the 2006A Subordinated Housing Set Aside Revenue Refunding Bonds; the 2006A-TE Central City East Redevelopment Project Tax Allocation Bonds; the 2006C-TE Broadway/MacArthur/San Pablo Redevelopment Project Tax Allocation Bonds; and partial refunding of the 2006A-T Subordinated Housing Set Aside Revenue Bonds and the 2006B-TE Coliseum Area Redevelopment Project Tax Allocation Bonds. Due to current financial system upgrade project and other changes in the allocation of personnel, the ORSA did not have a time to familiarize themselves with the accounting and financial reporting requirements associated with these types of transactions.

Recommendation:

The Agency should provide adequate resources to properly prepare the ORSA's financial records for audit and to provide adequate financial reporting training to its personnel.

Status of Finding:

The Agency addressed the finding during the fiscal year.

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APPENDIX C

REPORT OF FISCAL CONSULTANT

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OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

**BROADWAY/MACARTHUR/SAN PABLO REDEVELOPMENT PROJECT;
CENTRAL CITY EAST REDEVELOPMENT PROJECT;
CENTRAL DISTRICT REDEVELOPMENT PROJECT;
COLISEUM REDEVELOPMENT PROJECT;
OAK KNOLL REDEVELOPMENT PROJECT;
OAKLAND ARMY BASE REDEVELOPMENT PROJECT;
AND
WEST OAKLAND REDEVELOPMENT PROJECT**

**Subordinated Tax Allocation Refunding Bonds, Series 2018-TE
and Subordinated Tax Allocation Refunding Bonds, Series 2018-T (Federally Taxable)**

PROJECTED TAXABLE VALUES AND ANTICIPATED TAX INCREMENT REVENUES

May 9, 2018

I. Introduction

The Oakland Redevelopment Successor Agency (the “Successor Agency”) is proposing to issue its Subordinated Tax Allocation Refunding Bonds, Series 2018-TE and Series 2018-T (Federally Taxable) (the “Bonds”) secured by the funds generated from the property tax revenues derived from all former Redevelopment Project Areas (the “Project Areas”) of the Successor Agency that still generate tax revenue as more specifically designated below. The Bonds are issued for the purpose of refunding certain outstanding bonds issued by the former Redevelopment Agency of the City of Oakland (the Former Agency). The bonds being refunded are the Subordinated Housing Set-Aside Revenue Bonds, Series 2011A-T (Federally Taxable) and the Coliseum Area Series 2006B-TE Bonds (the “Refunded Bonds”).

The Successor Agency’s former project areas include the Broadway/MacArthur/San Pablo Redevelopment Project (the “Broadway Project”); the Central City East Redevelopment Project (the “Central City Project”); the original Central District Redevelopment Project and its 2002 Annex (collectively the “Central District Project”); the original Coliseum Redevelopment Project and its 1998 Annex (collectively the “Coliseum Project”); the Oak Knoll Redevelopment Project (the “Oak Knoll Project”); the Oakland Army Base Redevelopment Project (the “Army Base Project”); and, the West Oakland Redevelopment Project (the “West Oakland Project”).

The Bonds are special obligations of the Successor Agency and debt service on the Bonds is payable from, and secured by a pledge of, security interest in and lien on all tax increment revenues that are available after the payment of debt service on certain senior bonds and on certain other obligations (the “Pledged Tax Revenues”) and amounts held in certain funds and accounts held by the Successor Agency and the trustee of the Bonds under the indenture relating to the Bonds. The Bonds are not a debt of the City of Oakland (the “City”), the State of California or any of its political subdivisions (other than the Successor Agency), and neither the City, the State nor any of its political subdivisions (other than the Successor Agency) is liable therefor, nor in any event shall the Bonds be payable out of any funds other than those of the Successor Agency.

On June 29, 2011, the California Legislature and Governor signed Assembly Bill x1 26 (AB 1x 26), which generally dissolved redevelopment agencies statewide as of February 1, 2012. The bill was challenged by a

**Oakland Redevelopment Successor Agency
Fiscal Consultant's Report
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suit filed before the California Supreme Court but was upheld by the Court on December 29, 2012 and became effective. On June 27, 2012 Assembly Bill 1484 (AB 1484) was signed into law, modifying and supplementing ABx1 26 and, among other things, facilitated successor agency refunding of bonds issued by the former redevelopment agencies. In accordance with Section 34177.5(g) of the California Health and Safety Code, the Successor Agency bonds shall be considered indebtedness incurred by the dissolved redevelopment agency, with the same legal effect as if the bonds, indebtedness, financing agreement, or amended enforceable obligation had been issued, incurred, or entered into prior to June 29, 2011, in full conformity with the applicable provisions of the California Community Redevelopment Law (being Part 1 of Division 24 of the Health and Safety Code and is being referred to herein as the "Law") that existed prior to that date, shall be included in the successor agency's Recognized Obligation Payment Schedule (the "ROPS"), and shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund (the "RPTTF").

Prior to dissolution the California Community Redevelopment Law (the "Law") provided for the creation of redevelopment agencies by cities and counties for the purpose of the elimination of blight. The Law, together with Article 16, Section 16 of the California Constitution, authorized redevelopment agencies to receive that portion of property tax revenue generated by project area taxable values that are in excess of the Base Year value. The Base Year value is defined as the amount of the taxable values within the project area boundaries on the last equalized tax roll prior to adoption of the project area. The amount of current year taxable value that is in excess of the Base Year value is referred to as incremental taxable value. Tax revenues generated from the incremental taxable value are generally referred to as Tax Increment Revenues. The Law provided that the Tax Increment Revenues may be pledged by the redevelopment agency to the repayment of agency indebtedness.

In this report, Tax Increment Revenues with the addition of Unitary Tax Revenue (see Section IV, Allocation of State Assessed Unitary Taxes) are referred to as Gross Tax Revenues. Pledged Tax Revenues are defined as Gross Tax Revenues less the SB 2557 County Administrative fees and collection charges (see Section IV, County Collection Charges) and less the existing senior debt service and certain other obligations that are not subordinate to the payment of debt service on the Bonds. Pursuant to the Law, the Successor Agency has sought and received subordination of all statutory tax sharing payment obligations and are, therefore, payable on a subordinate basis to the payment of debt service on the Bonds (see Section VII, Tax Sharing Agreements and Other Obligations). However, there are certain outstanding bonds and other obligations of the Former Agency that have a pledge of and lien on Pledged Tax Revenues that is senior to the payment of debt service on the Bonds. The Bonds are secured by a pledge and security interest and lien on Pledged Tax Revenues on a parity basis with the Successor Agency's Subordinated Tax Allocation Refunding Bonds, Series 2015-TE and Series 2015-T (Federally Taxable) (the "2015 Bonds").

The purpose of this fiscal consultant report (the "Report") is to examine the assessed values of the current fiscal year and project for nine fiscal years the amount of tax increment revenues anticipated to be received by the Successor Agency from the Project Areas. Based on our research and on the assumptions discussed in this Report, we project that the Pledged Tax Revenues that will be pledged to the payment of debt service on the Bonds will be as shown in Table A below.

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**Table A
Projected Pledged Tax Revenues
(000's Omitted)**

Fiscal Year	Broadway Project	Central City Project	Central District Project	Coliseum Project	Oak Knoll Project	Army Base Project	West Oakland Project	Combined Project Areas
2017-18	\$ 9,130	\$20,230	\$ 49,119	\$29,028	\$ 910	\$4,609	\$12,255	\$125,281
2018-19	9,845	24,481	56,264	33,369	958	1,731	14,349	140,998
2019-20	10,114	25,717	58,015	34,499	977	1,889	14,925	146,136
2020-21	10,392	26,766	66,639	35,606	997	1,981	15,422	157,803
2021-22	10,677	27,838	83,723	36,731	1,017	2,076	15,929	177,991
2022-23	10,965	28,928	89,783	37,875	1,037	2,172	16,446	187,206
2023-24	11,260	30,042	91,540	39,050	1,057	2,270	16,974	192,193
2024-25	11,564	31,176	93,332	40,245	1,079	2,370	17,512	197,277
2025-26	11,875	32,330	83,658	41,461	1,100	2,472	18,060	190,957
2026-27	10,404	28,474	84,239	37,038	970	2,105	16,150	179,380
2027-28	10,606	29,391	85,849	37,305	989	2,319	16,581	183,040
2028-29	10,889	30,450	87,525	38,427	1,009	2,413	17,084	187,797
2029-30	11,180	31,531	89,235	39,560	1,029	2,508	17,597	192,640
2030-31	11,474	32,639	90,979	40,727	1,049	2,606	18,120	197,594
2031-32	12,602	33,765	92,758	41,913	1,070	2,705	18,654	203,467
2032-33	12,998	34,910	94,572	41,693	1,092	2,806	19,198	207,270
2033-34	13,311	40,275	96,423	42,924	1,113	2,910	19,754	216,709
2034-35	13,635	41,745	98,311	45,611	1,136	3,015	20,320	223,772
2035-36	13,955	42,964	100,236	51,947	1,158	3,123	20,898	234,282
2036-37	13,128	44,207	102,200	53,254	1,181	3,232	21,487	238,691
2037-38	13,508	45,476	104,203	54,587	1,205	3,344	22,089	244,412
2038-39	13,894	46,770	106,247	55,947	1,229	3,458	22,702	250,246
2039-40	14,286	48,089	108,331	57,334	1,254	3,575	23,327	256,195

The taxable values of property and the resulting Pledged Tax Revenues for each component area summarized above are reflected on Tables 1 and 2 of the projections (attached). These projections are based on assumptions determined by our review of the taxable value history of the component project areas and the property tax assessment and property tax apportionment procedures of Alameda County (the "County"). The projection illustrates the entire amount of the Pledged Tax Revenues projected as being available from the Project Areas. Future year assessed values and Pledged Tax Revenues are projections based upon the assumptions described in this Report and are not guaranteed as to accuracy. This Report is not to be construed as a representation of such by HdL Coren & Cone.

II. The Former Project Areas

The City Council of the City of Oakland adopted the Central District Urban Renewal Plan on June 12, 1969 and amended it by Ordinance No. 10822 on December 16, 1986 to incorporate limits on receipt of tax increment revenue. Central District Project was subsequently amended or supplemented by the adoption of ordinances on January 21, 1971, May 29, 1973, December 16, 1975, December 12, 1978, June 12, 1979, August 3, 1982, October 2, 1984, June 11, 1985, March 27, 1990, February 18, 1997, October 27, 1998, December 20, 1994 and July 24, 2001. The amendment approved by Ordinance No. 10256 on August 3, 1982 added territory to the original boundaries of the Central District (the "1982 Added Area"). The parcels within the 1982 Added Area were, at that time, all owned by state and federal governmental agencies. The 2002 Annex was adopted on July 24, 2001 and added an additional 14.86 acres of new territory to Central District Project. The Central District Project encompasses the central downtown area of Oakland. It is roughly bordered by I-980 on the west, Embarcadero on the south, Lake Merritt on the east and Grand Avenue on the north. The Central District Project Area, the 1982 Added Area and the 2002 Annex include office, retail, commercial and residential uses within a total of 828 acres.

On July 25, 1995, the City Council adopted Ordinance No. 11824 approving and adopting the Coliseum Area Project. The Coliseum Project was amended by the addition of the 1998 Annex through the adoption of Ordinance No. 12001 on July 29, 1997. The Coliseum Project and its 1998 Annex include a total of 6,500 acres that are located in the southeast area of the City. The Coliseum Project is adjacent to the Oakland International Airport and contains the Oakland-Alameda County Coliseum and the Oracle Arena complex. It abuts the City of Oakland's city limits adjacent to the City of San Leandro.

The Oak Knoll Project was adopted by the City Council on July 14, 1998 by Ordinance No. 12065. The Oak Knoll Project consists of a former military base known as the Naval Medical Center, Oakland that was designated for closure by the federal Base Closure Commission. The Oak Knoll Project includes 183 acres of which 5.45 acres has been transferred to the City of Oakland; 1.27 acres is under the ownership of the Sea West Coast Guard Federal Credit Union; and, 7.92 acres is in use as the Seneca Residential and Day Treatment Center. Approximately 167 acres was sold by the Federal Government to SunCal Oak Knoll LLC for private development.

The Army Base Project was adopted by the City Council on July 11, 2000 by Ordinance No. 12259. The Army Base Project includes the 425-acre former Oakland Army Base and 950 adjacent areas for a total area of 1,375 acres. The Army Base Project includes the Port of Oakland's maritime areas that are west and south of the Army Base including the existing marine terminal facilities and related infrastructure along the Outer Harbor and Inner Harbor channels, as well as the former Naval Fleet and Industrial Supply Center Oakland. The Army

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Base Project also includes an area along the Army Base Project's eastern boundary that is roughly between the re-aligned I-880 freeway and Wood Street.

The Broadway Project was adopted on July 25, 2000 by City Council Ordinance No. 12269. The Broadway Project consists of two sub-areas, the Broadway/MacArthur sub-area and the San Pablo sub-area, in the northern portion of the City and totals 676 acres. The Broadway/MacArthur sub-area includes the Broadway Auto Row and Telegraph Avenue between 27th Street and 42nd Street. The Broadway Project includes the Golden Gate neighborhood along San Pablo Avenue between 53rd and 67th Streets.

The Central City Project was adopted by Ordinance No. 12559 on July 29, 2003. The Central City Project contains neighborhoods in central and east Oakland including Eastlake, Fruitvale, Central East Oakland and Elmhurst. The Central City Project encompasses 3,339 acres and extends from the southern edge of the downtown area east to approximately Durant Street. The Project Area is primarily residential in nature but contains commercial areas adjacent to downtown in the northwest portion of the Project Area and along MacArthur and Foothill Boulevards. Additionally, a small area of industrial development is located along Embarcadero west of I-880.

The West Oakland Project was adopted by Ordinance No. 12559 on November 18, 2003. The West Oakland Project was the second phase of a strategy for redeveloping the areas in the western portion of the City. The first phase of this strategy was embodied by the Army Base Project. The West Oakland Project is made up of three sub-areas; Prescott/South Prescott, Clawson/McClymonds/Bunche and West MacArthur/Hoover. The West Oakland Project abuts the east edge of the Army Base Project and the west edges of the Central District Project and the Broadway Project. It is roughly bounded by I-980 on the east, I-880 on the west, Middle Harbor on the south and 40th Street on the north.

Table B below provides a summary of project area data developed within this Report.

**Table B
Project Area Data Summary
FY 2017-18**

Project Area	Acres	Assessed Value	BY Value	Incremental Value	Volatility Ratio	Gross TI @ 1.16%¹	Senior Obligations	Pledged Tax Revenues	% of Pledged Tax Revenues
Broadway	676	\$1,315,366	\$362,436	\$952,930	28%	\$11,039	(\$1,908)	\$9,130	7%
Central City	3,339	4,177,674	1,963,088	2,214,586	47	25,654	(5,424)	20,230	16
Central District	828	6,870,200	285,068	6,585,132	4	79,050	(29,931)	49,119	39
Coliseum	6,500	4,869,240	1,673,521	3,195,728	34	37,061	(8,033)	29,028	23
Army Base	1,375	774,061	361,415	412,646	47	4,787	(179)	4,609	4
Oak Knoll	183	81,509	0	81,509	0	945	(35)	910	1
West Oakland	1,565	1,997,248	898,197	1,099,051	45	12,730	(475)	12,255	10
Total	14,466	\$20,085,308	\$5,543,725	\$14,541,583	28%	\$171,266	(\$45,985)	\$125,281	100%

¹ Gross TI includes unitary revenue.

A. Land Use

The following Table C illustrates the breakdown of land uses within the Project Areas on a combined basis by taxable assessed value for Fiscal Year 2017-18. It is based on the lien date tax roll for fiscal year 2017-18 as established on January 1, 2017. The number of parcels is not shown for Unsecured values and values connected with Non-Unitary Utilities because these are property tax billings that are associated with secured parcels already accounted for in other categories.

Table C Combined Project Areas – Land Use Categories			
Category	Parcels	Net Taxable Value	%
Residential	32,048	\$9,083,977,098	45%
Commercial	3,492	5,973,211,829	30
Industrial	1,527	2,119,321,007	11
Government Owned	1	656,814	0
Recreational	357	67,852,108	0
Institutional	81	40,340,717	0
Vacant	1,568	654,427,846	3
Exempt	1,676	0	0
SBE Non-Unitary Utilities		9,071,703	0
Unsecured		2,136,448,812	11
Totals:	40,750	\$20,085,307,934	100%

The following tables illustrate that breakdown of land uses within the Project Areas on an individual basis by taxable assessed value for Fiscal Year 2017-18.

Category	Broadway			Central City		
	Parcels	Net Taxable Value	%	Parcels	Net Taxable Value	%
Residential	1,405	\$579,915,256	44%	14,134	\$3,385,048,346	81%
Commercial	376	547,269,947	42	796	522,085,887	13
Industrial	34	25,303,056	2	128	91,573,766	2
Government Owned	0	0	0	0	0	0
Recreational	22	6,623,501	1	130	19,776,636	0
Institutional	3	4,748,156	0	11	4,125,335	0
Vacant	59	75,153,692	6	290	40,649,165	1
Exempt	39	0	0	412	0	0
SBE Non-Unitary			0		866,960	0
Unsecured		76,352,483	6		113,548,266	3
Totals:	1,939	\$1,315,366,091	100%	15,901	\$4,177,674,362	100%

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Category	Central District			Coliseum		
	Parcels	Value	%	Parcels	Value	%
Residential	3,810	\$2,161,146,636	31%	7,960	\$1,574,176,680	32%
Commercial	1,196	3,653,470,875	53	793	1,033,850,521	21
Industrial	133	189,688,309	3	829	1,375,636,429	28
Government Owned	0	0	0	0	0	0
Recreational	34	16,973,058	0	93	15,920,214	0
Institutional	55	23,087,162	0	6	5,541,710	0
Vacant	142	243,763,262	4	565	129,403,057	3
Exempt	212	0	0	603	0	0
SBE Non-Unitary		13,694	0		2,653,305	0
Unsecured		582,056,922	8		732,067,458	15
Totals:	5,582	\$6,870,199,918	100%	10,849	\$4,869,249,374	100%

Category	Oak Knoll			Army Base		
	Parcels	Value	%	Parcels	Value	%
Residential	0	\$ 0	0%	525	\$155,217,578	20%
Commercial	1	749,013	1	8	1,334,913	0
Industrial	0	0	0	4	52,395,619	7
Government Owned	0	0	0	0	0	0
Recreational	0	0	0	0	0	0
Institutional	1	274,608	0	0	0	0
Vacant	3	80,485,508	99	10	14,892,978	2
Exempt	1	0	0	126	0	0
SBE Non-Unitary		0	0		2,457,710	0
Unsecured		0	0		547,762,291	71
Totals:	6	\$81,509,129	100%	673	\$774,061,089	100%

Category	West Oakland		
	Parcels	Value	%
Residential	4,214	\$1,228,472,602	62%
Commercial	322	214,450,673	11
Industrial	399	384,723,828	19
Government Owned	1	656,814	0
Recreational	78	8,558,699	0
Institutional	5	2,563,745	0
Vacant	499	70,080,184	4
Exempt	283	0	0
SBE Non-Unitary		3,080,034	0
Unsecured		84,661,392	4
Totals:	5,801	\$1,997,247,971	100%

B. Former Redevelopment Plan Limits

On September 22, 2015, the Governor signed Senate Bill 107 ("SB 107"). This legislation implemented revisions to the Health and Safety Code as it impacts the time and tax increment limits of former redevelopment project areas. The legislation eliminated the effectiveness of tax increment limits, limits on redevelopment activities and time limits on repayment of indebtedness except for contractual agreements that had been structured to terminate based on a project area reaching its tax increment and/or time limits. Tax increment revenues will be allocated to the RPTTF from the Project Area for as long as necessary to repay enforceable

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obligation except to the extent that an enforceable obligation is limited in its duration by the time or tax increment limits contained in the Project Area redevelopment plan.

The Army Base and Oak Knoll Projects were adopted pursuant to Chapter 4.5 of the Law governing Military Base Conversion Redevelopment Agencies. This Chapter of the Law includes the requirement for inclusion of time and tax increment limits in redevelopment plans adopted pursuant to military base closures and such limits were included in the redevelopment plans adopted in conjunction with the establishment of the Army Base and Oak Knoll Project Areas. The limitations included in Section 33492.13 of the Law are not specifically rendered ineffective by SB 107, however, the statute contains language that seems intended to also declare inoperative those limits that may be included in any other sections of the Law. It is our belief and it is the belief of the Auditor-Controller that the elimination of limits by SB 107 applies to all redevelopment project areas including those adopted pursuant to Chapter 4.5. In the event that the redevelopment plan limits contained in the redevelopment plans for the Army Base and Oak Knoll Projects are determined to still be effective, the Pledged Tax Revenue attributable to these two Project Areas could be terminated prior to the Bonds reaching maturity if the cumulative tax increment revenue allocated within the Army Base Project exceeds \$506.4 million or if cumulative tax increment revenue allocated within Oak Knoll Project exceeds \$1.5 billion. These two Project Areas currently produce approximately 4% of all Pledged Tax Revenue within the Combined Project Areas. The unlikely potential loss of this portion of Pledged Tax Revenues is not believed to be consequential to the payment of debt service on the Bonds.

III. Project Area Assessed Values

A. Assessed Values

Taxable values are prepared and reported by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties, which are part of the Project Areas. The assessments are assigned to Tax Rate Areas (the "TRA") that are coterminous to the boundaries of the Project Areas. The historic reported taxable values for the Project Areas were reviewed in order to ascertain the rate of taxable property valuation growth over the most recent ten fiscal years beginning with 2008-09 (see Table 3 for each Project Area). The following Table D outlines change in taxable assessed value for each of the Project Areas.

Table D Taxable Value Change by Component Project Area					
Project Area	2017-18 Net Taxable Value	Change in Net Taxable Value From 2016-17	% Change in Net Taxable Value From 2016-17	Change in Net Taxable Value from 2008-09	% Change in Net Taxable Value From 2008-09
Broadway Project	\$1,315,366,091	\$ 93,123,036	8%	\$ 484,563,425	58%
Central City Project	4,177,674,362	344,601,484	9	387,576,429	10
Central District Project	6,870,199,918	826,144,248	14	2,539,684,059	59
Coliseum Project	4,869,249,374	209,303,100	4	538,979,664	12
Oak Knoll Project	81,509,129	1,264,791	2	(25,960,291)	(24)
Army Base Project	774,061,089	(222,830,573)	(22)	(20,121,838)	(3)
West Oakland Project	1,997,247,971	164,318,444	9	440,847,601	28
Combined Projects	\$20,085,307,934	\$1,415,924,530	8%	\$4,345,569,049	28%

Despite the recent recession, the combined project areas have increased in value by \$4.3 billion (27.61%). While there has been ongoing growth in most of the component Project Areas, values within the Army Base Project have taken a severe hit due to the loss of value among shipping owners. Values within the Army Base Project grew steadily through 2012-13 but have lost value in each subsequent year. The value loss for 2017-18 was, by far, the most significant with unsecured values decreasing by \$222.8 million (-22.35%). The value loss seen in the Army Base Project reflects variations in unsecured values among the large cargo handling taxpayers. The personal property values for equipment used by these taxpayers are subject to annual depreciation and this equipment is available for removal from the sites. These values tend to be somewhat volatile and can increase and decline from year to year.

The Oak Knoll Project has also lost value in the 10-year period examined but this very small project is limited in what it can achieve due to the fact that it has very few parcels and is a military base reuse project.

Value losses within the Broadway Project in 2013-14 and 2014-15 are related to variations in value among the several medical facilities located in the project area. The loss in value within Broadway for 2014-15 is due to the fact that property owned by Sutter East Bay Hospitals valued at over \$182 million was listed as taxable for 2013-14 but is listed as almost entirely tax exempt for 2014-15. Similarly, in 2013-14 a loss of value totaling \$476.7 million was reflected in the tax roll due to the fact that the Assessor had not properly applied real estate exemptions in 2012-13 but did apply these exemptions for 2013-14. In both of these cases, the exemptions were applied prior to the issuance of the tax bills for these properties and, as a result, the large but imaginary value increases that were realized in 2013-14 and 2012-13 were not reflected in increases of revenue. Further, the reductions in value that appear when comparing the 2013-14 and 2014-15 tax roll data are not actual value losses. For 2015-16 there were additional exemptions that were not properly reflected on the tax roll data. These were corrected within our analysis and the Broadway Project recorded an increase in value of \$37.4 million (4.18%). Values within the Broadway Project increase by \$291.2 million (31.27%) for 2016-17 due to large increases in commercial property values.

Overall the strong real estate market in the Bay Area was manifested in substantial growth in the Project Areas.

B. Top Ten Taxable Property Owners

A review of the top ten taxable property owners in the Project Areas for fiscal year 2017-18 was conducted. The top ten property owners for the Combined Project Areas and the number of parcels attributed to each owner, are presented on Table 4 of the attached tax increment projection. The table below illustrates the assessed values and percentage of total assessed value within the component project areas that is attributable to the top ten taxpayers.

**Table E
Combined Project Area Top Ten Taxpayers
Fiscal Year 2017-18**

Property Owner	Combined Assessed Value	% of Total AV	% of Incremental Value	Primary Land Use
Kaiser Foundation Health Plan (1)(2)	\$309,116,264	1.54%	2.13%	Foundation Admin. Offices/Parking
SSA Terminals LLC (2)	307,787,578	1.53	2.12	Cargo Handling
CIM Oakland Center 21LP (1)(3)	219,862,692	1.09	1.51	Commercial Office Buildings
USPA City Center LLC (1)	212,160,000	1.06	1.46	Commercial Office Buildings
Broadway Franklin LLC	207,902,989	1.04	1.43	Commercial Office Buildings
1221 Broadway Investors LLC	168,708,918	0.84	1.16	Commercial Office Buildings
CIM Oakland 1 Kaiser Plaza LP (1)(3)	159,064,328	0.79	1.09	Commercial Office Buildings
Uptown Housing Partners LP (2)	158,853,370	0.79	1.09	Residential on Leasehold Property
1800 Harrison Foundation	135,290,714	0.67	0.93	Commercial Office Buildings
1955 Broadway Oakland Owner (1)(3)	125,970,000	0.63	0.87	Commercial Office Buildings
Top Property Owner Total Assessed Value	\$2,004,716,853			
Project Area Assessed Value	\$20,085,307,934	9.98%		
Project Area Incremental Value	\$14,541,583,368		13.79%	

(1) These taxpayers have pending assessment appeals on parcels owned (see Section IV E).

(2) Property owner values include substantial unsecured assessed values

(3) Properties are wholly or partially owned by CIM Group, an owner and operator of commercial and residential real estate.

Among the seven Project Areas, the top ten taxpayers control \$2 billion in assessed value. This amount is 9.98% of the combined project areas total value of \$20.1 billion and 13.79% of the Combined Project Area total incremental value of \$14.5 billion.

IV. Tax Allocation and Disbursement

A. Property Taxes

The taxable values of property are established each year on the January 1 property tax lien date. Real property values reflect the reported assessed values for secured and unsecured land and improvements. The base year value of a parcel is the value established as the full market value upon a parcel's sale, improvement or other reason for reassessment. Article XIII A of the California Constitution (Proposition 13) provides that a parcel's base year value is established when locally assessed real property undergoes a change in ownership or new construction occurs. Following the fiscal year that a parcel's base year value is first enrolled, the parcel's value is factored annually for inflation. The term base year value does not refer to the base year value of a project area. Pursuant to Article XIII A, Section 2(b) of the State Constitution and California Revenue and Taxation Code Section 51, the percentage increase in the parcel's value cannot exceed 2% of the prior year's value.

Secured property includes property on which any property tax levied by a county becomes a lien on that property. Unsecured property typically includes value for tenant improvements, fixtures, inventory and personal 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 secured property owned by the taxpayer. The taxes levied on unsecured property are levied at the previous year's secured property tax rate. Utility property assessed by the

State Board of Equalization (the Board) may be revalued annually and such assessments are not subject to the inflation limitations established by Proposition 13. The taxable value of Personal Property is also established on the lien dates and is not subject to the annual 2% limit of locally assessed real property.

Each year the Board announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. Through fiscal year 2017-18 there were nine occasions when the inflation factor has been less than 2%. Until 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels, however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was a -0.237% and this resulted in a reduction to the adjusted base year value of parcels. The changes in the California Consumer Price Index (CCPI) from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. The table below reflects the inflation adjustment factors for the current fiscal year, ten prior fiscal years and the estimated adjustment factor for the next fiscal year.

Table F Historical Inflation Adjustment Factors	
<u>Fiscal Year</u>	<u>Inflation Adj. Factor</u>
2007-08	2.000%
2008-09	2.000%
2009-10	2.000%
2010-11	-0.237%
2011-12	0.753%
2012-13	2.000%
2013-14	2.000%
2014-15	0.454%
2015-16	1.998%
2016-17	1.525%
2017-18	2.000%
2018-19	2.000%

On November 30, 2017, the Board determined that the inflationary adjustment for fiscal year 2018-19 would be 2.00%. This was incorporated into the projected values for the 2018-19 fiscal year. For purposes of the projection we have assumed that the inflation adjustment factor for future years will be 2.00%. This assumption is based on the fact that the inflation adjustment factor has been at the maximum allowed amount of 2.00% in 32 of the 43 years since the adoption of Proposition 13.

B. Supplemental Assessments

Chapter 498 of the Statutes of 1983 provides for the reassessment of property upon a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against Real Property.

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Since 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies or their successor agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of Supplemental Assessment Revenues by taxing entities typically follows the change of ownership by a year or more. We have not included revenues resulting from Supplemental Assessments in the projections.

C. Tax Rates

Tax rates will vary from area to area within the State, as well as within a community and a 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 the override tax rate. An override 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 13.

A Constitutional amendment approved in June 1983 allows the levy of over-ride tax rates to repay indebtedness for the acquisition and improvement of real property, upon approval by a two-thirds vote. A subsequent amendment of the Constitution prohibited the allocation to redevelopment agencies of tax revenues derived from override tax rates levied for repayment of indebtedness approved by the voters after December 31, 1988. Tax rates that were levied to support any debt approved by voters after December 31, 1988 were not allocated to redevelopment agencies. Override tax rates typically decline each year as a result of (1) increasing property values (which reduce the override rate that must be levied to meet debt service) and (2) the eventual retirement of debt over time. Within the Project Areas, the City annually levies an ad valorem tax (the "City Pension Override Tax") on all property within the City pursuant to Measure R approved by voters of the City on June 8, 1976 and Measure O approved by voters of the City on June 7, 1988. The revenues from the City Pension Override Tax were pledged to the Refunded Bonds and are pledged as security for the payment of debt service on the Bonds. In addition, there are two other debt service override tax rates levied within the Project Areas that received voter approval prior to December 31, 1988. These tax rates are levied by the East Bay Municipal Utilities District and the East Bay Regional Parks.

ABx1 26 was adopted in late June, 2011 (see Legislation, Section VI). Section 34183(a)(1) of that legislation requires the Auditor Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. This has been interpreted by Alameda County to include all revenues resulting from the override tax rates that are being levied by East Bay Municipal Utilities District and the East Bay Regional Parks. The City Pension Override Tax is not considered by the Auditor-Controller as being levied for purposes of paying principal and interest on bonded indebtedness for the acquisition or improvement of real property. As the result of this interpretation, the revenue from this portion of the City override tax rate is still available to be deposited in the RPTTF for allocation to the Successor Agency but revenues from the override tax rates levied by the East Bay Municipal Utilities District and the East Bay Regional Parks are no longer available to be deposited in the RPTTF for allocation to the Successor Agency.

SB 107 was approved in 2015 and it has amended a number of the provisions of ABx1 26 and AB 1484. With regard to debt service override tax rates levied for pension fund programs and state water contracts, the revenue generated from these tax rates, including that revenue generated by the City Pension Override tax rate would no longer be allocated to the Successor Agency unless those revenues have been pledged to the payment of debt service on bonds. The revenues from the City Pension Override Tax are pledged to the payment of debt service on the Bonds and the 2015 Bonds. Any debt service override tax rate revenues from the City Pension

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Override Tax that are not needed to make the debt service payments on the Bonds or the 2015 Bonds will be allocated directly to the City.

As a result, the tax increment revenues used in this projected in this report are derived from the 1% general levy tax rate and the City Pension Override Tax rate of 0.1575%. All of the tax rate areas within the Project Areas have the same tax rate. The components of all tax rates that are applied to secured and unsecured value in calculating the 2017-18 revenue is reflected in Table G below.

**Table G
2017-18 Secured Tax Rate**

General Levy	1.00000
City of Oakland	<u>.15750</u>
Total RDA Eligible Tax Rate:	1.15750
 <u>Non-RDA Eligible Tax Rates</u>	
East Bay Regional Park 1	.00210
EBMUD Special District 1	.00110
Oakland U.S.D. Bonds	.10150
Peralta Community College Dist.	.03100
Bay Area Rapid Transit District	.00840
City of Oakland (5 post-1989 rates)	<u>.04700</u>
Total Tax Rate:	<u>1.34860</u>

The City Pension Override Tax is authorized for long term funding of pension funds and has been authorized, at least, through 2026 and, according to the City, may be extended longer if the obligations continue. While the City Pension Override Tax may be extended past 2026, the projections of Pledged Tax Revenues in this Report assume a tax rate of 1% to calculate tax increment revenues beginning in fiscal year 2026-27.

D. Allocation of Taxes

Taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. Currently and prior to February 1, 2012, the County utilized an alternative method for the distribution of tax revenue to taxing agencies known as the Teeter Plan. Under this method, the taxing entities, including redevelopment agencies in Alameda County receive 100 percent of the taxes levied on the extended tax roll subject to correction, cancellation and refunds. The tax revenues of the former Agency were not subject to revenue loss due to delinquencies or gains due to redemption of unpaid taxes. Counties utilizing the Teeter Plan are required to maintain a fund in an amount determined by the code that is to be used to cover losses that may occur as a result of property tax delinquencies.

As of February 1, 2012, the allocation of tax increment revenue was dictated by the legislation adopted as ABx1 26 (See Legislation, Section VI). Tax increment revenue is accumulated by the County Auditor-Controller (the "CAC") in the RPTTF for allocation to successor agencies on January 2 and June 1. The tax increment revenue available for allocation on January 1 consists of revenues collected after June 1 of the previous fiscal year and for collections in November and December of the current fiscal year. The tax increment revenues available for allocation on June 1 include revenues collected from January 1 to June 1 of the current fiscal year.

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From the amounts accumulated in the RPTTF for each allocation date, the CAC deducts its own administrative charges and calculates and deducts amounts owed to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law and for statutory tax sharing obligations required by Sections 33607.5 and 33607.7 of the Law. The amount remaining after these reductions, if any, is what is available for payment by the Successor Agency of its debt obligations and those remaining obligations of the Former Agency.

Prior to receiving revenues on June 1 and January 2, the Successor Agency must adopt a ROPS that lists the enforceable obligations that must be paid during the next two upcoming six-month periods of July 1 through December 31 and January 1 through June 30 respectively. This ROPS must be approved by a board made up of taxing entity representatives established as required by the ABx1 26 legislation (the "Oversight Board") and submitted to the State Department of Finance (the "DOF") by February 1 of each year. There is a provision in the legislation for a Successor Agency to request a change in the approved payment amounts for the approved January 2 ROPS payment if necessary to adjust payment amounts but no new payment obligations may be added with this revision. The ROPS must receive approval from the DOF. Filing ROPS statements is mandated by statute and penalties are incurred if they are filed late or if they are not filed at all.

The Successor Agency is entitled to receive an amount to cover the administrative costs of winding down the business of the former redevelopment agency. This amount is set by the legislation at a minimum \$250,000 per year and a maximum that is 3% of the amount allocated from the RPTTF. To the extent that revenues are insufficient to pay all of the approved ROPS obligations, the Successor Agency's administrative allowance will be reduced or eliminated.

By passage of SB 107, revisions to Section 34171(b)(3) and (4) required that commencing July 1, 2016, the administrative cost allowance will be 3% of the actual property taxes allocated to the Successor Agency in the preceding fiscal year less the Successor Agency's administrative cost allowance and any City loan repayment amounts. If, however, 3% of the actual property taxes allocated in the preceding fiscal year is greater than 50% of the total RPTTF amounts distributed to pay enforceable obligations as reduced by the administrative allowance and any City loan repayment amounts, then the administrative cost allowance shall not exceed 50% of the total RPTTF amounts distributed to pay enforceable obligations as reduced by the administrative allowance and City loan repayment amounts.

If there are RPTTF amounts remaining after reductions for County administrative charges, amounts owed, if any, to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law, enforceable obligations and Successor Agency administrative allowance, these remainder amounts are referred to as Residual Revenue. Residual Revenue for each allocation cycle is proportionately allocated to the taxing entities and to the Educational Revenue and Augmentation Fund (ERAF). The legislation stipulates that the combination of tax sharing payments and Residual Revenue payments to taxing entities may not exceed that taxing entity's full share of tax increment revenue. In circumstances where a taxing entity receives all or most of its share of tax increment revenue from receipt of tax sharing payments, that taxing entity's share of the Residual Revenue distribution may be reduced and the portions of Residual Revenue allocated to the other taxing entities will be proportionately increased. (See Section VII – Tax Sharing Agreements and Other Obligations).

The forms and procedures used by a successor agency to submit its ROPS to its Oversight Board and to the DOF are dictated by the legislation as interpreted by DOF.

E. Assessment Appeals

There are a number of reasons that can be cited by an applicant when submitting an appeal of their property values. Some reasons revolve around correction of mistakes made by the Assessor in assigning value to a property after its sale or after new construction. The most common reason for a property owner to seek a change to their assessed value is decline in value. In these assessment appeals, the property owner is attempting to demonstrate that the market value of their property is lower than the value assigned to the property by the Assessor. The authority for granting such assessment appeals is provided for under Section 51 of the Revenue and Taxation Code. These are also known as Prop 8 Appeals.

Assessment appeals granted under Section 51 of the Revenue and Taxation Code require that, for each subsequent lien date, the value of real property shall be adjusted to be the lesser of its base year value as 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 took place in some counties during the mid-1990's due to declining real estate values and more recently large value reductions were experienced during the recession that began in 2008. Reductions made under this code section may be initiated by the Assessor or requested by the property owner.

After a roll reduction is granted under Section 51, the property is reviewed on an annual basis to determine the full cash value of the property and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases shall be consistent with the full cash value of the property and, as a result, 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 Section X).

Assessment appeals may also be requested as adjustments to a property's base year value. If such an appeal is granted with a change in value, the base year value of the property is adjusted accordingly and that value is subsequently adjusted for new construction, demolition and any other changes requiring revaluation of the parcel's land, improvement and personal property values and by the annual inflationary factor growth rate allowed under Article XIII A.

Assessment appeals submitted for fiscal years 2012-13 through 2017-18 were examined and the results of these assessment appeals through January 3, 2018 were analyzed. There are 359 pending assessment appeals filed within the Project Areas during this period. The values currently under appeal by pending assessment appeals totals \$3.25 billion and the owners are seeking reductions totaling \$1.47 billion. Based on the average number of appeals allowed over the past five years and the average reduction in value achieved in those successful appeals, we estimate that 226 of the currently pending appeals will be allowed with a reduction of \$610.4 million. The expected reduction in value has been incorporated into the projection of Pledged Tax Revenues as a reduction in assessed value for fiscal year 2018-19 in the individual Project Area projections. Table H below shows the number of appeals in each Project Area that are pending and the projected loss of value resulting from these pending assessment appeals.

Table H
Assessment Appeals Summary
For Appeals filed for FY 2012-13 through 2017-18

Project Areas	Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Avg Value Reduction on Successful Appeals	No. of Pending Appeals	Assessed Value under Pending Appeal	Est. No. of Appeals Allowed	Est. Loss on Pending Appeals Allowed (2018-19 Value Adjustment)
Broadway	62	45	31	49.95%	17	\$133,883,085	12	\$46,065,259
Central City	229	165	96	8.32	64	143,886,640	37	6,962,984
Central District	373	248	176	18.67	125	1,177,886,902	88	153,108,720
Coliseum	323	235	141	17.92	88	603,953,663	53	66,242,903
Oak Knoll	0	0	0	0.00	0	0	0	0
Army Base	46	19	12	48.17	27	1,050,576,044	17	319,611,835
West Oakland	153	117	63	23.76	36	143,548,576	19	18,363,950
Totals:	1,186	829	519	23.80%	357	\$3,253,734,910	226	\$610,355,651

Five of the top ten taxpayers have assessment appeals pending on property they own. The table below reflects the pending appeals on property owned by top ten taxpayers and the maximum potential value reduction that could occur based on the owner's opinion of value in the assessment appeals filing. We have no reason to believe that these appeals by the top ten taxpayers have any greater or lesser likelihood of being allowed than is reflected in the aggregate appeals data shown in the table above. Appeals on the same property over multiple years are not cumulative. A value revised by the appeals board for a given year is carried forward based on appropriate revisions to the property's value in the years subsequent to that of the successful appeal.

Table I
Pending Assessment Appeals Among
Combined Project Area Top Ten Taxpayers

Taxpayer	FY of Appeal	No. Of Parcels Under Appeal	Value Under Appeal	Owner Opinion of Value	Max. Value Reduction
Kaiser Foundation Health Plan	2015-16	1	\$ 51,221,096	\$ 2,561,000	\$ 48,660,096
CIM Oakland Center 21 LP	2014-15	2	183,530,501	91,765,000	91,765,501
	2015-16	2	187,195,980	93,580,000	93,615,980
	2016-17	2	215,551,782	107,740,000	107,811,782
	2017-18	2	219,862,692	110,228,000	109,634,692
USPA City Center LLC	2015-16	1	135,810,337	67,900,000	67,910,337
CIM Oakland 1 Kaiser Plaza LP	2014-15	1	133,410,960	66,706,000	66,704,960
	2015-16	1	136,075,420	68,000,000	68,075,420
	2016-17	1	155,917,681	77,950,000	77,967,681
	2017-18	1	159,035,944	79,500,000	79,535,944
1955 Broadway Oakland Owner (1)	2017-18	1	125,970,000	80,000,000	45,970,000

(1) The assessment appeal listed was filed by the owner of this property prior to its purchase by 1955 Broadway Oakland Owner. The purchase price for the property in December 2017 was well in excess of the value under appeal. It is likely that this appeal will be withdrawn or denied but for purposes of the projection, we have assumed that this appeal will be heard.

F. County Property Tax Collection Reimbursement

Chapter 466, adopted by Senate Bill 2557, allows counties to recover charges for property tax administration in an amount equal to their 1989-90 property tax administration costs, as adjusted annually. The amounts that are reimbursed are the costs connected with the collection and distribution of property taxes for the Tax Collector, the Auditor Controller and the Assessor. The portions of the reimbursement amount that are allocated to each taxing entity within the County are based on the percentage of the total assessed value in the County that each taxing entity's assessed value represents. The Collection Reimbursement charge within the combined component project areas for 2016-17 was \$910,327. This amount was approximately 0.58% of the Project Area's combined Gross Revenue for 2016-17. The actual charge for 2017-18 is not yet available. The estimated charge for 2017-18 and future years has been based on this same percentage of Gross Revenue as in 2016-17.

In addition to the amounts charged by the County for administration of property taxes under SB 2557, pursuant to ABx1 26, the County may charge an administrative fee for administration of the RPTTF. The amount charged for the RPTTF allocations has typically been less than \$15,000 for all of the Successor Agency's Project Areas. This nominal amount has not been factored into the projections.

G. Allocation of State Assessed Unitary Taxes

Legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter (921) provided for a modification of the distribution of tax revenues derived from utility property assessed by the State Board of Equalization (SBE), other than railroads. Prior to the 1988-89 fiscal year, property assessed by the SBE was assessed statewide and was allocated according to the location of individual components of a utility in a tax rate area. Commencing in 1988-89, tax revenues derived from unitary property that is assessed by the SBE is accumulated in a single Tax Rate Area for the County. Tax revenues are then distributed to each taxing entity in the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus increases of up to two percent; (2) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro-rata county wide; and (3) any increase in revenue above two percent would be allocated in the same proportion as the taxing entity's local secured and taxable values are to the local secured taxable values of the County.

To administer the allocation of unitary tax revenues to successor agencies, the County no longer includes the taxable value of utilities as part of the reported taxable values of the project area. As a result, the base year value of project areas was reduced by the amount of utility value that existed originally in the base year value. The County Auditor-Controller allocated unitary revenues to the Project Areas during 2016-17 in the amounts shown below in Table J. Unitary values for 2017-18 have not been provided by the Auditor-Controller. As a result, we have assumed that the 2016-17 unitary tax revenue will be allocated in the same amount for 2017-18 and will remain constant in future years.

Table J	
2016-17 Unitary Revenue Allocated by County	
<u>Project Area</u>	<u>2016-17 Unitary Revenue</u>
Broadway Project	\$8,585
Central City Project	20,318
Central District Project	2,827,159
Coliseum Project	70,622
Oak Knoll Project	1,330
Army Base Project	11,007
West Oakland Project	8,400
Total:	\$2,947,421

V. Low and Moderate-Income Housing Set-Aside

Sections 33334.2 and 33334.3 of the Law required redevelopment agencies to set aside not less than 20 percent 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 Requirement). Sections 33334.3, 33334.6 and 33334.7 of the Law extended this requirement to redevelopment projects adopted prior to January 1, 1977. With the adoption of ABx1 26, the Housing Set-Aside Requirement was eliminated. 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 former project areas.

VI. Legislation

AB 1x 26 and AB 1x 27 were introduced in May 2011 as placeholder bills and were substantially amended on June 14, 2011. These bills proposed to dramatically modify the Law as part of the fiscal year 2011-12 State budget legislation. AB 1x 26 would dissolve redevelopment agencies statewide effective October 1, 2011 and suspend all redevelopment activities as of its effective date. AB 1x 27 would allow redevelopment agencies to avoid dissolution by opting into a voluntary program requiring them to make substantial annual contributions to local school and special districts. The bills were signed by the Governor in late June, 2011 and were challenged by a suit filed before the California Supreme Court by the CRA. On December 29, 2011, the Supreme Court ruled that AB 1x 27 was unconstitutional and that AB 1x 26 was not unconstitutional. On June 27, 2012 the legislature passed and the Governor signed Assembly Bill 1484. This legislation made certain revisions to the language of AB 1x 26 based on experience after its implementation.

Once the obligations of the former redevelopment agencies have been recognized as Enforceable Obligations, the Successor Agency is obliged to manage the repayment of those Enforceable Obligations through the annual adoption of ROPS by the Oversight Board that is made up of representatives of taxing entities within the former redevelopment agency. Membership of the Oversight Board is dictated by Section 34179 of the Law. Effective July 1, 2018, there will be a single Oversight Board in each county that will be responsible for adoption of ROPS for all successor agencies in the county. The ROPS establishes the amounts that may be paid by the Successor Agency on the former redevelopment agency's debts during the six-month periods following payments to the Successor Agency from the RPTTF by the County Auditor-Controller on January 2 and June 1 of each year.

The legislature approved SB 107 in late 2015. Among the changes to the dissolution statutes that were included in SB 107 was a revision to Section 34189 that was the affirmative elimination of the effectiveness of time and tax increment limits from the redevelopment plans of the former project areas for purposes of paying enforceable obligations. Section 34189(a) now provides that the elimination of these limits will not result in the restoration or continuation of funding for projects whose contractual terms specified that project funding would cease once the limitations in the redevelopment plans had been reached. It doesn't appear that any of the obligations of the Successor Agency are affected by this change to the law. SB 107 revised Section 34177(o) such that it provides that ROPS are now approved once per year in February and the approved ROPS will cover the allocation of tax increment revenues for the upcoming June and January RPTTF allocations. This provision does not change the process for allocation of revenues but only changes the process for

approving the ROPS documents necessary for the Successor Agency to receive authority to pay enforceable obligations.

Numerous lawsuits have been filed on various aspects of ABx1 26 and AB 1484 which could impact the dissolution of redevelopment agencies. Our projections could be impacted by future court decisions.

VII. Tax Sharing Agreements and Other Obligations

A. Tax Sharing Agreements and Statutory Tax Sharing Obligations

The Former Agency did not enter into tax sharing agreements within the original portion of the Central District Project, the only one of the Former Agency's project areas that was adopted prior to January 1, 1994.

Eight of the Project Areas were adopted after January 1, 1994 and are therefore, subject to the Law as it was amended by passage of AB 1290. The Project Areas are subject to tax sharing under Section 33607.5 of the Law are shown below:

<u>Project/Amendment Area</u>	<u>Adoption Date</u>
Broadway Project	July 25, 2000
Central City Project	July 29, 2003
Central District 2002 Annex	July 24, 2001
Coliseum Project	July 25, 1995
Coliseum 1998 Annex	July 29, 1997
Oak Knoll Project	July 14, 1998
Army Base Project	July 11, 2000
West Oakland Project	November 18, 2003

As amended, the Law requires that for project areas adopted after January 1, 1994, a prescribed portion of the Successor Agency's tax increment revenue must be shared with all taxing entities within the project area. This defined tax-sharing amount has three tiers. The first tier begins with the first year that the project area receives tax increment revenue and continues for the life of the project area. This first-tier tax-sharing amount is 25 percent of the Successor Agency's gross tax increment revenue net of the Housing Set-Aside Revenues.

The second tier begins in the eleventh year after the Successor Agency first receives tax increment revenue. This second tier is 21 percent of the tax increment revenue, net of the Housing Set-Aside Revenues, that is derived from the growth in assessed value that is in excess of the assessed value of the project area in year ten.

The third tier begins in the 31st year after the Successor Agency first receives tax increment revenue. This third tier is 14 percent of the tax increment revenue, net of the Housing Set-Aside Revenues that is derived from the growth in assessed value that is in excess of the assessed value of the project area in the 30th year. These three tiers of tax sharing are calculated independent of one another and continue from their inception through the life of the project area.

The Law as amended by ABx1 26 and AB 1484 requires that the County calculate and pay the tax sharing obligations of the former redevelopment agencies as part of the process of allocating revenue from the RPTTF each January 2 and June 1. The legislation requires that the calculations be done in the same manner as prior to January 1, 2011. This includes calculation of statutory tax sharing amounts using a deduction of 20% for Housing Set-Aside despite the fact that this obligation is no longer in effect.

SB 211 Payments

The Former Agency did not enter into any tax sharing agreements in connection with the original portion of the Central District Project. As the result of the Former Agency's elimination of the time limit on incurrence of indebtedness for the original portion of the Central District Project, the Former Agency was obligated to make statutory tax sharing payments pursuant to Section 33607.7 of the Law. Tax sharing payments are made to all taxing entities in accordance with the three-tiered formulas for statutory tax sharing payments required of those project areas adopted after January 1, 1994. Since the former time limit on incurrence of new debt for the original portion of the Central District Project was January 1, 2004, these statutory tax-sharing payments began in fiscal year 2004-05 and use the valuation for 2003-04 as the adjusted base year.

The annual tax sharing amount to be divided among the affected taxing entities is 25% of the revenue derived from the difference in assessed value between the adjusted base year value and the current year value net of a 20% share for the former Housing Set-Aside requirement. According to the Law, these statutory tax sharing payments will continue through the last fiscal year within which the original portion of the Central District Project is able to repay indebtedness. The second tier of statutory tax sharing payments required by Section 33607.7 will be initiated in fiscal year 2014-15 and will use the original portion of the Central District Project assessed values for 2013-14 as a second adjusted base year value. The annual tier 2 tax sharing amount to be divided among the affected taxing entities is 21% of the revenue derived from the difference in assessed value between the second adjusted base year value and the current year value net of a 20% share for the former Housing Set-Aside requirement. A third tier of statutory tax sharing will not be initiated prior to the expiration of the original portion of the Central District Project's ability to repay indebtedness.

The Law as amended by ABx1 26 and AB 1484 requires that the County calculate and pay the tax sharing obligations of the former redevelopment agencies as part of the process of allocating revenue from the RPTTF each January 2 and June 1. The legislation requires that the calculations be done in the same manner as prior to January 1, 2011. This includes calculation of statutory tax sharing amounts using a deduction of 20% for Housing Set-Aside despite the fact that this obligation is no longer in effect.

Subordination of Statutory Tax Sharing Payments to the Payment of Debt Service

Section 33607.5(e) of the Redevelopment Law sets forth a process through which statutory tax sharing payments may be subordinated to debt service on newly-issued bonds or loans. The Successor Agency notified the taxing entities of its intent to subordinate the statutory pass-through payments to debt service on the Bonds. With the expiration of the required 45-day period with no disapproval notice from the taxing entities, the Successor Agency is deemed to have the approval of all taxing entities to subordinate the payment of the statutory pass-through payments to debt service on the Bonds. The statutory pass-through payments paid through ERAF to school entities is assumed to be subordinated with the statutory pass-through payments that are paid directly to the school entities. Although the Successor Agency's obligation to pay statutory pass-through payments are subordinate to the Successor Agency's obligations to pay debt service on the Bonds and 2015 Bonds, such obligations are not subordinate to its obligation to pay debt service on the Redevelopment Agency of the City of Oakland Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2006T (Federally Taxable); the Redevelopment Agency of the City of Oakland Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2009T (Federally Taxable); and the Oakland Redevelopment Successor Agency Central District Redevelopment Project Subordinated Tax Allocation Refunding Bonds, Series 2013. These bonds are secured by Pledged Tax Revenues from the Central District Project only. In the event Pledged Tax Revenues from the Central District Project are insufficient in the future, the statutory pass-through payment amounts payable to taxing entities within the Central District Project would be available to pay debt service on the 2015 Bonds and the Bonds, but not existing bonds secured by Pledged Tax Revenues from the Central District Project.

B. Other Obligations

Within the original portion of the Central District Project, the Former Agency entered into an agreement with Uptown Ground Lease in connection with development of the Uptown Project. This agreement requires the Successor Agency to pay to the developer the tax revenues generated by the project's development after deducting prorated portions of the Successor Agency's tax sharing and any ERAF obligations. Payments under the Uptown Ground Lease agreement are subordinate to the payment of debt service on bonds secured by revenues from the Central District Project and to payment of debt service on bonds secured by the former Housing Set-Aside Requirement but are senior to the payment of debt service on the 2015 Bonds, the Bonds and any bonds issued on parity with the 2015 Bonds and the Bonds. These obligations are now calculated by the Successor Agency and paid from revenues allocated by the County to the Successor Agency based on the adopted ROPS. The payment of this obligation is subordinate to the payment of debt service on the existing bonds secured by tax revenues of the Central District Project and are senior to the payment of debt service on the 2015 Bonds and on the Bonds.

VIII. Transfers of Ownership

The projections of tax revenue are based on the assessed values established by the Alameda County Assessor on the January 1 lien date. These values are subsequently used, with some adjustments, by the Auditor Controller to create the equalized roll from which the tax bills are derived. Transfers of ownership that occur after the lien date are not reflected in the current year tax roll but will be reflected in the values established on the following January 1 lien date and subsequently enrolled in the following year's equalized roll. The change in value, upward or downward, that may result from such a transfer of ownership will, therefore, be reflected in the next year's revenues.

The transfers of ownership that occurred after January 1, 2017 will result in additions or reductions in value for fiscal year 2018-19. Transfers of ownership that occur after January 1, 2018 will result in additions or reductions in value for fiscal year 2019-20. A survey of ownership transfers that occurred between these dates was conducted for all project areas. Those transfers of ownership that did not result from sales or were from some other event that would not result in a reappraisal by the Assessor were ignored. The sale prices of the property for those other transfers that will result in reappraisal by the Assessor were estimated from the recorders stamps that are placed on the recorded titles. These stamps are directly correlated with the sales price of the property whose title is being transferred. The data below is based on reported sales through January 2018. These values are listed by project area in Table K below.

**Table K
Value Added by Transfers of Ownership**

Project Area	No. of Transfers	Sale Values	2017-18 Values	Added Value for 2018-19
Broadway Project	103	\$133,382,100	\$77,771,768	\$55,610,332
Central City Project	704	429,934,045	206,478,947	223,455,098
Central District Project	282	932,184,282	523,932,166	408,252,116
Coliseum Project	473	328,038,946	212,452,851	115,586,095
Oak Knoll Project	0	0	0	0
Army Base Project	114	75,489,009	25,647,601	49,841,408
West Oakland Project	312	232,493,728	105,840,834	126,652,894
Totals:	1,988	\$2,131,522,110	\$1,152,124,167	\$979,397,943

Project Area	No. of Transfers	Sale Values	2017-18 Values	Added Value for 2019-20⁽¹⁾
Broadway Project	5	\$3,632,000	\$4,258,044	(\$626,044)
Central City Project	72	37,559,500	19,864,001	17,695,499
Central District Project	13	12,450,000	6,711,655	5,738,345
Coliseum Project	42	34,985,000	30,236,254	4,748,746
Oak Knoll Project	0	0	0	0
Army Base Project	9	6,517,000	812,187	5,704,813
West Oakland	22	12,755,500	5,148,587	7,606,913
Totals:	163	\$107,899,000	\$67,030,728	\$42,503,003

(1) Figure includes 2% inflationary adjustment for value to be added one fiscal year after the date of the property transfer.

IX. Trended Taxable Value Growth

In accordance with Proposition 13, growth in real property land and improvement values may reflect the year-to-year inflationary rate not to exceed 2% for any given year. A 2% growth rate is the maximum inflationary growth rate permitted by law and this rate of growth has been realized in all but ten years since 1981. The years in which less than 2% growth was realized included fiscal years 1983-84 (1.0%), 1995-96 (1.19%), 1996-97 (1.11%), 1999-00 (1.85%), 2004-05 (1.867%), 2010-11 (-0.237%), 2011-12 (0.753%), 2014-15 (0.454%), 2015-16 (1.998%) and 2016-17 (1.525%). The Board announced on November 30, 2017 that the annual inflationary adjustment for 2018-19 would be 2%. We have assumed this same adjustment in all subsequent fiscal years. Future values will also be impacted by changes of ownership and new construction not reflected in our projections. In addition, the values of property previously reduced in value due to assessment appeals based on Proposition 8 market value reductions could increase more than 2% when real estate values increase more than 2%. Seismic activity, economic disruptions and environmental conditions such as wild fires and hazardous substances that cannot be anticipated in this Report might also impact taxable assessed values and Gross Tax Revenues. HdL Coren & Cone makes no representation that taxable assessed values will actually grow at the rate projected.

Anticipated revenues could be adjusted as a result of unidentified assessment appeal refunds, other Assessor corrections discussed previously, or unanticipated increases or decreases in property tax values. Estimated

**Oakland Redevelopment Successor Agency
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valuations from developments included in this analysis are based upon our understanding of the general practices of the County Assessor and County Auditor-Controller's Office. General assessment practices are subject to policy changes, legislative changes, and the judgment of individual appraisers. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.

**Oakland Redevelopment Successor Agency
Combined Redevelopment Projects**
Projection of Incremental Taxable Value & Tax Increment Revenue

(000's Omitted)

Table 1

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40	
Taxable Values (1)																								
Real Property (2)	19,206,121	19,947,079	20,388,523	20,796,294	21,212,219	21,636,464	22,069,193	22,510,577	22,960,789	23,420,004	23,888,404	24,366,172	24,853,496	25,350,566	25,857,577	26,374,729	26,902,223	27,440,268	27,989,073	28,548,855	29,119,832	29,702,228	30,296,273	
Personal Property (3)	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	879,187	
Total Projected Value	20,085,308	20,826,266	21,267,710	21,675,481	22,091,406	22,515,651	22,948,380	23,389,764	23,839,976	24,299,191	24,767,591	25,245,359	25,732,683	26,229,753	26,736,764	27,253,916	27,781,410	28,319,455	28,868,260	29,428,042	29,999,019	30,581,415	31,175,460	
Taxable Value over Base	5,543,725	14,541,583	15,282,541	15,723,986	16,131,756	16,547,682	16,971,926	17,404,656	17,846,039	18,296,251	18,755,467	19,223,867	19,701,635	20,188,958	20,686,028	21,193,040	21,710,191	22,237,686	22,775,730	23,324,536	23,884,317	24,455,294	25,037,691	25,631,735
Gross Tax Increment Revenue (4)	168,319	176,895	182,005	186,725	191,539	196,450	201,459	206,568	200,209	188,557	192,239	197,016	201,890	206,860	211,930	217,102	222,377	227,757	233,245	238,843	244,553	250,377	256,317	
Unitary Tax Revenue (5)	2,947,421	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	2,947	
Gross Tax Revenues	171,266	179,842	184,952	189,672	194,487	199,397	204,406	209,515	203,156	191,505	195,186	199,964	204,837	209,808	214,878	220,049	225,324	230,705	236,193	241,791	247,500	253,324	259,265	
LESS:																								
SB 2557 Admin. Fee (6)	(999)	(1,049)	(1,079)	(1,107)	(1,135)	(1,163)	(1,192)	(1,222)	(1,185)	(1,117)	(1,139)	(1,167)	(1,195)	(1,224)	(1,254)	(1,284)	(1,315)	(1,346)	(1,378)	(1,411)	(1,444)	(1,478)	(1,513)	
Existing Debt Service Obligations																								
Combined Senior Bonds Debt Service	(36,619)	(36,362)	(36,274)	(36,763)	(36,361)	(36,361)	(36,361)	(36,361)	(36,361)	(36,361)	(36,361)	(36,361)	(36,361)	(36,361)	(36,361)	(36,361)	(36,361)	(36,361)	(36,361)	(36,361)	(36,361)	(36,361)	(36,361)	
Subordinated Housing, Series 2011-T	(5,392)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Coliseum Area Project, Series 2006B-TE	(1,571)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Uplown Development DDA (7)	(1,404)	(1,433)	(1,463)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pledged Tax Revenues	125,281	140,998	146,136	157,803	177,991	187,206	192,193	197,271	190,957	179,380	183,040	187,797	192,640	197,594	203,467	207,270	216,709	223,772	234,282	238,691	244,412	250,246	256,195	
Subordinate Debt Service Obligations																								
ORSA 2015 T and 2015TE Bonds	(8,097)	(8,086)	(8,092)	(8,095)	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)	
ORSA 2018 T and 2018TE Bonds	(4,861)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	
Remaining Tax Revenues	112,323	130,727	135,859	147,524	164,644	177,673	182,657	187,741	181,418	170,560	174,428	179,179	184,026	188,970	194,418	199,131	204,375	209,332	215,264	232,819	238,545	244,375	256,195	
Subordinate Tax Sharing Obligations																								
Statutory Tax Sharing Tier 1 (8)	(27,829)	(29,544)	(30,566)	(31,510)	(32,473)	(33,455)	(34,457)	(35,478)	(34,947)	(32,674)	(33,410)	(34,365)	(35,340)	(36,334)	(37,348)	(38,383)	(39,438)	(40,514)	(41,611)	(42,731)	(43,873)	(45,038)	(46,226)	
Statutory Tax Sharing Tier 2 (8)	(11,622)	(13,568)	(14,397)	(15,170)	(15,959)	(16,764)	(17,585)	(18,423)	(18,373)	(17,516)	(18,175)	(18,958)	(19,757)	(20,572)	(21,403)	(22,250)	(23,115)	(23,997)	(24,897)	(25,814)	(26,750)	(27,705)	(28,679)	
Statutory Tax Sharing Tier 3 (8)	0	0	0	0	0	0	0	0	0	108	(214)	(339)	(468)	(598)	(776)	(958)	(1,146)	(1,336)	(1,534)	(1,741)	(1,954)	(2,172)	(2,394)	
Net Tax Revenues	72,873	87,614	90,897	100,843	116,211	127,454	130,615	133,840	128,098	120,262	122,629	125,516	128,462	131,466	134,891	137,540	140,676	143,285	146,822	161,934	165,167	168,456	172,683	

- Taxable values as reported by Alameda County.
- Real property consists of land and improvements. Increased for inflation at 2% annually. Values for 2018-19 are increased by \$979.4 million for 1,988 sales after January 1, 2017 and projected values for 2019-20 are increased by \$42.5 million for 163 sales after January 1, 2018. Projected values for 2018-19 are reduced by \$610.4 million for pending appeals.
- Personal property is held constant at 2017-18 level.
- Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of \$1.1575 per \$100 of taxable value through 2025-26, where the tax rate is held to \$1.00 per \$100 of taxable value thereafter. Per ABX 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities except for pension fund levies such as in the City of Oakland. Tax increment revenue derived from the City's 0.1575% override tax rate will continue to be deposited in the Redevelopment Property Tax Trust Fund.
Per SB 107, revenues attributed to the tax rate override will continue to be made available for payment of debt service; however, revenue in excess of the debt service payments will be directed to the levying taxing entity.
- Unitary revenue as reported by Alameda County for 2016-17.
- County Administration fee is estimated at 0.58% of Gross Revenue.
- See individual projection for Central District RP.
- See individual projections for West Oakland RP, Central District 2002 Annex RP, Oakland Army Base RP, Oak Knoll RP, and for Coliseum RP, Coliseum 1998 Annex RP, Broadway-MacArthur RP, and Central City East RP.

Oakland Redevelopment Successor Agency
Combined Redevelopment Projects
PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE
(000s Omitted)
Table 2



5/9/2018

	Total <u>Tableable Value</u>	Taxable Value <u>Over Base</u>	Gross Tax <u>Revenue</u>	SB 2557 <u>Charge</u>	Combined <u>Existing Bonds</u>	Sub. Housing <u>Series 2011-T</u>	Coliseum Area <u>Series 2006B-TE</u>	Uptown Project <u>DDA Payments</u>	Pledged Tax <u>Revenues</u>	Subordinate	Subordinate	Remaining <u>Tax Revenue</u>	Subordinate Statutory Tax Sharing Payments			Net Tax <u>Revenues</u>
										<u>ORSA 2015T & 2015TE Bonds</u>	<u>ORSA 2018T & 2018TE Bonds</u>		<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	
1 2017-18	20,085,308	14,541,583	171,266	(999)	(36,619)	(5,392)	(1,571)	(1,404)	125,281	(8,097)	(4,861)	112,323	(27,829)	(11,622)	0	72,873
2 2018-19	20,826,266	15,282,541	179,843	(1,049)	(36,362)	0	0	(1,433)	140,998	(8,086)	(2,185)	130,727	(29,544)	(13,568)	0	87,614
3 2019-20	21,267,710	15,723,986	184,953	(1,079)	(36,274)	0	0	(1,463)	146,136	(8,092)	(2,185)	135,859	(30,566)	(14,397)	0	90,897
4 2020-21	21,675,481	16,131,756	189,672	(1,107)	(30,763)	0	0	0	157,803	(8,095)	(2,185)	147,524	(31,510)	(15,170)	0	100,843
5 2021-22	22,091,406	16,547,682	194,487	(1,135)	(15,361)	0	0	0	177,991	(8,088)	(5,260)	164,644	(32,473)	(15,959)	0	116,211
6 2022-23	22,515,651	16,971,926	199,397	(1,163)	(11,028)	0	0	0	187,206	(4,940)	(4,593)	177,673	(33,455)	(16,764)	0	127,454
7 2023-24	22,948,380	17,404,656	204,406	(1,192)	(11,021)	0	0	0	192,193	(4,941)	(4,595)	182,657	(34,457)	(17,585)	0	130,615
8 2024-25	23,389,764	17,846,039	209,515	(1,222)	(11,016)	0	0	0	197,277	(4,940)	(4,596)	187,741	(35,478)	(18,423)	0	133,840
9 2025-26	23,839,976	18,296,251	203,156	(1,185)	(11,014)	0	0	0	190,957	(4,942)	(4,598)	181,418	(34,947)	(18,373)	0	128,098
10 2026-27	24,299,191	18,755,467	191,505	(1,117)	(11,008)	0	0	0	179,380	(4,927)	(3,893)	170,560	(32,674)	(17,516)	(108)	120,262
11 2027-28	24,767,591	19,223,867	195,186	(1,139)	(11,007)	0	0	0	183,040	(4,927)	(3,686)	174,428	(33,410)	(18,175)	(214)	122,629
12 2028-29	25,245,359	19,701,635	199,964	(1,167)	(11,000)	0	0	0	187,797	(4,929)	(3,689)	179,179	(34,365)	(18,958)	(339)	125,516
13 2029-30	25,732,683	20,188,958	204,837	(1,195)	(11,002)	0	0	0	192,640	(4,928)	(3,686)	184,026	(35,340)	(19,757)	(468)	128,462
14 2030-31	26,229,753	20,686,028	209,808	(1,224)	(10,989)	0	0	0	197,594	(4,931)	(3,693)	188,970	(36,334)	(20,572)	(598)	131,466
15 2031-32	26,736,764	21,193,040	214,878	(1,254)	(10,157)	0	0	0	203,467	(5,752)	(3,297)	194,418	(37,348)	(21,403)	(776)	134,891
16 2032-33	27,253,916	21,710,191	220,049	(1,284)	(11,496)	0	0	0	207,270	(5,849)	(2,289)	199,131	(38,383)	(22,250)	(958)	137,540
17 2033-34	27,781,410	22,237,686	225,324	(1,315)	(7,300)	0	0	0	216,709	(10,042)	(2,293)	204,375	(39,438)	(23,115)	(1,146)	140,676
18 2034-35	28,319,455	22,775,730	230,705	(1,346)	(5,586)	0	0	0	223,772	(11,146)	(3,295)	209,332	(40,514)	(23,997)	(1,536)	143,285
19 2035-36	28,868,260	23,324,536	236,193	(1,378)	(533)	0	0	0	234,282	(14,138)	(4,879)	215,264	(41,611)	(24,897)	(1,934)	146,822
20 2036-37	29,428,042	23,884,317	241,791	(1,411)	(1,689)	0	0	0	238,691	0	(5,872)	232,819	(42,731)	(25,814)	(2,340)	161,934
21 2037-38	29,999,019	24,455,294	247,500	(1,444)	(1,644)	0	0	0	244,412	0	(5,868)	238,545	(43,873)	(26,750)	(2,754)	165,167
22 2038-39	30,581,415	25,037,691	253,324	(1,478)	(1,600)	0	0	0	250,246	0	(5,871)	244,375	(45,038)	(27,705)	(3,177)	168,456
23 2039-40	31,175,460	25,631,735	259,265	(1,513)	(1,557)	0	0	0	256,195	0	0	256,195	(46,226)	(28,679)	(3,608)	177,683
			4,867,025	(28,395)	(296,029)	(5,392)	(1,571)	(4,301)	4,531,338	(131,789)	(87,367)	4,312,182	(837,541)	(461,449)	(19,957)	2,993,236

**Oakland Redevelopment Successor Agency
Combined Redevelopment Projects**

Historical Values

Table 3



5/9/2018

	Revised Base Year (2007-08)	2008-09	2009-10	2010-11	2011-12	Revised Base Year (2012-13)	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Secured (2)												
Land	4,712,959,001	4,641,508,084	4,328,820,786	4,044,498,953	3,999,740,925	4,707,005,983	4,016,863,068	4,095,973,724	4,440,755,498	4,798,656,379	5,280,888,238	6,117,061,047
Improvements	2,572,037	10,080,971,145	9,741,772,803	9,029,341,842	9,297,356,767	2,572,037	9,655,572,937	10,405,144,724	11,299,643,466	12,368,974,368	13,303,274,612	14,237,525,872
Personal Property	0	211,072,362	210,369,659	229,684,444	471,456,592	0	544,355,811	765,803,482	226,755,333	260,600,650	247,887,313	243,999,787
Exemptions	0	<u>(1,018,009,762)</u>	<u>(1,067,672,297)</u>	<u>(1,097,248,443)</u>	<u>(1,513,286,506)</u>	0	<u>(1,615,161,741)</u>	<u>(2,513,048,457)</u>	<u>(2,468,241,486)</u>	<u>(2,436,889,660)</u>	<u>(2,579,494,330)</u>	<u>(2,649,727,584)</u>
Total Secured	4,715,531,038	13,915,541,829	13,213,290,951	12,206,276,796	12,255,267,778	4,709,578,020	12,601,630,075	12,753,873,473	13,498,912,811	14,991,341,737	16,252,555,833	17,948,859,122
Unsecured												
Land	0	439,131,047	467,217,761	720,845,492	774,018,912	0	818,612,203	725,437,197	739,333,586	726,004,257	689,752,322	585,081,823
Improvements	0	880,024,688	933,374,324	985,229,862	1,028,994,380	0	1,081,118,894	1,105,963,199	1,075,724,946	1,036,781,149	1,042,964,633	916,179,784
Personal Property	834,146,546	702,731,132	747,081,986	753,694,062	692,173,971	834,146,546	751,284,641	770,826,634	820,784,117	877,001,954	985,987,954	864,856,596
Exemptions	0	<u>(197,689,811)</u>	<u>(185,138,258)</u>	<u>(193,723,925)</u>	<u>(192,835,970)</u>	0	<u>(212,694,125)</u>	<u>(187,259,697)</u>	<u>(237,223,237)</u>	<u>(307,532,771)</u>	<u>(301,877,338)</u>	<u>(229,669,391)</u>
Total Unsecured	834,146,546	1,824,197,056	1,962,535,813	2,266,045,491	2,302,351,293	834,146,546	2,438,321,613	2,414,967,333	2,398,619,412	2,332,254,589	2,416,827,571	2,136,448,812
GRAND TOTAL	5,549,677,584	15,739,738,885	15,175,826,764	14,472,322,287	14,557,619,071	5,543,724,566	15,039,951,688	15,168,840,806	15,897,532,223	17,323,596,326	18,669,383,404	20,085,307,934
Incremental Value		10,190,061,301	9,626,149,180	8,922,644,703	9,007,941,487		9,496,227,122	9,625,116,240	10,353,807,657	11,779,871,760	13,125,658,838	14,541,583,368
Annual Value % Change			-3.58%	-4.64%	0.59%		3.31%	0.86%	4.80%	8.97%	7.77%	7.58%

(1) Source: County of Alameda.

(2) Secured values include state assessed non-unitary utility property.

**Oakland Redevelopment Successor Agency
Combined Redevelopment Projects**

TOP TEN TAXABLE PROPERTY OWNERS

For Fiscal Year 2017-18

Table 4



5/9/2018

Taxpayers	Project Area	Secured			Unsecured			Total			Use Code
		Taxable Value	Parcels	% of Sec. AV	Taxable Value	Parcels	% of Unsec. AV	Taxable Value	% of Total Value	% of Inc. Value	
1. Kaiser Foundation Health Plan Inc. [Pending appeals on parcels]	Multiple Projects	\$259,060,820	15	1.44%	\$50,055,444	9	2.34%	\$309,116,264	1.54%	2.13%	Foundation Administrative Offices/Parking
2. SSA Terminals LLC	Army Base	\$0	0	0.00%	\$307,787,578	6	14.41%	\$307,787,578	1.53%	2.12%	Cargo Handling
3. CIM Oakland Center 21 LP [Pending appeals on parcels]	Central District	\$219,862,692	2	1.22%	\$0	0	0.00%	\$219,862,692	1.09%	1.51%	Commercial Office Buildings
4. USPA City Center LLC [Pending appeals on parcels]	Central District	\$212,160,000	1	1.18%	\$0	0	0.00%	\$212,160,000	1.06%	1.46%	Commercial Office Buildings
5. Broadway Franklin LLC	Central District	\$207,902,989	2	1.16%	\$0	0	0.00%	\$207,902,989	1.04%	1.43%	Commercial Office Buildings
6. 1221 Broadway Investors LLC	Central District	\$168,708,918	3	0.94%	\$0	0	0.00%	\$168,708,918	0.84%	1.16%	Commercial Office Buildings
7. CIM Oakland 1 Kaiser Plaza LP [Pending appeals on parcels]	Central District	\$159,038,317	1	0.89%	\$26,011	2	0.00%	\$159,064,328	0.79%	1.09%	Commercial Office Building
8. Uptown Housing Partners LP	Central District	\$0	0	0.00%	\$158,853,370	1	7.44%	\$158,853,370	0.79%	1.09%	Residential Units on Leasehold Property
9. 1800 Harrison Foundation	Central District	\$135,290,714	1	0.75%	\$0	0	0.00%	\$135,290,714	0.67%	0.93%	Commercial Office Building
10. 1955 Broadway Oakland Owner [Pending appeals on parcels]	Central District	<u>\$125,970,000</u>	<u>1</u>	0.70%	<u>\$0</u>	<u>0</u>	0.00%	<u>\$125,970,000</u>	0.63%	0.87%	Commercial Office Buildings
Top Ten Property Owner Totals:		\$1,487,994,450	26		\$516,722,403	18		\$2,004,716,853			
Project Area Totals:		\$17,948,859,122		8.29%	\$2,136,448,812		24.19%	\$20,085,307,934	9.98%		
Project Area Incremental Value:		\$13,239,281,102		11.24%	\$1,302,302,266		39.68%	\$14,541,583,368		13.79%	

**Oakland Redevelopment Successor Agency
Combined Redevelopment Projects**

Value Added by Transfers of Ownership

Table 5



5/9/2018

						000's omitted						
<u>Real Property</u>	<u>Sq. Ft./ # Units</u>	<u>Unit Value</u>	<u>Total Value</u>	<u>Less Existing</u>	<u>Value Added</u>	<u>Start</u>	<u>Complete</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
Transfers of Parcels January 1, 2017 thru December 31, 2017	1,988	Lump Sum	\$2,131,522,110	\$1,152,124,167	\$979,398			\$0	\$979,398	\$0	\$0	\$0
Transfers of Parcels after January 1, 2018	163	Lump Sum	\$107,899,000	\$67,030,728	\$40,868			\$0	\$0	\$40,868	\$0	\$0
Total Real Property:	2,151		\$2,239,421,110	\$1,219,154,895	\$1,020,266			\$979,398	\$40,868	\$0	\$0	\$0
					Adj. Annually for Inflation @	2%				\$42,503	\$0	\$0

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

Definitions

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given in the Indenture. In addition, the following terms have the following meanings when used in this summary:

“**Bonds**” means the 2015 Bonds and any Parity Debt issued as bonds pursuant to a Supplemental Indenture, including the 2018 Bonds.

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

“**Bond Year**” means each 12 month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, both dates inclusive; provided that the first Bond Year with respect to the 2015 Bonds shall commence on the Closing Date of the 2015 Bonds and end on September 1, 2015 and with respect to the 2018 Bonds shall commence on the Closing Date of the 2018 Bonds and end of the September 1, 2018.

“**Business Day**” means any day, other than a Saturday or Sunday or a day on which commercial banks in New York, New York, or any other city or cities where the Principal Corporate Trust Office of the Trustee is located are required or authorized by law to close or a day on which the Federal Reserve System is closed.

“**Broadway/MacArthur/San Pablo Redevelopment Project Indenture**” means the Indenture of Trust dated as of October 1, 2006, between the Former Agency and Wells Fargo Bank, National Association, as trustee, pursuant to which the Series 2006C-TE Bonds and \$12,325,000 initial aggregate principal amount of Redevelopment Agency of the City of Oakland Broadway/MacArthur/San Pablo Redevelopment Project Tax Allocation Bonds, Series 2006C-T (Federally Taxable) were issued.

“**Broadway/MacArthur/San Pablo Redevelopment Project Subordinate Indenture**” means the Indenture of Trust, dated as of November 1, 2010, between the Former Agency and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to which \$7,390,000 initial aggregate principal amount of Redevelopment Agency of the City of Oakland Broadway/MacArthur/San Pablo Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010-T (Federally Taxable Recovery Zone Economic Development Bonds - Direct Payment) were issued.

“**Central City East Redevelopment Project Indenture**” means the Indenture of Trust dated as of October 1, 2006, between the Former Agency and Wells Fargo Bank, National Association, as trustee, pursuant to which the Series 2006A-TE Bonds and \$62,520,000 initial aggregate principal amount of Redevelopment Agency of the City of Oakland Central City East Redevelopment Project Tax Allocation Bonds, Series 2006A-T (Federally Taxable) were issued.

“Central District Redevelopment Project Indenture” means the Indenture of Trust dated as of January 1, 2003, between the Former Agency and BNY Western Trust Company, as succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee, as heretofore supplemented and amended by the First Supplemental Indenture of Trust, dated as of February 1, 2005, between the Former Agency and The Bank of New York Trust Company, N.A., as succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee, the Second Supplemental Indenture of Trust dated as of November 1, 2006, between the Former Agency and The Bank of New York Trust Company, N.A., as succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee, the Third Supplemental Indenture of Trust dated as of May 1, 2009, by and between the Former Agency and The Bank of New York Mellon Trust Company, N.A., as trustee, and the Fourth Supplemental Indenture of Trust dated as of September 1, 2013 between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to which \$33,135,000 initial aggregate principal amount of Redevelopment Agency of the City of Oakland Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2006T (Federally Taxable), \$38,755,000 initial aggregate principal amount of Redevelopment Agency of the City of Oakland Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2009T (Federally Taxable) and \$102,960,000 initial aggregate principal amount of Oakland Redevelopment Successor Agency Central District Redevelopment Project Subordinated Tax Allocation Refunding Bonds, Series 2013, were issued.

“City” means the City of Oakland.

“Closing Date” means the date on which a series of Bonds is delivered by the Successor Agency to the original purchasers thereof. The Closing Date with respect to the 2015 Bonds and the 2018 Bonds is September 2, 2015 and June 6, 2018, respectively.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Series 2018-TE Bonds or (except as otherwise referenced in the Indenture) as it may be amended to apply to obligations issued on the date of issuance of the Series 2018-TE Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Coliseum Redevelopment Project Indenture” means the Indenture of Trust dated as of October 1, 2006 between the Former Agency and Wells Fargo Bank, National Association, as trustee, pursuant to which the Series 2006B-TE Bonds and \$73,820,000 initial aggregate principal amount of Redevelopment Agency of the City of Oakland Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-T (Federally Taxable) were issued.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate with respect to the 2015 Bonds, executed by the Successor Agency, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

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

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture and as described in this summary under the heading “ESTABLISHMENT OF FUNDS AND ACCOUNTS; FLOW OF FUNDS.”

“County” means the County of Alameda.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture and as described in this summary under the heading “ESTABLISHMENT OF FUNDS AND ACCOUNTS; FLOW OF FUNDS.”

“Defeasance Obligations” means any of the following which, at the time of investment, are legal investments under the laws of the State for the moneys proposed to be invested therein and are in compliance with the Successor Agency’s investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that investments described therein are legal and are in compliance with the Successor Agency’s investment policies then in effect), but only to the extent the same are acquired at Fair Market Value:

- (a) Cash;
- (b) Federal Securities, including direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;
- (c) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form;
- (d) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P, provided that, if the issue is rated only by S&P (i.e., there is no Moody’s rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; and
- (e) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; and (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.

“Department of Finance” means the Department of Finance of the State of California.

“Dissolution Act” means California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011, as it has heretofore been amended and as it may hereafter be amended.

“Escrow Trustee” shall mean the trustee for the Refunded Bonds identified in each of the Refunding Instructions.

“Event of Default” means any of the events described in this summary under the heading “EVENTS OF DEFAULT AND REMEDIES OF OWNERS.”

“Existing Bonds” means the bonds listed on Exhibit C of the Indenture.

“Existing Indentures” means, collectively, the Broadway/MacArthur/San Pablo Redevelopment Project Indenture, the Broadway/MacArthur/San Pablo Redevelopment Project Subordinate Indenture, the Central City Redevelopment Project Indenture, the Central District Redevelopment Project Indenture, the Coliseum Redevelopment Project Indenture and the Housing Indenture.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Successor Agency and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America.

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

“Former Agency” means the now dissolved Redevelopment Agency of the City of Oakland.

“Housing Indenture” means the Indenture dated as of May 1, 2000 between the Former Agency and BNY Western Trust Company, as succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee, as heretofore supplemented and amended by the First Supplemental Indenture dated as of April 1, 2006 between the Former Agency and The Bank of New York Trust Company, N.A., as succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee, and the Second Supplemental Indenture dated as of March 1, 2011 between the Former Agency and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to which the Series 2006A Housing Bonds, the Series 2006A-T Housing Bonds and the \$46,980,000 initial aggregate principal amount of Redevelopment Agency of the City of Oakland Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T (Federally Taxable) were issued.

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

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

- (a) is in fact independent and not under domination of the Successor Agency or the City;
- (b) does not have any substantial interest, direct or indirect, with the Successor Agency or the City; and

(c) is not connected with the Successor Agency or the City as an officer or employee of the Successor Agency or the City, but who may be regularly retained to make reports to the Successor Agency or the City.

“Independent Redevelopment Consultant” means any consultant or firm of such consultants appointed by the Successor Agency (who may be an underwriter of bonds of the Successor Agency or the City), and who, or each of whom:

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

(b) is in fact independent and not under domination of the Successor Agency or the City;

(c) does not have any substantial interest, direct or indirect, with the Successor Agency or the City; and

(d) is not connected with the Successor Agency or the City as an officer or employee of the Successor Agency or the City, but who may be regularly retained to make reports to the Successor Agency or the City.

“Insurer” means the 2015 Insurer and, as applicable, the provider of a municipal bond or financial guaranty insurance policy with respect to Parity Debt, including the 2018 Insurer.

“Interest Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Interest Payment Date” means each March 1 and September 1, commencing March 1, 2016 and September 1, 2018 with respect to the 2015 Bonds and 2018 Bonds, respectively, for so long as any of the Bonds remain Outstanding under the Indenture.

“Law” means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto (including the Dissolution Act).

“Maximum Annual Debt Service” means, as of the date of calculation, the largest amount for the current or any future Bond Year payable on the 2015 Bonds or any Parity Debt in such Bond Year. For purposes of such calculation, the amount of interest on any Bonds or other Parity Debt that is payable from the proceeds of such Bonds or Parity Debt that is set aside solely for such purpose shall not be included in the calculation of Maximum Annual Debt Service, and there also shall be excluded payments with respect to the 2015 Bonds or any Parity Debt to the extent that amounts due with respect to the 2015 Bonds or such Parity Debt are prepaid or otherwise discharged in accordance with the Indenture or the relevant Parity Debt Instrument.

“Moody’s” means Moody’s Investors Service and its successors.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid pursuant to the Indenture; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant to the Indenture.

“Oversight Board” means the Oversight Board of the Successor Agency established pursuant to the Section 34179 of the Dissolution Act.

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

“Parity Debt” means any additional bonds, loans, advances or indebtedness issued or incurred by the Successor Agency on a parity with the 2015 Bonds pursuant to the Indenture, including the 2018 Bonds.

“Parity Debt Instrument” means resolution, indenture of trust, supplemental indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate or the 2018 Bonds Continuing Disclosure Certificate, as applicable.

“Permitted Investments” means any of the following which, at the time of investment, are legal investments under the laws of the State for the moneys proposed to be invested therein and are in compliance with the Successor Agency’s investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that investments described therein are legal and are in compliance with the Successor Agency’s investment policies then in effect), but only to the extent the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of Ginnie Mae (formerly known as the Government National Mortgage Association); (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of Fannie Mae; (iv) senior debt obligations of Sallie Mae (formerly known as the Student Loan Marketing Association); (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, and a rating by Moody’s of Aaa, Aa1 or Aa2 (such

funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services);

(e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above or by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates), but only to the extent that the amounts being invested in such certificates of deposit, savings accounts, deposit accounts or money market deposits are fully insured by FDIC, including BIF and SAIF;

(g) Investment agreements, including guaranteed investment contracts, forward purchase agreements, reserve fund put agreements and collateralized investment agreements with an entity rated “Aa” or better by Moodys’ and “AA” or better by S&P, or unconditionally guaranteed by an entity rated “Aa” or better by Moodys’ and “AA” or better by S&P;

(h) Commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by S&P;

(i) Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies;

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s, and “A-1” by S&P; and

(k) The Local Agency Investment Fund that is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided that for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

“Pledged Tax Revenues” means all taxes that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are deposited, or are available for deposit, in the RPTTF, excluding (i) Tax Revenues required to pay debt service on the Existing Bonds, but only to the extent that such Tax Revenues were pledged to the payment of debt service on the Existing Bonds, (ii) amounts required to be paid under the Uptown Redevelopment Project Ground Lease and the 17th St. Garage DDA, but only to the extent that the amounts that would otherwise constitute Pledged Tax Revenues were pledged to the payment thereof (thereby not including in such exclusion Pledged Tax Revenues that were not pledged to the payment of amounts owed pursuant to the Uptown Redevelopment Project Ground Lease and the 17th St. Garage DDA), and (iii) all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Law and Section 34183(a)(1) of the Dissolution Act unless such payments are subordinated to payments on the 2015 Bonds or any additional Bonds issued pursuant to a Supplemental Indenture or to the payments owed under any Parity Debt Instrument pursuant to Section 33607.5(e) of the Law and 34177.5(c) of the Dissolution Act. For the avoidance of doubt, the amounts described above constituting Pledged Tax Revenues also include all taxes previously pledged to the bonds refunded with proceeds of the Bonds, including without limitation, the Refunded Series 2006B-TE Bonds and Refunded Series 2011A-T Bonds as permitted by Sections 34177.5(a)(1) and 34183(a)(1)(B) of the Law.

“Principal Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Principal Corporate Trust Office” means the corporate trust office of the Trustee in Costa Mesa, California, or such other or additional offices as the Trustee may designate in writing to the Successor Agency from time to time as the corporate trust office for purposes of the Indenture; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted, initially in Costa Mesa, California.

“Project Areas” means the redevelopment project areas described in the Redevelopment Plans.

“Qualified Reserve Account Credit Instrument” means (i) the 2015 Reserve Policy and (ii) an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) S&P or Moody’s have assigned a long-term credit rating to such bank or insurance company of “A” (without regard to modifier) or higher; (b) such letter of credit, insurance policy or surety bond has a term of at least 12 months; (c) such letter of credit, insurance policy or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture.

“Recognized Obligation Payment Schedule” means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the California Health and Safety Code.

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

“Redemption Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Redevelopment Obligation Retirement Fund” means the fund by that name established pursuant to California Health and Safety Code Section 34170.5(b) and administered by the Successor Agency.

“Redevelopment Plan - Broadway/MacArthur/San Pablo Redevelopment Project Area” means the redevelopment plan for the Broadway/MacArthur/San Pablo Redevelopment Project of the Former Agency in Oakland, California, entitled “Broadway/MacArthur/San Pablo Redevelopment Project,” adopted and approved by Ordinance No. 12269 adopted by the Council of the City of Oakland, California on July 25, 2000, as heretofore amended and as may hereafter be amended in accordance with the law.

“Redevelopment Plan - Central City East Redevelopment Project Area” means the redevelopment plan for the Central City East Redevelopment Project of the Former Agency in Oakland, California, entitled “Central City East Redevelopment Project,” adopted and approved by Ordinance 12559 adopted by the Council of the City of Oakland, California on November 18, 2003, as heretofore amended and as may hereafter be amended in accordance with the law.

“Redevelopment Plan - Central District Redevelopment Project Area” means the redevelopment plan for the Central District Redevelopment Project of the Former Agency in Oakland,

California, entitled “Central District Urban Renewal Plan,” adopted and approved by Ordinance No. 7987 adopted by the Council of the City of Oakland, California on June 12, 1969, as heretofore amended and as may hereafter be amended in accordance with the law.

“Redevelopment Plan - Coliseum Area Redevelopment Project Area” means the redevelopment plan for the Coliseum Area Redevelopment Project of the Former Agency in Oakland, California, entitled “The Redevelopment Plan for the Coliseum Area Redevelopment Project,” adopted and approved by Ordinance No. 11824 C.M.S. adopted by the Council of the City of Oakland, California on July 25, 1995, as heretofore amended and as may hereafter be amended in accordance with the law.

“Redevelopment Plan - Oak Knoll Redevelopment Project Area” means the Redevelopment Plan for the Oak Knoll Redevelopment Project of the Former Agency in Oakland, California, entitled “Redevelopment Plan for the Oak Knoll Redevelopment Project,” adopted and approved by Ordinance No. 12065 C.M.S. adopted by the Council of the City of Oakland, California on July 14, 1998, as heretofore amended and as may hereafter be amended in accordance with the law.

“Redevelopment Plan - Oakland Army Base Redevelopment Project Area” means the redevelopment plan for the Oakland Army Base Redevelopment Project of the Former Agency in Oakland, California, entitled “Oakland Army Base Redevelopment Plan,” adopted and approved by Ordinance No. 12259 adopted by the Council of the City of Oakland, California on July 11, 2000, as heretofore amended and as may hereafter be amended in accordance with the law.

“Redevelopment Plan - West Oakland Redevelopment Project Area” means the redevelopment plan for the West Oakland Redevelopment Project of the Former Agency in Oakland, California, entitled “West Oakland Redevelopment Plan,” adopted and approved by Ordinance No. 12559 adopted by the Council of the City of Oakland, California on November 18, 2003, as heretofore amended and as may hereafter be amended in accordance with the law.

“Redevelopment Plans” means, collectively, the Redevelopment Plan - Broadway/MacArthur/San Pablo Redevelopment Project Area, the Redevelopment Plan - Central City East Redevelopment Project Area, the Redevelopment Plan - Central District Redevelopment Project Area, the Redevelopment Plan - Coliseum Area Redevelopment Project Area,, the Redevelopment Plan - Oak Knoll Redevelopment Project Area, the Redevelopment Plan - Oakland Army Base Redevelopment Project Area, and the Redevelopment Plan - West Oakland Redevelopment Project Area.

“Redevelopment Projects” means the undertaking of the Successor Agency pursuant to the Redevelopment Plans and the Law for the redevelopment of the Project Areas.

“Redevelopment Property Tax Trust Fund” or **“RPTTF”** means the fund by that name established pursuant to California Health & Safety Code Sections 34170.5(a) and 34172(c) and administered by the Auditor-Controller of the County of Alameda.

“Refunded Bonds” means, collectively, the Series 2006A Housing Bonds, the Series 2006A-T Housing Bonds, the Series 2006A-TE Bonds, the Series 2006B-TE Bonds and the Series 2006C-TE Bonds.

“Refunded Series 2011A-T Bonds” means [all of the outstanding] Redevelopment Agency of the City of Oakland Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T (Federally Taxable).

“Refunding Instructions - 2006 Housing Bonds” means the Irrevocable Refunding Instructions relating to the Series 2006A Housing Bonds and the Series 2006A-T Housing Bonds dated the Closing Date with respect to the 2015 Bonds and given by the Successor Agency to the trustee for the Series 2006A Housing Bonds and the Series 2006A-T Housing Bonds.

“Refunding Instructions - Series 2006A-TE Bonds, Series 2006B-TE Bonds and Series 2006C-TE Bonds” means the Irrevocable Refunding Instructions relating to the Series 2006A-TE Bonds, the

Series 2006B-TE Bonds and the Series 2006C-TE Bonds dated the Closing Date with respect to the 2015 Bonds and given by the Successor Agency to the trustees for the Series 2006A-TE Bonds, the Series 2006B-TE Bonds and the Series 2006C-TE Bonds.

“Refunding Instructions – Series 2011A-T Bonds” means the Irrevocable Refunding Instructions relating to the Refunded Series 2011A-T Bonds dated the Closing Date of the 2018 Bonds and given by the Successor Agency to the trustee for the Refunded Series 2011A-T Bonds.

“Refunding Instructions” means, collectively, the Refunding Instructions - 2006 Housing Bonds and the Refunding Instructions - Series 2006A-T Bonds, Series 2006B-TE Bonds and Series 2006C-TE Bonds.

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

“Registration Books” means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

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

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

“Reserve Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Reserve Requirement” means, subject to the Indenture, with respect to the 2015 Bonds, and each series of Parity Debt issued in the form of Bonds, the lesser of

- (i) 125% of the average Annual Debt Service with respect to that series of the Bonds,
- (ii) Maximum Annual Debt Service with respect to that series of the Bonds, or
- (iii) with respect to an individual series of Bonds, 10% of the original principal amount of a series of Bonds (or, if such series of Bonds has more than a de minimis amount of original issue discount or premium (as determined in accordance with the Code), 10% of the issue price of such series of Bonds);

provided, that in no event shall the Successor Agency, in connection with the issuance of Parity Debt in the form of Bonds pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such Parity Debt issued in the form of Bonds, be increased only by the amount of such deposit as permitted by the Code;

and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture. Notwithstanding the foregoing, the calculation of Reserve Requirement may, with respect to two or more series of Bonds, be determined on a combined basis.

“**S&P**” means Standard & Poor’s Financial Services LLC, a division of McGraw Hill Financial, and its successors.

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

“**Serial Bonds**” means all Bonds other than Term Bonds.

“**Series 2006A Housing Bonds**” means the \$2,195,000 initial aggregate principal amount Redevelopment Agency of the City of Oakland Subordinated Housing Set Aside Revenue Refunding Bonds, Series 2006A.

“**Series 2006A-T Housing Bonds**” means the \$82,645,000 initial aggregate principal amount Redevelopment Agency of the City of Oakland Subordinated Housing Set Aside Revenue Bonds, Series 2006A-T (Federally Taxable).

“**Series 2006A-TE Bonds**” means the \$13,780,000 initial aggregate principal amount Redevelopment Agency of the City of Oakland Central City East Redevelopment Project Tax Allocation Bonds, Series 2006A-TE.

“**Series 2006B-TE Bonds**” means the \$28,770,000 initial aggregate principal amount Redevelopment Agency of the City of Oakland Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-TE.

“**Series 2006C-TE Bonds**” means the \$4,945,000 initial aggregate principal amount Redevelopment Agency of the City of Oakland Broadway/MacArthur/San Pablo Redevelopment Project Tax Allocation Bonds, Series 2006C-TE.

“**Series 2011A-T Project Fund**” means the account by that name established and held by the Trustee pursuant to the Indenture.

“**Series 2015-TE Bonds**” means the \$22,510,000 initial aggregate principal amount the Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2015-TE.

“**Series 2018-TE Bonds**” means the \$15,190,000 initial aggregate principal amount of Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-TE.

“**Special Fund**” means the fund held by the Successor Agency established pursuant to the Indenture.

“**State**” means the State of California.

“**Subordinate Debt**” means any loans, advances or indebtedness issued or incurred by the Successor Agency pursuant to the Indenture, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Pledged Tax Revenues; or (b) secured by a pledge of or lien upon the Pledged Tax Revenues which is expressly subordinate to the pledge of and lien upon the Pledged Tax Revenues under the Indenture for the security of the 2015 Bonds, the 2018 Bonds, the Existing Loans and any Parity Debt.

“Subordinate Debt Instrument” means any instrument providing for the issuance of Subordinate Debt.

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

“Tax Revenues” shall have the meanings assigned to such terms in the Existing Indentures.

“Taxable Series 2015-T Bonds” means the \$66,675,000 initial aggregate principal amount of Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2015-T (Federally Taxable).

“Taxable Series 2018-T Bonds” means the \$41,765,000 initial aggregate principal amount of Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-T (Federally Taxable).

“Term Bonds” means (i) the Taxable Series 2015-T Bonds maturing on September 1, 2035, (ii) the Taxable Series 2018-T Bonds maturing on September 1, 2033 and September 1, 2039, and (iii) that portion of any other Bonds payable from mandatory sinking account payments.

“Trustee” means Wilmington Trust, National Association, as trustee under the Indenture, as successor trustee to Zions First National Bank, or any successor thereto appointed as trustee under the Indenture in accordance with the provisions thereof.

“Uptown Redevelopment Project Ground Lease” means the Uptown Redevelopment Project Ground Lease dated as of October 24, 2005, between the Former Agency, the City and Uptown Housing Partners, LP.

“Written Request of the Successor Agency” or **“Written Certificate of the Successor Agency”** means a request or certificate, in writing signed by the Administrator or Treasurer of the Successor Agency, or the designee of either, or by any other officer of the Successor Agency or the City duly authorized by the Successor Agency for that purpose.

“17th Street Garage DDA” means the 17th St. Garage Disposition and Development Agreement dated August 24, 2004, by and between the Former Agency and Rotunda Garage, LP.

“2015 Bonds” means, collectively, the Series 2015-TE Bonds and the Taxable Series 2015-T Bonds.

“2015 Insurance Policy” means the municipal bond insurance policy issued by the 2015 Insurer guaranteeing the scheduled payment of the principal of and interest on the 2015 Bonds when due as provided in the Indenture.

“2015 Insurer” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof, as the issuer of the 2015 Insurance Policy and the 2015 Reserve Policy.

“2015 Reserve Policy” means the municipal bond debt service reserve insurance policy in the initial maximum amount of \$8,576,066.51.

“2018 Bonds” means, collectively, the Series 2018-TE Bonds and the Taxable Series 2018-T Bonds.

“2018 Bonds Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“2018 Bonds Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate, with respect to the 2018 Bonds, executed by the Successor Agency, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“2018 Bonds Late Payment Rate” means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) the then applicable highest rate of interest on the 2018 Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The 2018 Bonds Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the 2018 Insurer shall specify.

“2018 Bonds Reserve Subaccount” means the subaccount within the Reserve Account by that name established and held by the Trustee pursuant to the Indenture.

“2018 Insurer” means Assured Guaranty Municipal Corp., or any successor thereto or assignee thereof, as the issuer of the 2018 Reserve Policy.

“2018 Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy No. 218832-S, issued by the 2018 Insurer, in the initial maximum amount of \$5,142,624.78.

SECURITY OF BONDS; EQUAL SECURITY

Except as may otherwise be provided in the Indenture, the 2015 Bonds and any Parity Debt shall be equally secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues and the moneys in the Special Fund, and the 2015 Bonds and any additional Bonds shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Redemption Account and the Reserve Account (including any subaccounts therein) without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The 2018 Bonds are additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the 2018 Bonds Reserve Subaccount of the Reserve Account. Except for the Pledged Tax Revenues deposited, or available for deposit, in the Redevelopment Property Tax Trust Fund, the moneys in the Special Fund, and the funds and accounts held by the Trustee under the Indenture to the extent provided herein, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

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

ESTABLISHMENT OF FUNDS AND ACCOUNTS; FLOW OF FUNDS

2018 Bonds Costs of Issuance Fund. A separate fund to be known as the “2018 Bonds Costs of Issuance Fund,” which shall be held by the Trustee in trust. The moneys in the 2018 Bonds Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the 2018 Bonds upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is six (6) months following the Closing Date with respect to the 2018 Bonds, or upon the earlier Written Request of the Successor Agency, all amounts (if any) remaining in the 2018 Bonds Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account within the Debt Service Fund, with 73.3% of such amount used to pay debt service on the Series 2018-TE Bonds, and 26.7% of such amount used to pay debt service on the Taxable Series 2018-T Bonds, and the 2018 Bonds Costs of Issuance Fund shall be closed.

Series 2011A-T Project Fund. A separate fund to be known as the "Series 2011A-T Project Fund," which shall be held by the Trustee in trust for the benefit of the Successor Agency. The moneys in the Series 2011A-T Project Fund shall be maintained separate and apart from other moneys of the Successor Agency. The moneys on deposit in the Series 2011A-T Project Fund shall be used in the manner provided by the Law solely to finance and refinance loans or programs implemented to increase, improve and/or preserve the supply of low and moderate income housing in the City. The Successor Agency covenants that no funds on deposit in the Series 2011A-T Project Fund shall be applied for any purpose not authorized by the Law. Prior to their disbursement, amounts on deposit in the Series 2011A-T Project Fund may be invested in any Permitted Investments. On or before the Closing Date, the Successor Agency shall transfer, or caused to be transferred, to the Trustee for deposit to the Series 2011A-T Project Fund all funds on deposit in the Series 2011A-T Project Account of the Project Fund established and held by the trustee for the Refunded Series 2011A-T Bonds, being \$79,225.41, to be applied as provided in the Indenture.

The Trustee shall disburse the amounts on deposit in the Series 2011A-T Project Fund upon receipt of a Written Request of the Successor Agency. The Trustee shall not be responsible for the representations made in any such Written Request of the Successor Agency and may conclusively rely thereon, and shall be under no duty to investigate or verify any statements made therein. In no event shall the Trustee be responsible for the manner in which the Successor Agency applies the moneys disbursed to it by the Trustee in accordance with any such disbursement request.

Notwithstanding anything to the contrary set forth in the Indenture, the Successor Agency may, in its sole discretion, use amounts on deposit in the Series 2011A-T Project Fund to pay debt service on the Taxable Series 2018-T Bonds.

Special Fund; Deposit of Pledged Tax Revenues. A special fund shall be established and be known as the “Subordinate Bonds Special Fund” which is to be held by the Successor Agency within the Redevelopment Obligation Retirement Fund and which shall be known as the “Special Fund”. The Subordinate Bonds Special Fund shall be held by the Successor Agency separate and apart from other funds of the Successor Agency. The Successor Agency shall deposit all of the Pledged Tax Revenues received with respect to any Semiannual Period in accordance with the Indenture into the Special Fund promptly upon receipt thereof by the Successor Agency. All Pledged Tax Revenues received by the Successor Agency in excess of the amount required to make the deposits required in the Indenture in order to pay debt service on the Bonds and any Parity Debt and to make any other payments due thereunder, and except as may be provided to the contrary in the Indenture or in any Supplemental Indenture or Parity Debt Instrument, shall be released from the pledge and lien thereunder and shall be applied in accordance with the Law, including but not limited to the payment of debt service on any Subordinate Debt. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indentures or other Parity Debt Instrument, the Successor Agency shall not have any beneficial right or interest in the

moneys on deposit in the Special Fund, except as may be provided in the Indenture and in any Supplemental Indenture or other Parity Debt Instrument.

Debt Service Fund; Deposit of Amounts by Trustee. A separate trust fund shall be established and be known as the Debt Service Fund, which shall be held by the Trustee under the Indenture in trust. Moneys in the Special Fund shall be transferred by the Successor Agency to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are hereby established in the Debt Service Fund, and in the following order of priority (provided further that, if on the 5th Business Day prior to the date the Successor Agency is required to transfer amounts on deposit in the Special Fund to the Trustee there are not amounts on deposit therein sufficient to make the following deposits, taking into accounts amounts required to be transferred with respect to Parity Debt other than Bonds, the Successor Agency shall immediately notify the Trustee of the amount of any such insufficiency):

(a) Interest Account. On or before the 5th Business Day preceding each Interest Payment Date, commencing with the Interest Payment Date of March 1, 2016, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee, for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Indenture).

(b) Principal Account. On or before the 5th Business Day preceding September 1 in each year beginning September 1, 2016, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and Outstanding Term Bonds, including pursuant to mandatory sinking account redemption, on the next September 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next September 1 on all of the Outstanding Serial Bonds and Term Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and the Term Bonds, including by mandatory sinking account redemption, as the same shall become due and payable.

(c) Reserve Account. Within the Debt Service Fund a separate account shall be established and be known as the "Reserve Account" solely as security for payments payable by the Successor Agency pursuant to the Indenture any Supplemental Indenture or other Parity Debt Instrument, which shall be held by the Trustee in trust for the benefit of the Owners of the Bonds and any Parity Debt. The Reserve Requirement for the Series 2015-TE Bonds and the Taxable Series 2015-T Bonds will be calculated on a combined basis and will be satisfied by the delivery of the 2015 Reserve Policy by the 2015 Insurer on the Closing Date with respect to the 2015 Bonds. The Successor Agency will have no obligation to replace the 2015 Reserve Policy or to fund the Reserve Account with cash if, at any time that the 2015 Bonds are Outstanding, amounts are not available under the 2015 Reserve Policy other than in connection with a draw on the 2015 Reserve Policy. Additionally, the Successor Agency will have no obligation to replace the 2015 Reserve Policy, to deposit any cash in the Reserve Account or to take any other action with respect to the 2015 Reserve Policy in the event that any rating assigned to the 2015 Insurer by S&P or Moody's is lowered or withdrawn.

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

shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account.

The amounts available under the 2015 Reserve Policy shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts with respect to the payment of debt service on the 2015 Bonds.

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

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

that relates only to such series of Bonds, the calculation of Reserve Requirement for such series of Bonds shall be calculated on a stand alone basis.

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

(d) **Redemption Account.** On or before the Business Day preceding any date on which Bonds are to be redeemed pursuant to the Indenture, the Trustee shall withdraw from the Debt Service Fund any amount transferred by the Successor Agency pursuant to the Indenture for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the Series 2015-TE Bonds, the Taxable Series 2015-T Bonds and on other Bonds to be redeemed on such date pursuant to the Indenture or pursuant to a Supplemental Indenture. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Series 2015-TE Bonds, the Taxable Series 2015-T Bonds and on such other Bonds to be redeemed pursuant to the Indenture or pursuant to a Supplemental Indenture on the date set for such redemption. Interest due on the Series 2015-TE Bonds, the Taxable Series 2015-T Bonds or such other Bonds to be redeemed on the date set for redemption shall, if applicable, be paid from funds available therefor in the Interest Account. Notwithstanding the foregoing, at any time prior to giving notice of redemption of any such Series 2015-TE Bonds, the Taxable Series 2015-T Bonds or such other Bonds, the Trustee may, at the direction of the Successor Agency, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of the Series 2015-TE Bonds, the Taxable Series 2015-T Bonds or such other Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on such Series 2015-TE Bonds, the Taxable Series 2015-T Bonds or such other Bonds, which is payable from the Interest Account) as shall be directed by the Successor Agency.

Reserve Subaccount for 2018 Bonds. The Trustee shall establish a “2018 Bonds Reserve Subaccount” within the Reserve Account for the 2018 Bonds. The Reserve Requirement for the 2018 Bonds shall be calculated on a combined basis, without consideration of any other Bonds, and satisfied by the delivery of the 2018 Reserve Policy by the 2018 Insurer on the Closing Date with respect to the 2018 Bonds. The Successor Agency will have no obligation to replace the 2018 Reserve Policy or to fund the Reserve Account with cash if, at any time that the 2018 Bonds are Outstanding, amounts are not available under the 2018 Reserve Policy other than in connection with a draw on the 2018 Reserve Policy. Additionally, the Successor Agency will have no obligation to replace the 2018 Reserve Policy, to deposit any cash in the 2018 Bonds Reserve Subaccount of the Reserve Account or to take any other action with respect to the 2018 Reserve Policy in the event that any rating assigned to the 2018 Insurer is downgraded, suspended or withdrawn. The Trustee shall draw on the 2018 Reserve Policy in accordance with its terms and conditions and the terms of the Indenture.

The amounts available under the 2018 Reserve Policy shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts with respect to the payment of debt service on the 2018 Bonds.

Amounts on deposit in the 2018 Bonds Reserve Subaccount of the Reserve Account shall not be available to pay debt service on the 2015 Bonds or any other Parity Debt.

The Trustee shall comply with all documentation relating to the 2018 Reserve Policy as shall be required to maintain the 2018 Reserve Policy in full force and effect and as shall be required to receive

payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture.

Provisions Relating to 2015 Insurance Policy. As long as the 2015 Insurance Policy shall be in full force and effect or any amounts are owed to the 2015 Insurer in connection therewith, and notwithstanding anything to the contrary set forth elsewhere in the Indenture, the Successor Agency and the Trustee shall comply with the following provisions:

(a) If, on the third Business Day prior to the related scheduled interest payment date or principal payment date of the 2015 Bonds (the “2015 Bonds Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the 2015 Bonds due on such Payment Date, the Trustee shall give notice to the 2015 Insurer and to its designated agent (if any) (the “2015 Insurer’s Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related 2015 Bonds Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2015 Bonds due on such 2015 Bonds Payment Date, the Trustee shall make a claim under the 2015 Insurance Policy and give notice to the 2015 Insurer and the 2015 Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the 2015 Bonds and the amount required to pay principal of the 2015 Bonds, confirmed in writing to the 2015 Insurer and the 2015 Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the 2015 Insurance Policy.

(b) The Trustee shall designate any portion of payment of principal on 2015 Bonds paid by the 2015 Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of 2015 Bonds registered to the then current Owner of such 2015 Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement 2015 Bond of like tenor and series to the 2015 Insurer, registered in the name of the 2015 Insurer in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement 2015 Bond shall have no effect on the amount of principal or interest payable by the Successor Agency on any 2015 Bond or the subrogation rights of the 2015 Insurer.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the 2015 Insurer into the 2015 Bonds Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any 2015 Bond. The 2015 Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the 2015 Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of the Owners of the 2015 Bonds referred to in the Indenture as the “2015 Bonds Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the 2015 Insurance Policy in trust on behalf of the Owners of the 2015 Bonds and shall deposit any such amount in the 2015 Bonds Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to the Owners of the 2015 Bonds in the same manner as principal and interest payments are to be made with respect to the 2015 Bonds under the sections of the Indenture regarding payment of 2015 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Indenture to the contrary, the Successor Agency agrees to pay to the 2015 Insurer (i) a sum equal to the total of all amounts paid by the 2015 Insurer under the 2015 Insurance Policy (the “2015 Bond Insurer Advances”); and (ii) interest on such 2015 Bond Insurer Advances from the date paid by the 2015 Insurer until payment thereof in full, payable to the 2015 Insurer at the Late Payment Rate per annum (collectively, the “2015 Bond Insurer Reimbursement Amounts”). “Late Payment Rate” means the lesser of (a) the greater of (i) the per

annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2015 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Successor Agency hereby covenants and agrees that the 2015 Bond Insurer Reimbursement Amounts shall be secured by a valid lien on all revenues and other collateral pledged as security for the 2015 Bonds (subject only to the priority of payment provisions set forth under the Indenture).

(e) Funds held in the 2015 Bonds Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the 2015 Bonds Policy Payments Account following a 2015 Bonds Payment Date shall promptly be remitted to the 2015 Insurer.

Provisions Relating to 2015 Reserve Policy. So long as the 2015 Reserve Policy remains in force and effect or any amounts are owed in connection therewith, the following provisions shall govern, notwithstanding anything to the contrary contained in the Indenture:

(a) The Successor Agency shall repay any draws under the 2015 Reserve Policy and pay all related reasonable expenses incurred by the 2015 Insurer and shall pay interest thereon from the date of payment by the 2015 Insurer at the Late Payment Rate. If the interest provisions of this subparagraph (a) result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created in the Indenture, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the 2015 Insurer, with the same force and effect as if the Successor Agency had specifically designated such extra sums to be so applied and the 2015 Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created in the Indenture exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws under the 2015 Reserve Policy and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "2015 Reserve Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of 2015 Reserve Policy Costs related to such draw. The Successor Agency shall take all actions required by the Dissolution Act to ensure that 2015 Reserve Policy Costs are paid to the 2015 Insurer when due, including the submission of Recognized Obligation Payment Schedules providing for 2015 Reserve Policy Costs that are payable to the 2015 Insurer.

Amounts in respect of 2015 Reserve Policy Costs paid to the 2015 Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the 2015 Insurer on account of principal due, the coverage under the 2015 Reserve Policy will be increased by a like amount, subject to the terms of the 2015 Reserve Policy. The obligation to pay 2015 Reserve Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the 2015 Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Reserve Account relating to the 2015 Bonds shall be transferred to the Principal Account and the Interest Account for payment of debt service on the 2015 Bonds before any drawing may be made on the 2015 Reserve Policy or any other credit facility credited to the Reserve Account in lieu of cash (a "Credit Facility"). Payment of any 2015A Surety Bond Costs shall be made prior

to replenishment of any such cash amounts. Draws on all Credit Facilities (including the 2015 Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of 2015 Reserve Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Successor Agency fails to pay any 2015 Reserve Policy Costs in accordance with the requirements of the provisions in the Indenture relating to the 2015 Reserve Policy, the 2015 Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the 2015 Bonds or (ii) remedies which would adversely affect owners of the 2015 Bonds.

(c) The Indenture shall not be discharged until all 2015 Reserve Policy Costs owing to the 2015 Insurer have been paid in full. The Successor Agency’s obligation to pay such amounts shall expressly survive payment in full of the Series 2014 Bonds. The Successor Agency shall include any 2015 Reserve Policy Costs then due and owing the 2015 Insurer in determining whether Parity Debt may be issued pursuant to Section 3.05 of the Indenture.

(d) The Trustee shall ascertain the necessity for a claim upon the 2015 Reserve Policy in accordance with the provisions of the foregoing subparagraph (a) and to provide notice to the 2015 Insurer in accordance with the terms of the 2015 Reserve Policy at least five (5) Business Days prior to each date upon which interest or principal is due on the 2015 Bonds. Where deposits are required to be made by the Successor Agency with the Trustee to the Debt Service Fund more often than semiannually, the Trustee shall be instructed to give notice to the 2015 Insurer of any failure of the Successor Agency to make timely payment in full of such deposits within two (2) Business Days of the date due.

(e) The Successor Agency will pay or reimburse the 2015 Insurer any and all charges, fees, costs, losses, liabilities and expenses which the 2015 Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the 2015 Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the 2015 Reserve Policy, the Indenture or any other document executed in connection with the 2015 Bonds (the “2015 Bonds Related Documents”), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Successor Agency) relating to the Indenture or any other 2015 Bonds Related Document, or the transactions contemplated by the 2015 Bonds Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Indenture or any other 2015 Bonds Related Document, if any, or the pursuit of any remedies under the Indenture or any other 2015 Bonds Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Indenture, the 2015 Reserve Policy or any other 2015 Bonds Related Document whether or not executed or completed, or (v) any action taken by the 2015 Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Indenture or any other 2015 Bonds Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the 2015 Insurer spent in connection with the actions described in clauses (ii)-(v) above. The 2015 Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other 2015 Bonds Related Document. Amounts payable by the Successor Agency hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the 2015 Insurer until the date the 2015 Insurer is paid in full.

(f) The obligation of the Successor Agency to pay all amounts due to the 2015 Insurer shall be an absolute and unconditional obligation of the Successor Agency and will be paid or performed strictly in accordance with the provisions of the Indenture, irrespective of (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the 2015 Bonds, the Indenture or any other 2015 Bonds Related Document, (ii) any amendment or other modification of, or waiver with respect to the 2015 Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the 2015 Bonds, the Indenture or any other 2015 Bonds Related Documents; (iv) whether or not such 2015 Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the 2015 Reserve Policy, the Indenture or all or any of the other 2015 Bonds Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Successor Agency may have at any time against the Trustee or any other person or entity other than the 2015 Insurer, whether in connection with the transactions contemplated in the Indenture or in any other 2015 Bonds Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the 2015 Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the 2015 Insurer under the 2015 Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the 2015 Reserve Policy.

(g) The prior written consent of the 2015 Insurer shall be a condition precedent to the deposit of any Credit Facility credited to the Reserve Account for the benefit of the 2015 Bonds in lieu of the 2015 Reserve Policy or a cash deposit into the Reserve Account. Amounts drawn under the 2015 Reserve Policy shall be available only for the payment of scheduled principal and interest on the 2015 Bonds when due.

(h) Notwithstanding the satisfaction of the other conditions relating to the issuance of Parity Debt set forth in the Indenture, no such issuance may occur if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured by the issuance of such Parity Debt.

Rights of the 2015 Insurer. For so long as either the 2015 Insurance Policy or the 2015 Reserve Policy is outstanding or any amounts are owed by the Successor Agency to the 2015 Insurer in connection therewith, notwithstanding anything to the contrary set forth in the Indenture, the following provisions shall govern:

(a) The 2015 Insurer shall be deemed to be the sole holder of the 2015 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the 2015 Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each 2015 Bond, the Trustee and each Owner of the 2015 Bonds appoint the 2015 Insurer as their agent and attorney-in-fact and agree that the 2015 Insurer may at any time during the continuation of any Insolvency Proceeding direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Owner of the 2015 Bonds delegate and assign to the 2015 Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner of the 2015 Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(b) In the event the maturity of the 2015 Bonds is accelerated, the 2015 Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Successor Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as

provided above, the 2015 Insurer's obligations under the 2015 Insurance Policy with respect to such 2015 Bonds shall be fully discharged.

(c) The 2015 Insurer is a third party beneficiary under the Indenture.

(d) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of the 2015 Bonds to be redeemed shall be subject to the approval of the 2015 Insurer.

(e) The rights granted to the 2015 Insurer under the Indenture to request, consent to or direct any action are rights granted to the 2015 Insurer in consideration of its issuance of the 2015 Insurance Policy. Any exercise by the 2015 Insurer of such rights is merely an exercise of the 2015 Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the 2015 Bonds and such action does not evidence any position of the 2015 Insurer, affirmative or negative, as to whether the consent of the Owners of the 2015 Bonds or any other person is required in addition to the consent of the 2015 Insurer.

(f) To accomplish defeasance of the 2015 Bonds pursuant to Section 9.03 of the Indenture, the Successor Agency shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the 2015 Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the 2015 Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the 2015 Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the 2015 Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the 2015 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Successor Agency, Trustee and the 2015 Insurer. The 2015 Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow. 2015 Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the foregoing criteria with respect to Section 9.03 of the Indenture are met.

(g) Amounts paid by the 2015 Insurer under the 2015 Insurance Policy shall not be deemed paid for purposes of the Indenture and the 2015 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Successor Agency in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the 2015 Insurer have been paid in full or duly provided for.

(h) Each of the Successor Agency and Trustee covenant and agree to take such action as is necessary from time to time under applicable law to preserve the priority of the pledge of the Pledged Tax Revenues and all other amounts pledged to the payment of the 2015 Bonds pursuant to the Indenture.

(i) The 2015 Insurer shall, to the extent it makes any payment of principal of or interest on the 2015 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the 2015 Insurance Policy. Each obligation of the Successor Agency to the 2015 Insurer under the Indenture shall survive discharge or termination thereof.

(j) The Successor Agency shall pay or reimburse the 2015 Insurer any and all charges, fees, costs and expenses that the 2015 Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture; (ii) the pursuit of any remedies under the Indenture or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or the transactions contemplated thereby, other than costs resulting from the failure of the 2015 Insurer to honor its obligations under the

2015 Insurance Policy. The 2015 Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture.

(k) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Successor Agency or rebate only after the payment of past due and current debt service on the 2015 Bonds and amounts required to restore the Reserve Account to the Reserve Requirement (as such term is defined in the Successor Agency Bonds Indenture).

(l) The 2015 Insurer shall be entitled to pay principal or interest on 2015 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Successor Agency (as such terms are defined in the 2015 Insurance Policy) and any amounts due on the 2015 Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the 2015 Insurer has received a Notice of Nonpayment (as such terms are defined in the 2015 Insurance Policy) or a claim upon the 2015 Insurance Policy.

(m) The Successor Agency covenants to provide to the 2015 Insurer, promptly upon request, any information regarding the 2015 Bonds or the financial condition and operations of the Successor Agency as reasonably requested by the 2015 Insurer. The Successor Agency will permit the 2015 Insurer to discuss the affairs, finances and accounts of the Successor Agency or any information the 2015 Insurer may reasonably request regarding the security for the 2015 Bonds with appropriate officers of the Successor Agency and will use commercially reasonable efforts to enable the 2015 Insurer to have access to the facilities, books and records of the Successor Agency on any business day upon reasonable prior notice.

(n) The 2015 Insurer shall be provided with the following information by the Successor Agency or Trustee, as the case may be:

(i) Notice of any draw upon the Reserve Account for the benefit of the 2015 Bonds within two (2) Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of 2015 Bonds;

(ii) Notice of any default known to the Trustee or the Successor Agency within five (5) Business Days after knowledge thereof;

(iii) Prior notice of the advance refunding or redemption of any of the 2015 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(iv) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(v) Notice of the commencement of any Insolvency Proceeding;

(vi) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the 2015 Bonds;

(vii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Indenture;

(viii) All reports, notices and correspondence to be delivered to Owners of the 2015 Bonds under the terms of the Indenture;

(ix) All information furnished pursuant to the Successor Agency's undertaking pursuant to the Continuing Disclosure Certificate shall also be provided to the 2015 Insurer, simultaneously with the furnishing of such information; and

(x) All other information as it may reasonably request.

(o) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the 2015 Bonds or the rights of the Owners of the 2015 Bonds, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no 2015 Insurance Policy.

(p) No contract shall be entered into or any action taken by which the rights of the 2015 Insurer or security for or sources of payment of the 2015 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the 2015 Insurer.

(q) Any amendment, supplement, modification to, or waiver of, any 2015 Bonds Related Document, that requires the consent of Owners of the 2015 Bonds or adversely affects the rights and interests of the 2015 Insurer shall be subject to the prior written consent of the 2015 Insurer.

Provisions Relating to 2018 Reserve Policy. So long as the 2018 Reserve Policy shall be in full force and effect or any amounts are owed to the 2018 Insurer in connection therewith, and notwithstanding anything to the contrary set forth elsewhere in the Indenture, the Successor Agency and the Trustee shall comply with the following provisions:

(a) The prior written consent of the 2018 Insurer shall be a condition precedent to the deposit of any other Qualified Reserve Account Credit Instrument to the 2018 Bonds Reserve Subaccount within the Reserve Account in lieu of a cash deposit into the 2018 Bonds Reserve Subaccount within the Reserve Account.

(b) The Successor Agency shall repay any draws under the 2018 Reserve Policy and pay all related reasonable expenses incurred by the 2018 Insurer and shall pay interest thereon from the date of payment by the 2018 Insurer at the 2018 Bonds Late Payment Rate. If the interest provisions of this subparagraph (b) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created in the Indenture, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the 2018 Insurer, with the same force and effect as if the Successor Agency had specifically designated such extra sums to be so applied and the 2018 Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created in the Indenture exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the 2018 Bonds Late Payment Rate (collectively, "2018 Bonds Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of 2018 Bonds Policy Costs related to such draw.

Amounts in respect of 2018 Bonds Policy Costs paid to the 2018 Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the 2018 Insurer on account of principal due, the coverage under the 2018 Reserve Policy will be increased by a like amount, subject to the terms of the 2018 Reserve Policy. The obligation to pay 2018 Bonds Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the 2018 Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the 2018 Bonds Reserve Subaccount within the Reserve Account shall be transferred to the debt service fund for payment of debt service on 2018 Bonds before any drawing may be made on the 2018 Reserve Policy or any other Qualified Reserve Account Credit Instrument credited to the 2018 Bonds Reserve Subaccount within the Reserve Account in lieu of cash. Payment of any 2018 Bonds Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Qualified Reserve Account Credit Instruments (including the 2018 Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the 2018 Bonds Reserve Subaccount within the Reserve Account. Payment of 2018 Policy Costs and reimbursement of amounts with respect to other Qualified Reserve Account Credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the 2018 Bonds Reserve Subaccount within the Reserve Account. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative Qualified Reserve Account Credit Instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(c) Upon a failure to pay 2018 Policy Costs when due or any other breach of the terms of Section 10.12 of the Indenture, the 2018 Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture, other than (i) acceleration of the maturity of the 2018 Bonds or (ii) remedies which would adversely affect owners of the 2018 Bonds.

(d) The Indenture shall not be discharged until all 2018 Policy Costs owing to the 2018 Insurer shall have been paid in full. The Successor Agency's obligation to pay such amounts shall expressly survive payment in full of the 2018 Bonds.

(e) The Trustee shall ascertain the necessity for a claim upon the 2018 Reserve Policy in accordance with the provisions of subparagraph (b) of Section 10.11 of the Indenture and to provide notice to the 2018 Insurer in accordance with the terms of the 2018 Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the 2018 Bonds. The 2018 Reserve Policy is a Qualified Reserve Account Credit Instrument under the Indenture.

(f) The Successor Agency will pay or reimburse 2018 Insurer any and all charges, fees, costs, losses, liabilities and expenses which the 2018 Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the 2018 Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Indenture, including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Successor Agency) relating to the Indenture, any party to the Indenture or the transactions contemplated by the Indenture, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Indenture, if any, or the pursuit of any remedies under the Indenture, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Indenture or the 2018 Reserve Policy whether or not executed or completed, or (v) any action taken by the 2018 Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Indenture; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the 2018 Insurer spent in connection with the actions described in clauses (ii) through (v) above. The 2018 Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture. Amounts payable by the Successor Agency hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the 2018 Insurer until the date the 2018 Insurer is paid in full.

(g) The obligation of the Successor Agency to pay all amounts due to the 2018 Insurer shall be an absolute and unconditional obligation of the Successor Agency and will be paid or performed strictly in accordance with the provisions of Section 10.11 of the Indenture, irrespective of (i) any lack of validity

or enforceability of or any amendment or other modifications of, or waiver with respect to the 2018 Bonds or the Indenture, or (ii) any amendment or other modification of, or waiver with respect to the 2018 Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the 2018 Bonds or the Indenture; (iv) whether or not such 2018 Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the 2018 Reserve Policy or the Indenture; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Successor Agency may have at any time against the Trustee or any other person or entity other than the Successor Agency, whether in connection with the transactions contemplated in the Indenture or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the 2018 Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Insurer under the 2018 Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the 2018 Reserve Policy.

(h) The Successor Agency shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the 2018 Insurer) of the Indenture applicable to it, each of the provisions thereof being expressly incorporated into the Indenture by reference solely for the benefit of the 2018 Insurer as if set forth directly therein. No provision of the Indenture shall be amended, supplemented, modified or waived, without the prior written consent of the 2018 Insurer, in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Successor Agency hereunder or the priority accorded to the reimbursement of 2018 Policy Costs under the Indenture. The 2018 Insurer is hereby expressly made a third party beneficiary of the Indenture.

(i) The Successor Agency covenants to provide to 2018 Insurer, promptly upon request, any information regarding the 2018 Bonds or the financial condition and operations of the Successor Agency as reasonably requested by the 2018 Insurer. The Successor Agency will permit the 2018 Insurer to discuss the affairs, finances and accounts of the Successor Agency or any information the 2018 Insurer may reasonably request regarding the security for the 2018 Bonds with appropriate officers of the Successor Agency and will use commercially reasonable efforts to enable the 2018 Insurer to have access to the facilities, books and records of the Successor Agency on any Business Day upon reasonable prior notice.

(j) Notices and other information to the 2018 Insurer shall be sent to the following address (or such other address as the 2018 Insurer may designate in writing): Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. 218832-S.

COVENANTS OF THE SUCCESSOR AGENCY

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

Limitation on Additional Indebtedness; Against Encumbrances. The Successor Agency covenants in the Indenture that, so long as the Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Pledged Tax Revenues except for obligations issued to refund any of the Existing Bonds or the 2015 Bonds or any Parity Debt, but only if the requirements of the Indenture regarding the issuance of Parity Debt are met, and Subordinate Debt. The Successor Agency will

not otherwise encumber, pledge or place any charge or lien upon any of the Pledged Tax Revenues or other amounts pledged to the Bonds superior or equal to the pledge and lien therein created for the benefit of the Bonds. For the avoidance of doubt, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness on or after the Closing Date of the 2015 Bonds, which is in any case payable from all or any part of the tax increment revenues from the Project Areas senior to the lien and charge thereof in favor of the Bonds.

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

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

Books and Accounts; Financial Statements. The Successor Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency and the City, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Projects, the Pledged Tax Revenues and the Special Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the 2015 Insurer, any other Insurer and the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Successor Agency will cause to be prepared, within 180 days after the close of each Fiscal Year so long as the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Pledged Tax Revenues, all disbursements of Pledged Tax Revenues and the financial condition of the Redevelopment Projects, including the balances in all funds and accounts relating to the Redevelopment Projects, as of the end of such Fiscal Year. The Successor Agency shall promptly furnish a copy of such financial statements to the Trustee, the 2015 Insurer and any other Insurer at no expense and to any Owner upon reasonable request and at the expense of such Owner. In addition, the Successor Agency shall deliver to the Trustee, the 2015 Insurer and any other Insurer, on or about February 1 of each year, a Written Certificate of the Successor Agency stating that the Successor Agency is in compliance with its obligations under the Indenture. The Trustee shall have no obligation to review any financial statements provided to it by the Successor Agency. The Successor Agency agrees, consents and will cooperate in good faith to provide information reasonably requested by the 2015 Insurer and will further provide appropriately designated individuals and officers to discuss the affairs, finances and accounts of the Successor Agency or any other matter as the 2015 Insurer may reasonably request.

Protection of Security and Rights of Owners. The Successor Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date with respect to the 2015 Bonds, the 2015 Bonds shall be incontestable by the Successor Agency. From and after the Closing Date with respect to the 2018 Bonds, the 2018 Bonds shall be incontestable by the Successor Agency.

Payments of Taxes and Other Charges. Except as otherwise provided in the Indenture, the Successor Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges,

assessments and other governmental charges which may hereafter be lawfully imposed upon the Successor Agency or the properties then owned by the Successor Agency in the Redevelopment Projects, or upon the revenues therefrom when the same shall become due. Nothing contained in the Indenture shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Projects or any part thereof.

Taxation of Leased Property. All amounts derived by the Successor Agency pursuant to Section 33673 of the Law with respect to the lease of property for redevelopment shall be treated as Tax Revenues for all purposes of the Indenture.

Disposition of Property. The Successor Agency will not participate in the disposition of any land or real property in a Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by a Redevelopment Plan in effect on the date of issuance of the 2015 Bonds) so that such disposition shall, when taken together with other such dispositions, aggregate more than 10% of the land area in the applicable Project Area unless such disposition is permitted as provided in the Indenture. If the Successor Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Redevelopment Consultant to report on the effect of said proposed disposition. If the Report of the Independent Redevelopment Consultant concludes that the security of the Bonds, or the rights of the Successor Agency, the Bondowners and the Trustee under the Indenture will not be materially impaired by said proposed disposition, the Successor Agency may thereafter make such disposition. If said Report concludes that such security will be materially impaired by said proposed disposition, the Successor Agency shall disapprove said proposed disposition.

Maintenance of Pledged Tax Revenues. The Successor Agency shall comply with all requirements of the Law and the Dissolution Act to ensure the allocation and payment to it of the Pledged Tax Revenues. The Successor Agency shall not undertake proceedings for amendment of any of the Redevelopment Plans if such amendment shall result in payments to one or more taxing entities pursuant to Sections 33607.5 and 33607.7 of the Law unless the Successor Agency shall first obtain a written opinion of an Independent Redevelopment Consultant that such payments will not adversely impair the Successor Agency's ability to pay debt service on the Bonds.

Continuing Disclosure. The Successor Agency covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent the Trustee has been indemnified from and against any loss, liability, cost or expense, including, without limitation, fees and expenses of its attorneys and advisors and additional fees and expenses of the Trustee, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Compliance with the Dissolution Act. The Successor Agency shall comply with all of the requirements of the Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture.

Further, it will take all actions required under the Dissolution Act to include:

(i) scheduled debt service on the Existing Bonds and any amounts required to replenish any of the reserve accounts established with respect to Existing Bonds,

(ii) scheduled payments due under the Uptown Redevelopment Project Ground Lease and the 17th St. Garage DDA,

(iii) scheduled debt service on all Outstanding Bonds and any Parity Debt and any amount required under the Indenture or any Parity Debt Instrument to replenish the Reserve Account established thereunder or the reserve account established under any Parity Debt Instrument, and

(iv) amounts due to any Insurer under an insurance or surety bond agreement and any other issuer of a Qualified Reserve Account Credit Instrument under the Indenture,

in Recognized Obligation Payment Schedules so as to enable the Auditor-Controller of the County of Alameda 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, as applicable, amounts required to enable the Successor Agency to pay timely principal of (including any mandatory sinking fund redemption amount), and interest on, the Bonds on a timely basis, and to pay amounts owed to any Insurer, as well as the other amounts described above.

In addition, all amounts on hand received by the Successor Agency on the January 2, 2018 and June 1, 2018 for the payment of debt service on the Refunded Series 2006B-TE Bonds and the Refunded Series 2011A-T Bonds, shall be applied as provided in Section 4.03 of the Indenture to pay debt service on the 2018 Bonds on September 1, 2018.

The amounts received by the Successor Agency on the January 2, 2019 distribution date that otherwise would have been applied to the payment of debt service on the Refunded Series 2006B-TE Bonds and Refunded Series 2011A-T Bonds, shall be applied as provided in the Indenture to pay debt service on the Series 2018-TE Bonds and Taxable Series 2018-T Bonds, respectively, on March 1, 2019, and any amounts remaining shall be retained in the Special Fund and deposited in the Interest Account or the Principal Account, as necessary, for payment of debt service on the Outstanding Bonds on September 1, 2019, pursuant to the terms of the Indenture.

In order to accomplish the foregoing, not later than February 1 of each year commencing February 1, 2019, so long as any Existing Bonds, Bonds or Parity Debt are outstanding, the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the Alameda County Auditor-Controller that provides for the distribution of the following amounts:

(i) for distribution on June 1, all debt service coming due and payable on all Outstanding Bonds and Parity Debt on the next succeeding September 1, less any amounts previously deposited in the Special Fund for payment of debt service on the Outstanding Bonds and Parity Debt on such September 1;

(ii) for distribution on January 2:

(A) all debt service coming due and payable on all outstanding Existing Bonds on the next succeeding March 1 and September 1; and

(B) at least 50% (but, at the discretion of the Successor Agency, an amount up to 100%) of all debt service coming due and payable on all Outstanding Bonds and Parity Debt on the next succeeding March 1 and September 1;

(iii) any amounts required to replenish the reserve accounts established for the Existing Bonds, the Reserve Account and any other reserve account established under any Parity Debt Instrument, and any amounts due and owing to an issuer of an insurance policy guaranteeing the scheduled payment of the principal of and interest on any of the Existing Bonds when due, the 2015 Insurer, the 2018 Insurer, any other Insurer, any other issuer of a Qualified Reserve Account Credit Instrument under the Indenture or under a Parity Debt Instrument, or an issuer or a reserve policy under any of the indentures pursuant to which the Existing Bonds were issued.

In addition, the Successor Agency also covenants to take all actions required under Section 34183(b) of the Dissolution Act to ensure that Pledged Tax Revenues that otherwise would be paid to the taxing entities under Section 34183(a) of the Dissolution Act are paid to the Successor Agency if needed to pay debt service on the 2018 Bonds, the 2015 Bonds and any other Parity Debt. Without limiting the foregoing, the Successor Agency covenants that it will, on or before May 1 and December 1 of each year, file a Notice of Insufficiency with the County Auditor-Controller if the amount of Pledged Tax Revenues available to the Successor Agency from the Redevelopment Property Tax Trust Fund on the upcoming June 1 or January 2, as applicable, is insufficient to pay debt service on the Outstanding Bonds and Parity Debt, to replenish the Reserve Account established under the Indenture or the reserve accounts established under any Parity Debt Instrument and to pay the 2015 Insurer, the 2018 Insurer, any other Insurer and any other issuer of a Qualified Reserve Account Credit Instrument under the Indenture any amounts owing thereunder.

The Successor Agency additionally covenants (i) that if any amounts payable to the 2018 Insurer are not included on any current Recognized Obligation Payment Schedule and the Successor Agency is then legally permitted to amend such Recognized Obligation Payment Schedule, the Successor Agency will amend its current Recognized Obligation Payment Schedule to include such amounts payable to the 2018 Insurer, and (ii) not to submit the final amendment a “last and final” Recognized Obligation Payment Schedule pursuant to Section 34191.6 of the Dissolution Act without the prior written consent of the 2018 Insurer.

In the event the provisions set forth in the Dissolution Act as of the Closing Date of the 2018 Bonds that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Successor Agency agrees to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Bonds and Parity Debt and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the receipt of moneys required to pay debt service in each Bond Year in the amounts and not later than the dates set forth above.

TAX COVENANTS

The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series 2015-TE Bonds or the Series 2018-TE Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Series 2015-TE Bonds or the Series 2018-TE Bonds would have caused the Series 2015-TE Bonds or the Series 2018-TE Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code. The Successor Agency shall assure that the proceeds of the Series 2015-TE Bonds and the Series 2018-TE Bonds are not so used as to cause the Series 2015-TE Bonds or the Series 2018-TE Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code. The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series 2015-TE Bonds or the Series 2018-TE Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code. The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that

such section is applicable to the Series 2015-TE Bonds or the Series 2018-TE Bonds. The Successor Agency shall take all actions necessary to assure the exclusion of interest on the Series 2015-TE Bonds or the Series 2018-TE Bonds from the gross income of the Owners of the Series 2015-TE Bonds or the Series 2018-TE Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Series 2015-TE Bonds or the Series 2018-TE Bonds.

MODIFICATION OR AMENDMENT OF THE INDENTURE

The Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption without the written consent of any Owners, to the extent permitted by law, but only for any one or more of the following purposes:

- (a) to add to the covenants and agreements of the Successor Agency contained in the Indenture, other covenants and agreements thereafter to be observed, including any covenant or agreement that provides for additional security for the Bonds, or to limit or surrender any rights or powers reserved in the Indenture to or conferred upon the Successor Agency; or
- (b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not, in the reasonable determination of the Successor Agency, materially adversely affect the interests of the Owners; or
- (c) to provide for the issuance of Parity Debt in accordance with the Indenture; or
- (d) to amend any provision of the Indenture relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Bonds, in the opinion of Bond Counsel; or
- (e) to comply with the requirements of a provider of a Qualified Reserve Account Credit Instrument.

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

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Events of Default Defined; Acceleration of Maturities. The following events shall constitute Events of Default under the Indenture:

(a) if default shall be made by the Successor Agency in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of 30 days following receipt by the Successor Agency of written notice from the Trustee or any Insurer or written notice from any Owner (with a copy of said notice delivered to the Trustee and any Insurer) of the occurrence of such default, provided that if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such 30 day period, such failure will not constitute an event of default if corrective action is instituted by the Successor Agency (with the prior written consent of any Insurer) within such 30 day period and the Successor Agency thereafter diligently and in good faith cures such failure in a reasonable period of time as approved by any Insurer; or

(c) If the Successor Agency files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition by the Successor Agency seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition by the Successor Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the Successor Agency or of the whole or any substantial part of its property.

In determining whether an Event of Default has occurred under (a) above, no effect shall be given to payments made under any municipal bond insurance policy, financial guaranty insurance policy or Qualified Reserve Account Credit Instrument. If an Event of Default has occurred under the Indenture and is continuing, the Trustee (subject to the rights granted the 2015 Insurer), may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (y) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (z) subject to the provisions of the Indenture, exercise any other remedies available to the Trustee and the Bondowners in law or at equity.

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

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall, with the written consent of a majority in aggregate principal amount of the Owners of the Bonds then Outstanding, deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured

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

Application of Funds Upon Acceleration. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture (including the Trustee's share of any Pledged Tax Revenues) and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee under the Indenture, shall be applied by the Trustee in the following order upon presentation of the Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

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

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

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

Limitation on Owner's Right to Sue. No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Successor Agency, the Trustee and any Insurer written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted under the Indenture or to institute such action, suit or proceeding in

its own name; (c) said Owners shall have tendered to the Trustee indemnity acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the Indenture; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner therein provided, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds. The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as provided in the Indenture, shall not be impaired or affected without the written consent of such Owner, notwithstanding any provision of the Indenture.

Remedies Not Exclusive. No remedy in the Indenture or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given in the Indenture or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law. The exercise of remedies under the Indenture shall be subject to the rights of the 2015 Insurer under the Indenture.

DEFEASANCE OF BONDS

Discharge of Indenture. (a) If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on all or the applicable portion of Outstanding Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee or an escrow agent, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture, is fully sufficient to pay all or the applicable portion of Outstanding Bonds, including all principal, interest and redemption premiums, or;

(iii) by irrevocably depositing with the Trustee or an escrow agent, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds or the applicable portion thereof (including all principal, interest and redemption premiums) at or before maturity;

and, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Pledged Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Successor Agency under the Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid and discharged, except only (A) the covenants of the Successor Agency under the Indenture with respect to the Code, (B) the obligation of the Trustee to transfer and exchange Bonds under the Indenture, (C) the obligations of the Successor Agency under the Indenture, and (D) the

obligation of the Successor Agency to pay or cause to be paid to the Owners (or any Insurer), from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee and any Insurer all fees, expenses and costs of the Trustee and any Insurer. In the event the Successor Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part.

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

(b) Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due of the Bonds is paid by any Insurer pursuant to its municipal bond or financial guaranty insurance policy, such Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Successor Agency, and the assignment and pledge of the Pledged Tax Revenues and other assets under the Indenture and all covenants, agreements and other obligations of the Successor Agency to the Bondowners so paid shall continue to exist and shall run to the benefit of such Insurer, and such Insurer shall be subrogated to the rights of such Bondowners, as applicable.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this “**Disclosure Certificate**”) is executed and delivered by, as of June 6, 2018, the OAKLAND REDEVELOPMENT SUCCESSOR AGENCY (the “**Agency**”), in connection with the issuance of its \$15,190,000 Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-TE and its \$41,765,000 Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-T (Federally Taxable) (together, the “**2018 Bonds**”). The 2018 Bonds are being issued pursuant to that certain Indenture of Trust, dated as of September 1, 2015, between the Agency and Wilmington Trust, National Association (the “**Trustee**”), as successor trustee to ZB, National Association, dba Zions Bank, as supplemented and amended pursuant to a First Supplement to the Indenture of Trust, dated as of June 1, 2018, by and between the Agency and the Trustee (as so supplemented and amended, the “**Indenture**”).

The Agency covenants and agrees as follows:

Section 1. Purpose of This Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency, under the Rule (as hereinafter defined) for the benefit of the Owners and Beneficial Owners of the 2018 Bonds and in order to assist the Participating Underwriters (as hereinafter defined) in complying with the Rule but shall not be deemed to create any monetary liability on the part of the Agency to any other persons, including Owners or Beneficial Owners of the 2018 Bonds based on the Rule. The sole remedy in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance of any act required hereunder.

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

“Annual Report” shall mean any Annual Report provided by the Agency pursuant to, and as described in, Section 3 and 4 of this Disclosure Certificate.

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

“Beneficial Owner” or “beneficial owner” shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2018 Bonds (including persons holding 2018 Bonds through nominees, depositories or other intermediaries).

“Bond holders” or “Owners” shall mean, while the 2018 Bonds are registered in the name of The Depository Trust Company, any applicable participant in its depository system, or the owner of any Bond for federal income tax purposes.

“Dissemination Agent” shall mean the Agency, or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency a written acceptance of such designation.

“Dissolution Act” shall mean the primary provisions enacted by AB 1X 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, enacted as Chapter 26, Statutes of 2012 (as amended from time to time).

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the official statement relating to the 2018 Bonds, dated May 9, 2018.

“Participating Underwriters” shall mean any of the original underwriters of the 2018 Bonds required to comply with the Rule in connection with offering of the 2018 Bonds.

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

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of California.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing nine months (i.e., March 31, 2019) after the end of the Agency’s 2017-18 fiscal year, with the report for the 2017-18 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days prior to the Annual Report Date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Agency) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency to determine if the Agency is in compliance with the requirement set forth herein the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Agency for the fiscal year may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Agency’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

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

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

1. determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
2. if the Dissemination Agent is other than the Agency, file a report with the Agency, certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

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

(a) The audited financial statements of the Agency for the prior fiscal year to be made by an independent certified public accountant appointed by the Agency, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Agency's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements of the Agency in the format required by Section 34771(n) of the Dissolution Act and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the Annual Report Date, financial information and operating data with respect to the Agency for the then-current fiscal year in which the Annual Report is being filed (e.g., for the Fiscal Year 2017-18 Annual Report, the information for Fiscal Year 2018-19), substantially similar to that provided in the corresponding tables and charts in the Official Statement for the 2018 Bonds:

1. Table 1 – Historical and Current Assessed Valuations and Pledged Tax Revenues;
2. Table 4 – Top Ten Taxpayers By Valuation in the Project Areas; and
3. Table 5 – Assessment Appeals in the Project Areas, but only the totals for all Project Areas combined and not individual per Project Area data.

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

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

Section 5. Reporting of Listed Events.

(a) The Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2018 Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) relating to the Series 2018-TE Bonds;
6. Tender offers;
7. Defeasances;
8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the Agency.

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

(b) The Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2018 Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2018-TE Bonds or other material events affecting the tax status of the Series 2018-TE Bonds;
2. Modifications to rights of Bond holders;
3. Bond calls;
4. Release, substitution, or sale of property securing repayment of the 2018 Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The Agency shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a), as provided in Section 3(b).

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

(e) If the Agency learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Agency shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format accompanied by such identifying information, all as prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Sections 5(a)(7) or 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected 2018 Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The obligations of the Agency under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all

of the 2018 Bonds or if less than all the 2018 Bonds are defeased, with respect to those 2018 Bonds. If such termination occurs prior to the final maturity date of the 2018 Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out the obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Agency shall be the Dissemination Agent. The initial Dissemination Agent shall be the Agency.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4, 5(a), (b), (d) or (e), or 8(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Agency with respect to the 2018 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2018 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of a majority in aggregate principal amount of the 2018 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of the nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the 2018 Bonds. The Agency also may amend this Disclosure Certificate without approval by the Owners to the extent permitted by rule, order or other official pronouncement of the SEC.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any Annual Report or future notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner or any Participating Underwriter of the 2018

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

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Participating Underwriters and the Owners and Beneficial Owners from time to time of the 2018 Bonds, and shall create no rights in any other person or entity (except the right of the Dissemination Agent or any Owner or Beneficial Owner to enforce the provisions of the Disclosure Certificate on behalf of the Owners). This Disclosure Certificate is not intended to create any monetary rights on behalf of any person based upon the Rule.

Section 12. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Agency shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof, and the Owners of the 2018 Bonds shall retain all the benefits afforded to them hereunder. The Agency hereby declares that it would have executed and delivered this Disclosure Certificate and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 13. Governing Law. The laws of the State shall govern this Disclosure Certificate, the interpretation thereof and any right or liability arising hereunder. Any action or proceeding to enforce or interpret any provision of this Disclosure Certificate shall be brought, commenced or prosecuted in any court of the State located in Alameda County, California.

Section 14. Effective Date. This Disclosure Certificate shall be effective on and as of the date hereof.

Section 15. Notices. Any notice or communication to the Agency relating to this Disclosure Certificate may be given as follows:

Oakland Redevelopment Successor Agency
c/o Finance Department/ Treasury Bureau
150 Frank H. Ogawa Plaza, Suite 5330
Oakland, California 94612
Telephone: (510) 238-3201
Fax: (510) 238-2137

The Agency may, by written notice to the other parties acting hereunder, designate a different address and/or telephone number(s) to which subsequent notices or communications should be sent.

IN WITNESS WHEREOF, this Disclosure Certificate is given by the Agency as of the date set forth above.

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

By: _____
Administrator

EXHIBIT A

**NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF
FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Oakland Redevelopment Successor Agency

Name of Bond Issue: Oakland Redevelopment Successor Agency
Subordinated Tax Allocation Refunding Bonds, Series 2018-TE
Subordinated Tax Allocation Refunding Bonds, Series 2018-T (Federally
Taxable)

Date of Delivery: June 6, 2018

NOTICE IS HEREBY GIVEN that the Oakland Redevelopment Successor Agency (the “Agency”), has not provided an Annual Report with respect to the above-named 2018 Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated as of June 6, 2018, relating to the 2018 Bonds. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

By: _____
Agency Administrator

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APPENDIX F

FORM OF BOND COUNSEL FINAL OPINION

[Closing Date]

Oakland Redevelopment Successor Agency
One Frank H. Ogawa Plaza
Oakland, California 94612

OPINION: \$15,190,000 Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-TE; and
\$41,765,000 Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-T (Federally Taxable)

Members of the Successor Agency:

We have acted as bond counsel to the Oakland Redevelopment Successor Agency (the “Successor Agency”) in connection with the issuance by the Successor Agency of its \$15,190,000 Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-TE (the “2018-TE Bonds”), and its \$41,765,000 Oakland Redevelopment Successor Agency Subordinated Tax Allocation Refunding Bonds, Series 2018-T (Federally Taxable) (the “2018B Bonds” and, together with the 2018-T Bonds, the “Bonds”). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to the Redevelopment Law, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the “Redevelopment Law”), Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (the “Dissolution Act”) and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (collectively, the “Law”), resolutions of the Successor Agency adopted on March 20, 2018, and May 1, 2018, a resolution of the Oversight Board for the Successor Agency adopted on March 26, 2018, and an Indenture of Trust dated as of September 1, 2015, by and between the Successor Agency and Wilmington Trust, National Association, as trustee (the “Trustee”), as successor to Zions First National Bank, as supplemented and amended by a First Supplement to Indenture of Trust, dated as of June 1, 2018 (the “First Supplement”), by and between the Successor Agency and the Trustee (as so supplemented and amended, the “Indenture”).

Regarding questions of fact material to our opinion, we have relied on representations of the Successor Agency contained in the Indenture and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Successor Agency is validly existing as a public entity, with the power to execute and deliver the First Supplement, perform the agreements on its part contained in the Indenture, and issue the Bonds.

2. The First Supplement has been duly executed and delivered by the Successor Agency and constitutes the valid and binding obligation of the Successor Agency enforceable upon the Successor Agency.

3. Pursuant to the Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds, subject to no prior lien granted under the Redevelopment Law and the Dissolution Act, except as provided therein.

4. The Bonds have been duly authorized, executed and delivered by the Successor Agency and are valid and binding special obligations of the Successor Agency payable solely from the sources provided therefor in the Indenture.

5. The interest on the 2018-TE Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, although, in the case of tax years beginning prior to January 1, 2018, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest earned by a corporation prior to the end of its tax year in 2018 is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2018-TE Bonds. The Successor Agency has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2018-TE Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds, and the enforceability of the Bonds and the Indenture, are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix G concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. Accordingly, the DTC Participants, the Indirect Participants and the Beneficial Owners should not rely on the information in this Appendix G with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be. 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 2018 Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2018 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2018 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, New York, will act as securities depository for the 2018 Bonds. The 2018 Bonds will be issued as fully-registered bonds 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 Bond certificate will be issued for each maturity of each Series of 2018 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 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 2018 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 2018 Bonds, except in the event that use of the book-entry system for the 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 2018 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 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2018 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 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 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2018 Bonds may wish to ascertain that the nominee holding the 2018 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 2018 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 such other DTC nominee) will consent or vote with respect to the 2018 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 the 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the 2018 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. Payment of redemption proceeds, distributions, and dividend payments 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 securities depository with respect to the 2018 Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates 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, Bond certificates will be printed and delivered to DTC.

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.

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APPENDIX H

**STATE DEPARTMENT OF FINANCE
DETERMINATION LETTER APPROVING THE 2018 BONDS**

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April 19, 2018

Mr. Adam Benson, Agency Administrative Manager
City of Oakland
150 Frank H. Ogawa Plaza, Suite 5217
Oakland, CA 94612

Dear Mr. Benson:

Subject: Determination of Oversight Board Action

The City of Oakland Successor Agency (Agency) notified the California Department of Finance (Finance) of its March 26, 2018 Oversight Board (OB) Resolution on March 27, 2018. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. 2018-02, approving the issuance of tax allocation refunding bonds by the Successor Agency to the City of Oakland and authorizing other matters relating thereto, is partially approved.

The Agency desires to issue 2018 refunding bonds to refund the former Redevelopment Agency's Tax Allocation Bonds, Series 2006B-TE and Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T. The Agency anticipates achieving approximately \$21,808,277 in savings over the remaining life of the Bonds. Finance's approval is based on our understanding no refunding bonds will be issued unless such bonds meet the requirements outlined in HSC section 34177.5 (a). Following the issuance, the payments for the refunding bonds should be placed on a future Recognized Obligation Payment Schedule (ROPS) for Finance's review and approval.

To the extent the indebtedness obligations approved for refunding per the OB Resolution are refunded in accordance with HSC section 34177.5 and prior to the next ROPS submission, the Agency may use Redevelopment Property Tax Trust Funds received for payment of the currently listed obligations being refunded. Any indebtedness for which refunding is finalized must be separately identified as a new item on a subsequent ROPS and will be subject to Finance's review and approval. Further, pursuant to HSC section 34186 (a), the Agency is required to report estimated obligations and actual payments. Any unspent funds should be reported as prior period adjustments.

In addition, Section 5 (c) of the Resolution states the Agency is authorized to receive its full Administrative Cost Allowance (ACA) under HSC section 34181 (a) (3) without any deductions with respect to continuing costs of issuance. While all costs related to the issuance can be paid separately pursuant to HSC section 34177.5 (f), any administrative costs post-issuance must be placed on a subsequent ROPS, subject to Finance's review and approval, to determine if the costs should be paid out of the ACA or whether the costs are separate enforceable obligations.

Mr. Adam Benson
April 19, 2018
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To the extent this section seeks to have ongoing administration costs of bonds be paid in addition to regular administrative costs, such action is not allowed.

In the event the OB desires to amend the portions of the Resolution not approved by Finance, Finance is returning it to the board for reconsideration. However, the Agency may move forward with the portion of the Resolution approved by Finance.

Please direct inquiries to Cindie Lor, Supervisor, or Brown Moua, Analyst, at (916) 322-2985.

Sincerely,



ERIKA L.
Program Budget Manager

cc: Mr. Patrick Lane, Development Manager, City of Oakland
Ms. Carol S. Orth, Tax Analysis Division Chief, Alameda County

