

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2017

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Underlying: S&P: ____
____ Insured: ____
(See “RATINGS”)

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject to compliance by the Successor Agency with certain covenants, interest on the Series 2017A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations under the Internal Code of 1986, as amended, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Series 2017B Bonds is includible in gross income of the owners thereof for federal income tax purposes. In addition, in the opinion of Bond Counsel, interest on the Series 2017 Bonds is exempt from personal income taxation imposed by the State of California. *See “TAX MATTERS.”*

SUCCESSOR AGENCY TO THE CONTRA COSTA COUNTY REDEVELOPMENT AGENCY

\$____,____,000*
Tax Allocation Refunding Bonds,
Series 2017A

\$____,____,000*
Taxable Tax Allocation Refunding Bonds,
Series 2017B

Dated: Date of Delivery

Due: August 1, as shown on inside cover page

The Successor Agency to the Contra Costa County Redevelopment Agency (the “Successor Agency”) is issuing \$____,____,000* principal amount of its Tax Allocation Refunding Bonds, Series 2017A (the “Series 2017A Bonds”), and \$____,____,000* principal amount of its Taxable Tax Allocation Refunding Bonds, Series 2017B (the “Series 2017B Bonds,” and together with the Series 2017A Bonds, the “Series 2017 Bonds”). The proceeds of the Series 2017 Bonds, together with other available funds, will be used to: (i) provide funds to prepay certain loans described herein (collectively, the “Former Agency Indebtedness”) made by the County of Contra Costa Public Financing Authority (the “Authority”) to the Contra Costa County Redevelopment Agency (the “Former Agency”) that financed redevelopment and housing activities of the Former Agency (see “THE PROJECT AREAS”) and thereby refund certain outstanding bonds issued by the Authority (collectively, the “Authority Prior Bonds”), the proceeds of which were used to fund the Former Agency Indebtedness; (ii) fund a deposit or purchase of a municipal bond debt service reserve policy, into a Reserve Account for the Series 2017 Bonds in an amount equal to the Reserve Requirement (defined herein); and (iii) pay certain costs associated with the issuance of the Series 2017 Bonds. See “PLAN OF REFUNDING.”

The Series 2017 Bonds are being issued pursuant to 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 Bond Law”), the provisions of Section 34177.5 of the Community Redevelopment Law, being Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code (the “Law”), an Indenture of Trust dated as of _____ 1, 2017 (the “Indenture”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”), and a resolution of the Successor Agency adopted on April 25, 2017.

The Series 2017 Bonds will each be issued as fully registered bonds and, when delivered, 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 securities depository for the Series 2017 Bonds, as more fully described in APPENDIX G. The Series 2017 Bonds will be dated the date of delivery and will be issued in registered form in denominations of \$5,000 or any integral multiple of \$5,000 and will mature on August 1 of each year in the amounts, and will bear interest at the respective rates, as set forth on the inside cover page of this Official Statement. Interest on the Series 2017 Bonds will be payable on each February 1 and August 1, commencing February 1, 2018.

The Series 2017 Bonds are subject to optional and mandatory sinking account redemption prior to maturity. See “THE SERIES 2017 BONDS–Redemption Provisions.”

The Series 2017 Bonds are limited obligations of the Successor Agency payable solely from and secured by a pledge of, security interest in and lien on Tax Revenues (as defined herein) and moneys held in certain funds and accounts established under the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS–Pledge of Tax Revenues.”

The Successor Agency has applied to municipal bond insurers for a municipal bond insurance policy and a municipal bond debt service reserve policy for the Series 2017 Bonds. Subject to market conditions, the scheduled payment of principal of and interest on some or all of the Series 2017 Bonds when due may be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2017 Bonds.

The Series 2017 Bonds are special obligations of the Successor Agency. The Series 2017 Bonds are not a debt of the County, the State of California or any of its political subdivisions, other than the Successor Agency, and none of the County, the State of California or any of its political subdivisions (other than the Successor Agency) is liable therefor. In no event shall payment of the principal or redemption price of, or interest on the Series 2017 Bonds constitute a debt, liability or obligation of any public agency (other than the limited obligation of the Successor Agency as set forth in the Indenture). The Series 2017 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and none of the members of the Governing Board of the Successor Agency, the Oversight Board (defined herein), the County Board of Supervisors or any persons executing the Series 2017 Bonds are liable personally on the Series 2017 Bonds by reason of their issuance. The Successor Agency has no taxing power. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS–Pledge of Tax Revenues.”

MATURITY SCHEDULE (See inside cover page)

This cover page contains certain information for general reference only. It is *not* a summary of the Series 2017 Bonds. Prospective investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Series 2017 Bonds. Investment in the Series 2017 Bonds involves risks. See “CERTAIN RISKS TO BONDOWNERS” for a discussion of certain special risks factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2017 Bonds.

The Series 2017 Bonds are offered when, as and if issued, subject to the approval as to their legality of Quint & Thimmig LLP, Larkspur, California, Bond Counsel to the Successor Agency, and certain other conditions. Certain other legal matters will be passed on for the Successor Agency by Goldfarb & Lipman, Oakland, California, as counsel to the Successor Agency and by Schiff Hardin LLP, San Francisco, California, Disclosure Counsel to the Successor Agency, and for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California, Underwriter's Counsel. It is anticipated that the Series 2017 Bonds in book-entry only form will be available for delivery through the facilities of DTC in New York, New York on or about July __, 2017.

Stifel Logo

The date of this Official Statement is _____, 2017

* Preliminary, subject to change.

MATURITY SCHEDULE

\$ __, __, 000*

Successor Agency to the Contra Costa County Redevelopment Agency
Tax Allocation Refunding Bonds, Series 2017A

\$ _____ * Serial Bonds

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> [†] <u>()</u>
--------------------------------------	-----------------------------------	----------------------	--------------	---

\$ _____ % Term Bonds due August 1, 20__, Price ____, Yield ____, CUSIP No.[†] _____
\$ _____ % Term Bonds due August 1, 20__, Price ____, Yield ____, CUSIP No.[†] _____

\$ __, __, 000*

Successor Agency to the Contra Costa County Redevelopment Agency
Taxable Tax Allocation Refunding Bonds, Series 2017B

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> [†] <u>()</u>
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* Preliminary, subject to change.

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SUCCESSOR AGENCY TO THE CONTRA COSTA COUNTY REDEVELOPMENT AGENCY

SUCCESSOR AGENCY GOVERNING BOARD MEMBERS AND COUNTY BOARD OF SUPERVISORS

Federal Glover, District V, *Chair/Chair of the Board of Supervisors*
Karen Mitchoff, District IV, *Vice Chair/ Vice Chair of the Board of Supervisors*
John M. Gioia, District I, *Member/ Supervisor*
Candace Andersen, District II, *Member/ Supervisor*
Diane Burgis, District III, *Member/ Supervisor*

SUCCESSOR AGENCY ADMINISTRATION

David J. Twa, *County Administrator*
John Kopchik, *Director, County Department of Conservation and Development*
Russell V. Watts, *County Treasurer*

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Special Counsel to the Successor Agency

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Larkspur, California
Bond Counsel

Schiff Hardin LLP
San Francisco, California
Disclosure Counsel

Montague DeRose and Associates, LLC
Walnut Creek, California
Municipal Advisor

Fraser & Associates
Roseville, California
Fiscal Consultant

U.S. Bank National Association
San Francisco, California
Trustee and Escrow Agent

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

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the Successor Agency, the County, or the Underwriter to give any information or to make any representations 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.

No Unlawful, Sales, Solicitations, or Offers. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2017 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the Series 2017 Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Series 2017 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

Effective Date. This Official Statement speaks only as of its date. The information and expressions of opinion stated herein are subject to change without notice; and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency, the County, or the Project Areas since the date hereof.

Preparation of this Official Statement. The information set forth herein has been obtained from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor to be construed as a representation of such by the Successor Agency, the County, or the Underwriter.

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

Stabilization of and Changes to Offering Prices. In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Series 2017 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2017 Bonds to certain dealers and others at yields higher than the initial public offering yields set forth on the inside cover page hereof and said initial public offering yields may be changed from time to time by the Underwriter.

The issuance and sale of the Series 2017 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 and the Indenture has not been qualified under the Trust Indenture Act of 1939, as amended. The Series 2017 Bonds have not been registered or qualified under the securities laws of any state.

Use of Estimates and Projections. Certain statements contained in this Official Statement reflect not historical facts but forecasts and “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe,” “plan,” “budget,” and similar expressions are intended to identify forward-looking statements. Projections, forecasts, assumptions, expressions of opinions, estimates and other forward statements are not to be construed as representations of fact and are qualified in their entirety by the cautionary statements set forth in this Official Statement.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Successor Agency does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur or do not occur.

Website Information Not Incorporated by Reference. The Successor Agency and the County each maintain a website. Unless specifically indicated otherwise, the information presented on those websites is *not* incorporated

by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2017 Bonds.

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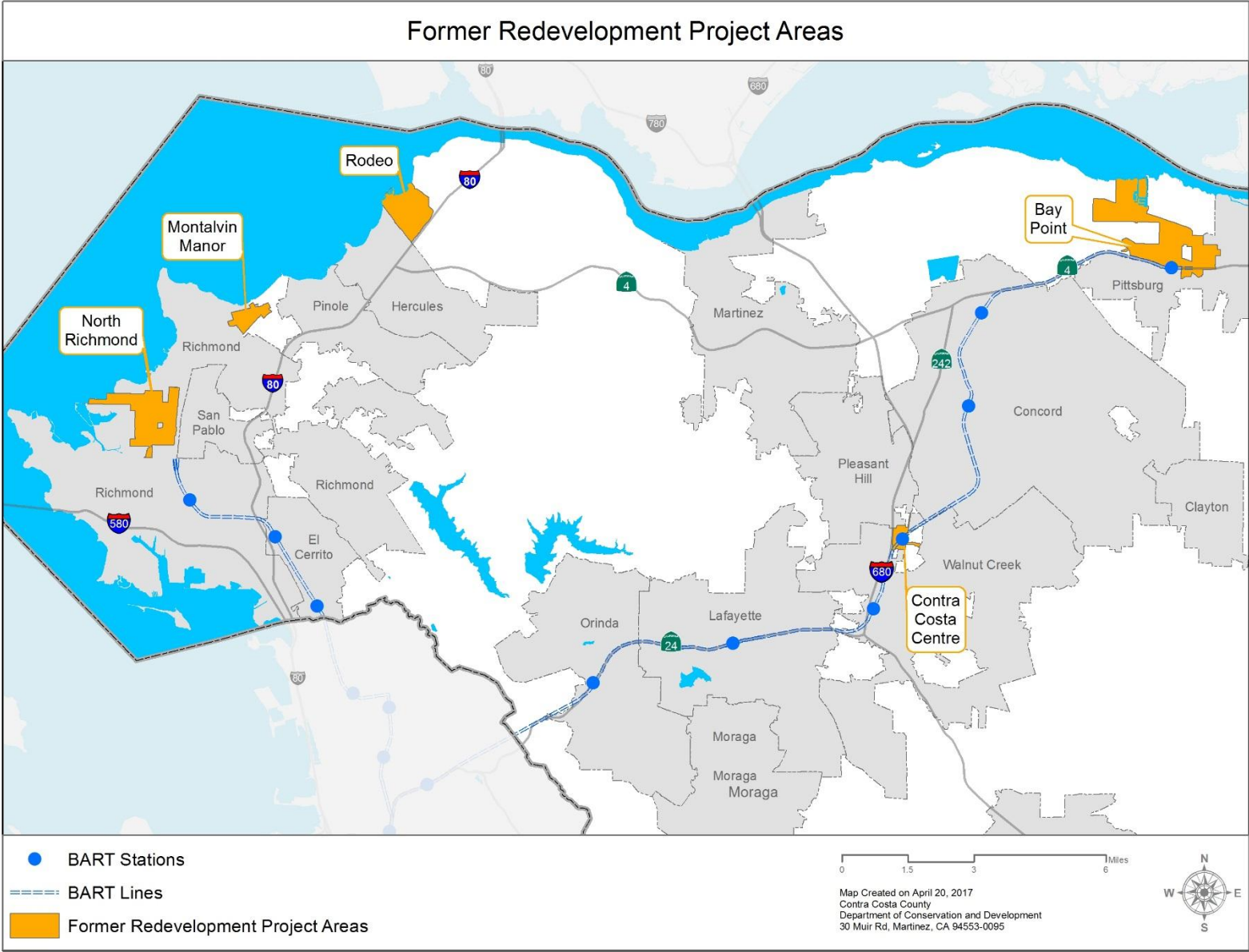
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Map of Project Areas



OFFICIAL STATEMENT

SUCCESSOR AGENCY TO THE CONTRA COSTA COUNTY REDEVELOPMENT AGENCY

\$ __, __, 000*
Tax Allocation Refunding Bonds,
Series 2017A

\$ __, __, 000*
Taxable Tax Allocation Refunding Bonds,
Series 2017B

INTRODUCTION

The description and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all its terms and conditions. All statements herein are qualified in their entirety by reference to each such document. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meaning as in the Indenture (defined below).

General; Authority; Purpose

This Official Statement, including the cover page, the inside cover page and through the Appendices hereto, is provided to furnish certain information in connection with the issuance and sale by the Successor Agency to the Contra Costa County Redevelopment Agency (the “Successor Agency”) of \$ __, __, 000* principal amount of its Tax Allocation Refunding Bonds, Series 2017A (the “Series 2017A Bonds”), and \$ __, __, 000* principal amount of its Taxable Tax Allocation Refunding Bonds, Series 2017B (the “Series 2017B Bonds,” and together with the Series 2017A Bonds, the “Series 2017 Bonds”).

The Successor Agency is issuing the Series 2017 Bonds pursuant to authority granted by Section 34177.5(g) of the Health & Safety Code of the State of California (the “Law”), Article 11 (commencing with section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Refunding Bond Law”), and an Indenture of Trust, dated as of _____ 1, 2017 (the “Indenture”) by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”).

The proceeds of the Series 2017 Bonds, together with other available funds, will be used to: (i) provide funds to prepay certain loans described herein (collectively, the “Former Agency Indebtedness”) made by the County of Contra Costa Public Financing Authority (the “Authority”) to the Contra Costa County Redevelopment Agency (the “Former Agency”) that financed redevelopment and housing activities of the Former Agency and thereby refund certain outstanding bonds issued by the Authority (collectively, the “Authority Prior Bonds”), the proceeds of which were used to fund the Former Agency Indebtedness; (ii) fund a deposit or purchase of a municipal bond debt service reserve policy, into a Reserve Fund for the Series 2017 Bonds in an amount equal to the Reserve Requirement (defined herein); and (iii) pay certain costs associated with the issuance of the Series 2017 Bonds. See “PLAN OF REFUNDING.”

The Former Agency, the County, the Successor Agency, and the Oversight Board

The Former Agency. The Former Agency was established pursuant to the Law and Ordinance No. 83-67 adopted by the County of Contra Costa Board of Supervisors (the “Board of Supervisors”) on December 6, 1983.

* Preliminary, subject to change.

The County. The County of Contra Costa (the “County”) is located in northern California, approximately 20 miles northeast of San Francisco, and is the ninth most populous county in California. The County is bounded by Solano County and Suisun Bay to the north, San Joaquin County and the San Joaquin River Delta to the east, Alameda County to the south, and the San Francisco and San Pablo Bays to the west. The County seat is in the City of Martinez. Major industries in the County include petroleum refining and telecommunications. As of January 1, 2017 the population within the County was estimated by the State Department of Finance (the “Department of Finance”) to be 1,139,513.

For certain economic, demographic and financial information with respect to the County, see APPENDIX A–“GENERAL COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION.”

The Successor Agency. Pursuant to Section 34173 of the Dissolution Act, the County adopted Resolution No. 2012/19 on January 17, 2012, electing and determining to become the “successor agency” to the Former Agency. Pursuant to AB 1484 (as defined herein), the Successor Agency is a separate legal entity from the County. The Successor Agency administers enforceable obligations for five project areas. See “THE SUCCESSOR AGENCY.”

The Oversight Board. The Dissolution Act also required establishment of an oversight board for each successor agency. On April 18, 2012, the Oversight Board of the Successor Agency to the Contra Costa County Redevelopment Agency (the “Oversight Board”) was established pursuant to California Health and Safety Code Section 34179(a).

The Dissolution Act

Two bills enacted by the California legislature as part of the 2011 California State Budget Act (ABx1 26 and ABx1 27 (Chapter 6, Statutes of 2011-12, First Extraordinary Session) (“AB 26” and “AB 27,” respectively) dissolved all California redevelopment agencies, and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the dissolved redevelopment agencies and to administer the wind down and dissolution of the dissolved redevelopment agencies. AB 27 allowed redevelopment agencies to avoid dissolution if the city or county that created the redevelopment agency made certain payments for the benefit of the local schools and other taxing entities according to their base property tax allocations. Both of these bills were challenged before the California Supreme Court by the California Redevelopment Association and other organizations.

On December 29, 2011 the California Supreme Court issued its decision in *California Redevelopment Association v. Matosantos et al.* (No. S194861) (“*Matosantos*”) regarding the constitutionality of AB 26 and AB 27. The Court upheld AB 26 requiring the dissolution of redevelopment agencies and the transfer of assets and obligations of the dissolved agencies to successor agencies, and invalidated AB 27. The *Matosantos* decision also modified various deadlines for the implementation of AB 26. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.”

As a consequence of the *Matosantos* decision all redevelopment agencies in the State, including the Former Agency, were dissolved by operation of law on February 1, 2012. All property tax revenues that would have been allocated to redevelopment agencies, including the Former Agency, are now allocated to the applicable redevelopment property tax trust fund created by the county auditor-controller for the applicable successor agency. Such funds are to be used to make payments on indebtedness and other “enforceable obligations” (as defined in AB 26), and to pay certain administrative costs; and any amounts in excess of those amounts are to be considered property taxes to be distributed to applicable taxing agencies. In addition, under AB 26, tax increment is no longer deemed to flow to the successor agency and the requirement to deposit a portion of the tax increment into a low and moderate income

housing fund is also no longer required. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS”

The primary provisions of AB 26 were amended by the provisions of Assembly Bill No. 1484, enacted as Chapter 26, Statutes of 2012 (“AB 1484”), as further amended by Senate Bill 107, enacted as Chapter 325, Statutes of 2015 (“SB 107”). Such statutes are codified in Part 1.8 and Part 1.85 of Division 24 of the California Health and Safety Code (the “Dissolution Act”).

The Project Areas and Redevelopment Plans

The redevelopment plans (collectively, the “Redevelopment Plans” and each a “Redevelopment Plan”) of the Former Agency for the Bay Point Redevelopment Project Area, the Contra Costa Centre Redevelopment Project Area (formerly the Pleasant Hill BART Redevelopment Project Area), the Montalvin Manor Redevelopment Project Area, the North Richmond Redevelopment Project Area, and the Rodeo Redevelopment Project Area) (collectively, the “Project Areas” and individually, a “Project Area”) were each adopted by the Former Agency between 1984 and 2003. Each Redevelopment Plan was adopted for the purpose of alleviating physical and economic blighting conditions, and construction and/or rehabilitating public infrastructure and public facility improvements within the respective Project Area in order to stimulate development. For descriptions of the Redevelopment Plans and the Project Areas, see “THE PROJECT AREAS.”

Tax Increment Financing Under the Dissolution Act

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

The Dissolution Act authorizes successor agencies to issue refunding bonds secured by a pledge of monies deposited from time to time in a redevelopment property tax trust fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Law to the redevelopment agency and formerly authorized under the Law to be used for the financing of redevelopment projects and low and moderate income housing activities.

Pursuant to the Indenture, payment of the Series 2017 Bonds are secured, in part, by a pledge of “Tax Revenues,” which consist of the moneys deposited from time to time in the redevelopment property tax trust fund (the “Redevelopment Property Tax Trust Fund”) established for the Successor Agency pursuant to and as provided in the Dissolution Act, after payment of certain County administrative fees and other Senior Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.”

The Dissolution Act requires a successor agency to continue to make payments and perform other obligations required under enforceable obligations of the dissolved redevelopment agency. The Dissolution Act defines an “enforceable obligation” to include, in relevant part, bonds, including the required debt service, reserve set-asides and any other payments required under the document governing the issuance of the outstanding bonds of the former agency or any authorized refunding thereof. Payment

and performance of enforceable obligations is subject to review by oversight boards, the State Controller and Department of Finance. See “PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT.”

Security for the Series 2017 Bonds

The Series 2017 Bonds and any Parity Debt are equally secured by a pledge and lien on all Tax Revenues and by a first and exclusive pledge and lien upon all of the moneys in the Debt Service Fund, including the Interest Account, the Principal Account, the Sinking Account and the Redemption Account therein, and by amounts in the Redevelopment Obligation Retirement Fund. The Series 2017 Bonds (and not any Parity Debt) are also secured by an exclusive pledge of, security interest in and lien on amounts in the Reserve Account. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency or the County are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Series 2017 Bonds.

The Series 2017 Bonds are special obligations of the Successor Agency. The Series 2017 Bonds are not a debt of the County, the State of California or any of its political subdivisions, other than the Successor Agency, and none of the County, the State of California or any of its political subdivisions (other than the Successor Agency) is liable therefor. In no event shall payment of the principal or redemption price of, or interest on the Series 2017 Bonds constitute a debt, liability or obligation of any public agency (other than the limited obligation of the Successor Agency as set forth in the Indenture). The Series 2017 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and none of the members of the Governing Board of the Successor Agency, the Oversight Board (defined herein), the County Board of Supervisors or any persons executing the Series 2017 Bonds are liable personally on the Series 2017 Bonds by reason of their issuance. The Successor Agency has no taxing power. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS–Pledge of Tax Revenues.”

Municipal Bond Insurance Policy. The Successor Agency has applied to municipal bond insurers for a municipal bond insurance policy and a municipal bond debt service reserve policy for the Series 2017 Bonds. The scheduled payment of principal of and interest on some or all of the Series 2017 Bonds when due may be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2017 Bonds.

Reserve Account. Under the Indenture, the Successor Agency is required to establish and fund a reserve account (a “Reserve Account”) within the Debt Service Fund, in an amount equal to the Reserve Account Requirement (as defined herein). The Successor Agency may satisfy this requirement by depositing in the Reserve Account a municipal bond debt service reserve insurance policy issued concurrently with the delivery of the Series 2017 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS–Reserve Account” and APPENDIX D–“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Fiscal Consultant Report

Included as APPENDIX B to this Official Statement is a Fiscal Consultant Report (the “Fiscal Consultant Report”) prepared by Fraser & Associates (the “Fiscal Consultant”) which, among other things, analyzes the property tax revenues generated from taxable property within the Project Areas and pledged to the repayment of the Series 2017 Bonds. The findings and projections in the Fiscal Consultant Report are subject to a number of assumptions that should be reviewed and considered by prospective investors. No assurances can be given that the projections and expectations discussed in the Fiscal Consultant Report will be achieved. Actual results may differ materially from the projections described therein. See “THE PROJECT AREAS” and APPENDIX B–“FISCAL CONSULTANT REPORT.”

Continuing Disclosure

The Successor Agency has covenanted for the benefit of Bondowners and Beneficial Owners to provide certain financial information and operating data relating to the Successor Agency by not later than the date that is nine months after the end of the fiscal year of the Successor Agency (currently March 31), commencing with the report due March 31, 2018 for the fiscal year ending June 30, 2017 (the “Annual Report”), and to provide notices of the occurrence of certain significant events. The Annual Report and notices of significant events will be filed by the Successor Agency or the Dissemination Agent, if any, on behalf of the Successor Agency through the Electronic Municipal Market Access (“EMMA”) site maintained by the Municipal Securities Rulemaking Board (the “MSRB”). These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The specific nature of the information to be contained in the Annual Report or the notices of significant events by the Successor Agency is set forth in APPENDIX E–“FORM OF CONTINUING DISCLOSURE CERTIFICATE.” Also see “CONTINUING DISCLOSURE.”

Additional Information

Brief descriptions of the Series 2017 Bonds, the security for the Series 2017 Bonds, the Successor Agency and the County are included in this Official Statement together with summaries of certain provisions of the Law, the Refunding Bond Law, the Dissolution Act, the Indenture, the Series 2017 Bonds, and the Escrow Agreements (as defined herein). Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture and the Escrow Agreements are qualified in their entirety by reference to such documents, copies of which are available for inspection at the office of the Successor Agency at 30 Muir Road, Martinez, California 94553.

PLAN OF REFUNDING

Description

In order to finance redevelopment and housing activities, the Former Agency entered into the following loan agreements and incurred the following loans (collectively, the “Former Agency Indebtedness”):

- A Pleasant Hill Loan Agreement, dated as of May 1, 1992, between the Former Agency and the Authority, as amended and supplemented. Pursuant to the Pleasant Hill Loan Agreement, the Former Agency incurred a 1999 Loan in the initial principal amount of \$21,138,030.52 of which \$6,995,000 is outstanding, a 2003A Loan in the initial principal amount of \$19,195,000 of which \$5,550,000 is outstanding, and a 2007A Loan, in the initial principal amount of \$37,775,000 of which \$32,645,000 is outstanding.
- A West Pittsburg Loan Agreement, dated as of May 1, 1992, between the Former Agency and the Authority, as amended and supplemented. Pursuant to the West Pittsburg Loan Agreement, the Former Agency incurred a 1999 Loan in the initial principal amount of \$8,029,984.60 of which \$175,000 is outstanding, a 2007A Loan in the initial principal amount of \$24,195,000 of which \$19,115,000 is outstanding, and a 2007B Loan in the initial principal amount of \$5,015,000 of which \$4,520,000 is outstanding.
- A North Richmond Loan Agreement, dated as of May 1, 1992, between the Former Agency and the Authority, as amended and supplemented. Pursuant to the North Richmond Loan Agreement, the Former Agency incurred a 2007A Loan in the initial

principal amount of \$16,685,000 of which \$2,800,000 is outstanding, and a 2007B Loan in the initial principal amount of \$3,975,000 of which \$3,500,000 is outstanding.

- A Rodeo Loan Agreement, dated as of March 1, 1999, between the Former Agency and the Authority, as amended and supplemented. Pursuant to the Rodeo Loan Agreement, the Former Agency incurred a 2007A Loan in the initial principal amount of \$9,775,000 of which \$5,265,000 is outstanding, and a 2007B Loan in the initial principal amount of \$3,930,000 of which \$3,465,000 is outstanding.
- A Montalvin Manor Loan Agreement, dated as of May 1, 2007, between the Former Agency and the Authority, as amended and supplemented. Pursuant to the Montalvin Manor Loan Agreement, the Former Agency incurred a Loan in the initial principal amount of \$2,195,000 of which \$1,390,000 is outstanding, and a 2007B Loan in the initial principal amount of \$790,000 of which \$680,000 is outstanding.

The Successor Agency will apply the proceeds from the prepayment of the Former Agency Indebtedness to refund the Authority Prior Bonds described below. Proceeds from the sale of the Series 2017 Bonds and certain other funds will be deposited by the Successor Agency in five separate irrevocable escrow funds (each, an “Escrow Fund”) established pursuant to separate escrow agreements, such deposits will constitute prepayment of amounts owed under the loan agreements securing the respective series of Authority Prior Bonds. See also “–Escrow Agreements.”

The Authority Prior Bonds consist of the following:

Table 1
List of Authority Prior Bonds

- \$7,170,000 outstanding principal amount of 1999 Tax Allocation Revenue Bonds, (Pleasant Hill BART, North Richmond, Bay Point, Oakley and Rodeo Redevelopment Project Areas).
- \$5,550,000 outstanding principal amount of 2003 Tax Allocation Revenue Bonds, Series A (Multiple Project Areas).
- \$50,725,000 outstanding principal amount of 2007 Tax Allocation Revenue Bonds, Series A (Contra Costa Centre, North Richmond, Bay Point, Rodeo and Montalvin Manor Project Areas).
- \$22,865,000 outstanding principal amount of 2007 Taxable Tax Allocation Revenue Bonds, Series A-T (North Richmond, Bay Point, Rodeo and Montalvin Manor Project Areas).
- \$13,105,000 outstanding principal amount of 2007 Tax Allocation Revenue Bonds, Subordinate Series B (Contra Costa Centre, North Richmond, Bay Point, Rodeo and Montalvin Manor Project Areas).

Escrow Agreements

With respect to each series of Authority Prior Bonds, the Successor Agency, the County of Contra Costa County Public Financing Authority, and U.S. Bank National Association, as escrow bank (the “Escrow Bank”) will enter into a separate Escrow Deposit and Trust Agreement (each an “Escrow Agreement” and collectively, the “Escrow Agreements”). Each Escrow Agreement will be dated as of _____ 1, 2017 and will contain substantially the same terms and provisions, which include primarily the establishment of an escrow fund (each, an “Escrow Fund” and collectively, the “Escrow Funds”).

On the delivery date of the Series 2017 Bonds, the Successor Agency will deposit a portion of the proceeds of the Series 2017 Bonds, together with certain other available funds, in the applicable Escrow Fund held by the Escrow Bank. See “ESTIMATED SOURCES AND USES OF FUNDS.” The funds deposited with the Escrow Bank will be held in cash uninvested or invested in noncallable direct obligations of the United States of America, or securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America to which the direct obligation or guarantee the full faith and credit of the United States of America has been pledged (collectively, the “Escrowed Federal Securities”) that are irrevocably pledged solely to the payment of the principal and interest becoming due on the applicable Authority Prior Bonds on August 1, 2017, and to redeem the Authority Prior Bonds maturing after August 1, 2017 on August 1, 2017 (the “Redemption Date”). Amounts on deposit in the Escrow Funds are *not* available to make payments on the Series 2017 Bonds.

Upon such deposit, each series of Authority Prior Bonds will be legally defeased, the Former Agency Indebtedness securing each series of Authority Prior Bonds will be prepaid and discharged and the Authority Prior Bonds will no longer be deemed outstanding under the trust indentures pursuant to which the Authority Prior Bonds were issued.

Verification

Causey Demgen & Moore P.C., independent certified public accountants, as the Verification Agent, will deliver a report on sufficiency of the deposits in the Escrow Funds to pay and redeem the Authority Prior Bonds, and the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter relating to the outstanding principal of and interest on the Authority Prior Bonds. For information on mathematical verification of the sufficiency of scheduled payments with respect to such obligations of the United States of America and other funds held in the funds established pursuant to the Escrow Agreements to make such payments, see “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the financing are set forth in the following table:

Table 2
Estimated Sources and Uses of Funds

	Series 2017A	Series 2017B	Total
	<u>Bonds</u>	<u>Bonds</u>	<u>Total</u>
Sources of Funds			
Principal Amount of Series 2017 Bonds	\$	\$	\$
<i>Less:</i> Underwriter's Discount			
Original Issue Premium			
<i>Plus:</i> Balances in Certain Funds and Accounts ⁽¹⁾			
TOTAL ESTIMATED SOURCES			
Uses of Funds			
Deposit to Escrow Funds ⁽²⁾			
Deposit to Costs of Issuance Fund ⁽³⁾			
TOTAL ESTIMATED USES			

(1) Includes certain amounts held by U.S. Bank National Association, as trustee under the Authority Prior Bonds indentures and the Former Agency Indebtedness.

(2) See "PLAN OF REFUNDING."

(3) Includes fees of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the initial fees of the Trustee, fees of the Fiscal Consultant, the Escrow Bank, and the Verification Agent, the premiums for the [municipal bond insurance policy and] [debt service reserve policy], printing costs and other miscellaneous expenses.

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DEBT SERVICE SCHEDULE

The scheduled debt service for the Series 2017 Bonds, assuming no optional redemption of the Series 2017 Bonds, is set forth below:

Table 3
Debt Service Schedule

Bond Year Ending	Series 2017A Bonds			Series 2017B Bonds			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Total</u>
2018							
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							

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THE SERIES 2017 BONDS

Authority for Issuance

The issuance of the Series 2017 Bonds was authorized by the Successor Agency pursuant to Resolution No. 2017-147, adopted on April 25, 2017 (the “Successor Agency Resolution”), and was approved by the Oversight Board for the Successor Agency pursuant to Resolution No. 2017/3, adopted on May 4, 2017 (the “Oversight Board Resolution”). The Department of Finance approved the issuance of the Series 2017 Bonds on June __, 2017.

Section 34177.5 of the Dissolution Act provides that when, as here, a successor agency issues refunding bonds with the approval of its oversight board and the Department of Finance, the oversight board may not unilaterally approve any amendments to or early termination of the bonds, and the scheduled payments on the bonds shall be listed in the recognized obligation payment schedule and are not subject to further review and approval by the Department of Finance or the California State Controller.

Description of the Series 2017 Bonds

The Series 2017 Bonds will be issued in denominations of \$5,000 or any integral multiple of \$5,000, will be dated the date of delivery thereof, and will mature on August 1 of the years and in the amounts set forth on the inside cover page hereof. Interest on the Series 2017 Bonds is payable at the respective interest rates set forth on the inside cover page hereof, on February 1 and August 1 of each year (each an “Interest Payment Date”), commencing [February 1, 2018].

The Series 2017 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC,” together with any successor securities depository, the “Securities Depository”). DTC will act as Securities Depository for the Series 2017 Bonds. Individual purchases will be made only in book-entry form. Purchasers will not receive physical certificates representing their beneficial ownership interest in the Series 2017 Bonds. So long as the Series 2017 Bonds are registered in the name of Cede & Co., (i) payment of the principal of, premium, if any, and interest on the Series 2017 Bonds will be payable to DTC or its nominee, and (ii) all reference herein to the holders or the owners of the Series 2017 Bonds, or the Series 2017 Bondowners or Series 2017 Bondholders means DTC and not the beneficial owners of the Series 2017 Bonds. DTC in turn will remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX G–“DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Each Series 2017 Bonds will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated after a Record Date (defined herein) and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (ii) the Series 2017 Bonds are authenticated on or before January 15, 2018, in which event they shall bear interest from their date of delivery; *provided, however*, that if, as of the date of authentication of the Series 2017 Bonds, interest thereon is in default, the Series 2017 Bonds shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Principal of, and redemption premium, if any, on the Series 2017 Bonds is payable at the Principal Corporate Trust Office of the Trustee. Interest on the Series 2017 Bonds will be paid by the Trustee only to the registered owners as shown on the Trustee’s books as of the fifteenth day of the calendar month next preceding each interest payment date (each a “Record Date”), except that in the case of an owner of \$1,000,000 or more in principal amount of Series 2017 Bonds outstanding, payment will

be made at the owner's option by wire transfer of immediately available funds according to instructions provided by such owner to the Trustee and received no later than the Record Date for such interest payment date.

Redemption Provisions

Series 2017A Bonds

Optional Redemption of Series 2017A Bonds. The Series 2017A Bonds maturing on or before August 1, 20__, are not subject to optional redemption prior to maturity. The Series 2017A Bonds maturing on or after August 1, 20__, are subject to redemption at the option of the Successor Agency on any date on or after August 1, ____, as a whole or in part, by such maturities as determined by the Successor Agency (and, in lieu of such determination, *pro rata* among maturities), and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Sinking Account Redemption of Series 2017A Bonds. The Series 2017A Bonds maturing on August 1, 20__ ("20__ Series 2017A Term Bonds"), are subject to mandatory redemption from Sinking Account payments set forth in the following schedule on August 1, ____, and on each August 1 thereafter, to and including August 1, ____, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the 20__ Series 2017A Term Bonds have been subject to optional redemption, the total amount of Sinking Account payments to be made subsequent to such optional redemption will be reduced in an amount equal to the principal amount of the 20__ Series 2017A Term Bonds so redeemed by reducing each such future Sinking Account payment on a *pro rata* basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to a written notice of the Successor Agency filed with the Trustee.

20__ Series 2017A Term Bonds

Redemption Date (August 1)	Principal Amount
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The Series 2017A Bonds maturing on August 1, 20__ ("20__ Series 2017A Term Bonds"), are subject to mandatory redemption from Sinking Account payments set forth in the following schedule on August 1, ____, and on each August 1 thereafter, to and including August 1, ____, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the 20__ Series 2017A Term Bonds have been subject to optional redemption, the total amount of Sinking Account payments to be made subsequent to such optional redemption will be reduced in an amount equal to the principal amount of the 20__ Series 2017A Term Bonds so redeemed by reducing each such future Sinking Account payment on a *pro rata* basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to a written notice of the Successor Agency filed with the Trustee.

20__ Series 2017A Term Bonds

Redemption Date (August 1)	Principal Amount
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Series 2017B Bonds

Optional Redemption of Series 2017B Bonds. The Series 2017B Bonds maturing on or before August 1, 20__, are not subject to optional redemption prior to maturity. The Series 2017B Bonds maturing on or after August 1, 20__, are subject to redemption at the option of the Successor Agency on any date on or after August 1, 20__, as a whole or in part, by such maturities as determined by the Successor Agency (and, in lieu of such determination, *pro rata* among maturities), and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Redemption Procedures

Selection of Series 2017 Bonds for Redemption. If less than all of the Series 2017 Bonds of a series then currently Outstanding are called for redemption, the Trustee will select Series 2017 Bonds of a series for redemption from Series 2017 Bonds of such series then currently Outstanding and not previously called for redemption, at the written direction of the Successor Agency in such order of maturity as shall be designated by the Successor Agency, and in the absence of such direction, *pro rata* among maturities and by lot within a maturity. The Trustee will promptly notify the Successor Agency in writing of the Series 2017 Bonds so selected for redemption.

Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee on behalf of and at the expense of the Successor Agency, not less than 20 (or, if more, such minimum number of days as may be required by the Securities Depositories) but not more than 60 days prior to the redemption date to: (i) the Owners of any Series 2017 Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services designated in a Written Request of the Successor Agency filed with the Trustee at the time the Successor Agency notifies the Trustee of its intention to redeem Series 2017 Bonds; but such mailing will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Series 2017 Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will designate the series and CUSIP number of the Series 2017 Bonds to be redeemed, state the individual number of each Series 2017 Bond to be redeemed or state that all Series 2017 Bonds between two stated numbers (both inclusive) or all of the Series 2017 Bonds Outstanding of a series (or all Series 2017 Bonds of a maturity of a series) are to be redeemed, and will require that such Series 2017 Bonds be then surrendered (except for mandatory Sinking Account redemptions) at the Principal Corporate Trust Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on such Series 2017 Bonds will not accrue from and after the redemption date.

Conditional Notice of Optional Redemption. In the case of an optional redemption of a series of Series 2017 Bonds, the notice of redemption may also state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the applicable Series 2017 Bonds on the anticipated redemption date, and that the optional redemption will not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem such Series 2017 Bonds have not been deposited with the Trustee. If the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the Series 2017 Bonds to be optionally redeemed, such event will not constitute an Event of Default; the Trustee is required to send written notice to the Owners to the effect that the redemption did

not occur as anticipated, and Series 2017 Bonds for which notice of optional redemption was given will remain Outstanding for all purposes of the Indenture.

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 Series 2017 Bonds of a series so called for redemption shall have been duly deposited with the Trustee, such Series 2017 Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest will accrue thereon from and after the redemption date specified in such notice.

Manner of Redemption. Whenever any Series 2017 Bonds or portions thereof are to be selected for redemption by lot, the Trustee is required to make such selection, in such manner as the Trustee deems appropriate, and to notify the Successor Agency thereof. All Series 2017 Bonds redeemed or purchased pursuant to the Indenture will be canceled and destroyed as provided therein.

PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT

General

Property Tax Revenues Under the Dissolution Act. The Dissolution Act requires the county auditor-controller to determine the amount of property taxes that would have been allocated to the former agency had the former agency not been dissolved pursuant to the Dissolution Act using current assessed values on the last equalized roll on August 20, and to deposit that amount in the redevelopment property tax trust fund for the successor agency established and held by the county auditor-controller pursuant to the Dissolution Act. The redevelopment property tax trust fund is administered by the county auditor-controller for the benefit of the holders of enforceable obligations and the taxing entities that receive pass-through payments and property tax distributions. Any bonds authorized under the Dissolution Act to be issued by a 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 effective date of the Dissolution Act, in full conformity with the applicable provisions of the Law that existed prior to that date, and will be included in the ROPS of the successor agency. See “–Recognized Obligation Payment Schedules.”

The Dissolution Act authorizes the issuance of refunding bonds by successor agencies to be secured by a pledge of monies deposited from time to time in a redevelopment property tax trust fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Law to the former redevelopment agency and authorized under the Law to be used for the financing of former 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 in the Law.*** See “CERTAIN RISKS TO BONDOWNERS.”

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

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

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

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 only requires each county auditor-controller to establish a single redevelopment property tax trust fund with respect to each former redevelopment agency within the respective county and does not require funds derived from separate project areas of a former redevelopment agency to be segregated. All of the obligations of the Project Areas are secured by the Redevelopment Property Tax Trust Fund held by the County Auditor-Controller, although property tax revenues continue to be calculated by individual Project Area.

Recognized Obligation Payment Schedules

ROPS Process Under the Dissolution Act. The Dissolution Act requires successor agencies to prepare and submit to the successor agency’s oversight board and the Department of Finance for approval a recognized obligation payment schedule (a “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 of February 1, 2016, successor agencies are required to file a ROPS annually with the Department of Finance and the county auditor-controller for approval on or before each February 1 for the July 1 through June 30 period immediately following such February 1. For example, on February 1, 2017, the Successor Agency was required to file a ROPS for the period commencing July 1, 2017 through June 30, 2018.

In addition, commencing on September 22, 2015, successor agencies that have received a Finding of Completion and the concurrence of the Department of Finance as to the items that qualify for payment,

among other conditions, may at their option, file a “Last and Final” ROPS. If approved by the Department of Finance, the Last and Final ROPS will be binding on all parties, and the successor agency will no longer submit an annual ROPS to the Department of Finance or the oversight board. The county auditor-controller will remit the authorized funds to the successor agency in accordance with the approved Last and Final ROPS until each remaining enforceable obligation has been fully paid. A Last and Final ROPS may only be amended twice, and only with approval of the Department of Finance and the county auditor-controller. The Successor Agency has no current plans to submit a Last and Final ROPS.

Priority of Distribution from the Redevelopment Property Tax Trust Fund. The Dissolution Act establishes a specific flow of funds for the administration by county auditor-controllers of the redevelopment property tax trust fund. Under Health and Safety Code Section 34183, after deducting certain administrative costs due to the county, the county auditor controller is required to allocate money in the redevelopment property tax trust fund as follows:

- (i) No later than each January 2 and June 1, subject to certain adjustment for subordination of pass-through obligations as permitted under the Dissolution Act (as further described below), to each local taxing agency and school district to the extent applicable, amounts required for pass-through payments such taxing agency would have received under the provisions of the Law, as those sections read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations. See LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Statutory Tax-Sharing Payments.”
- (ii) On each January 2 and June 1, to the successor agency for payments listed on the successor agency’s ROPS, with debt service payments (and amounts required to replenish the related reserves, if any) scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the ROPS.
- (iii) On each January 2 and June 1, to the successor agency for the administrative cost allowance (as defined in the Dissolution Act).
- (iv) On each January 2 and June 1, to the taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers described in clauses (i) to (iii) in an amount proportionate to such taxing entities share of property tax revenues in the tax rate area in the fiscal year (without giving effect to any pass-through obligations that were established under the Law).

Payment of Amounts Listed on the ROPS. As defined in the Dissolution Act, “enforceable obligation” includes, in relevant part, bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency or any authorized refunding thereof. A reserve may be included on the ROPS and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the calendar year. See APPENDIX D–“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE–Covenants of the Successor Agency–Processing ROPS.”

Sources of Payment for the ROPS. Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a ROPS are the following: (i) the former low and moderate income housing fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance (a successor agency is entitled to receive not less than \$250,000 unless such amount is reduced by the Oversight Board), (v) the redevelopment property tax trust fund (but only to the extent no other funding

source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board).

The Dissolution Act provides that only payments listed in the ROPS may be made by the successor agency from the funds specified in the ROPS.

Failure to Submit a ROPS. There are strong incentives for a successor agency to submit its ROPS on time. If a successor agency does not submit a ROPS to the oversight board, the county auditor-controller and the Department of Finance on or before each February 1 commencing February 1, 2016 (unless successor agency submits and obtains approval from the Department of Finance of a Last and Final ROPS), then the city or county that created the former redevelopment agency, if acting as the successor agency is subject to a \$10,000 per day civil penalty for every day the schedule is not submitted to the Department of Finance. See “PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT–Recognized Obligation Payment Schedules” for discussion regarding submission of Last and Final ROPS. Additionally, if the successor agency does not submit a ROPS to the oversight board and the Department of Finance within 10 days of the deadline, then the successor agency’s maximum administrative cost allowance may be reduced by up to 25%. For additional information regarding procedures under the Dissolution Act relating to late ROPS and implications for the Series 2017 Bonds, see “RISK FACTORS–Recognized Obligation Payment Schedules.”

To date, the Successor Agency has timely submitted all required ROPS to the Department of Finance.

[Moved] Pass-Through Payments. The Law recognizes three types of pass-through payments to affected taxing entities: (i) Section 33401 negotiated tax-sharing payments for redevelopment areas that existed prior to January 1, 1994; (ii) from 1985 through 1993, Section 33676 inflationary pass-through payments; and (iii) statutory pass-through payments pursuant Sections 33607.5 and/or 33607.7.

The Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. Section 33607.5 and 33607.7 of the Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the “AB 1290 Pass-Through Payments” or “Statutory Tax-Sharing Payments”). For a description of the Statutory Tax-Sharing Payments payable to taxing entities within the Project Areas, see “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Tax-Sharing Payments.” The Dissolution Act requires the county auditor-controller to distribute from the redevelopment property tax trust fund on each January 2 and June 1 the amounts required to be distributed for statutory pass-through amounts to the taxing entities for each six-month period before amounts are distributed by the county auditor-controller from the redevelopment property tax trust fund to the Redevelopment Obligation Retirement Fund of the successor agency, 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, (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 Redevelopment Obligation Retirement Fund of the successor agency, 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 enforceable obligations, pass-through payments of the successor agency, and the administrative cost allowance of the successor agency 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 enforceable obligations, pass-through payments, and the administrative cost allowance of the successor agency. 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 Statutory Tax-Sharing Payments if such Statutory Tax-Sharing Payments were subordinated to the debt service on enforceable obligations, 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 subordinations obtained for the Statutory Tax-Sharing Payments will effectively result in sufficient Tax Revenues for the payment of principal and interest on the Series 2017 Bonds when due. See “–Recognized Obligation Payment Schedules.”

Elimination of Housing Set-Aside

Before it was amended by the Dissolution Act, the Law required the Former Agency to set aside not less than 20% of all tax increment generated in the Redevelopment Project Areas into a low and moderate income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low and moderate income housing. These tax increment revenues were commonly referred to as “Housing Set-Aside.” The Dissolution Act eliminated the Housing Set-Aside requirement. Since a deduction for the Housing Set-Aside is no longer required, amounts that were previously required to be deposited in the low and moderate income housing fund are now included in property taxes.

No Plan Limits

Prior to the Dissolution Act, redevelopment plans were required to include certain limits on the financing of the redevelopment projects. 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 Series 2017 Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS

Pledge of Tax Revenues

Property taxes levied 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 will be deposited in the Redevelopment Property Tax Trust Fund and, to the extent they constitute Tax Revenues, will be transferred by the County Auditor-Controller to the Redevelopment Obligation Retirement Fund held by the Successor Agency on January 2 and June 1 of each year to the extent required for payments listed in the ROPS of the Successor Agency in accordance with the requirements of the Dissolution Act. See “PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT–Recognized Obligation Payment Schedules” and “–Flow of Funds Under the Indenture.”

Pursuant to the Indenture, the Successor Agency irrevocably grants a lien on and a security interest in, and pledges, the Tax Revenues and all money in the Debt Service Fund (including the Interest Account, the Principal Account, the Sinking Account and the Redemption Account therein), and the Redevelopment Obligation Retirement Fund, for the benefit of the Owners of the Outstanding Series 2017 Bonds. The Series 2017 Bonds (excluding any Parity Debt) are also secured by an exclusive pledge of, security interest in and lien on amounts in the Reserve Account. The lien on and security interest in and pledge of the Tax Revenues and such money in the Debt Service Fund and in the accounts or funds so specified and provided for in the Indenture constitutes a first pledge of and charge and lien upon the Tax Revenues and the moneys in such accounts and funds. See also See APPENDIX D–“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

“Tax Revenues” is defined in the Indenture to mean, the moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (b) of Section 34170.5 of the Dissolution Act, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act, after payment of (i) County administrative fees pursuant to section 34183(a) of the Dissolution Act, (ii) the amounts required by the Revocable Grant Agreement, entered into as of November 1, 1998, between the Former Agency and Coggins Square Associates, a California Limited Partnership pursuant to which payments of \$100,000 per year are made through Fiscal Year 2028-29 (the “Reimbursement Agreement”), and the Statutory Pass-Through Amounts, to the extent not subordinated to the use of Tax Revenues for the payment of amounts due under the Indenture. See “THE PROJECT AREAS–Adjustments to Tax Increment Revenues.” If, and to the extent, that the provisions of Section 34172 or Section 34183(a)(2) of the Dissolution Act are invalidated by a final judicial decision, then Tax Revenues will include all tax revenues allocated to the payment of indebtedness of the Successor Agency pursuant to Section 33670 of the Law or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available to pay the principal of and interest on the Series 2017 Bonds. See “PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT–Recognized Obligation Payment Schedules” and “CERTAIN RISKS TO BONDOWNERS.”

The Series 2017 Bonds are special obligations of the Successor Agency. The Series 2017 Bonds are not a debt of the County, the State of California or any of its political subdivisions (other than the Successor Agency) and none of the County, the State of California or any of its political subdivisions (other than the Successor Agency) is liable therefor. In no event shall payment of the principal or redemption price of, or interest on the Series 2017 Bonds constitute a debt, liability or obligation of any public agency (other than the limited obligation of the Successor Agency as set forth in the Indenture). The Series 2017 Bonds do not constitute an indebtedness within the meaning of any constitutional or

statutory debt limitation or restriction, and none of the members of the Successor Agency Governing Board, the Oversight Board, the Board of Supervisors or any persons executing the Series 2017 Bonds are liable personally on the Series 2017 Bonds by reason of their issuance. The Successor Agency has no taxing power.

Adjustments to Tax Increment Revenues

The tax increment from the Project Areas is subject to certain adjustments and liens that are payable prior to payment of debt service on the Series 2017 Bonds.

Property Tax Administrative Costs. In 1990, the State Legislature enacted Senate Bill No. 2557 (“SB 2557”) (Chapter 466, Statutes of 1990), codified in Section 97.5 of the California Revenue and Taxation Code, which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. Subsequent legislation clarified that the provisions of SB 2557 include redevelopment agencies as a local government agency which must pay such administrative costs. Since the enactment of SB 2557, the Successor Agency has had its tax increment reduced by the County for its *pro rata* share of property tax administrative costs.

The estimated SB 2557 (property tax administrative costs) charges to the Successor Agency attributable to the Project Areas for Fiscal Year 2016-17 are \$145,000, which is approximately 0.78% of projected Fiscal Year 2016-17 tax increment revenues, and is based on the percentage that actual administrative charges represented to total tax increment for the Project Areas in Fiscal Year 2015-16.

For purposes of the projections of Tax Revenues in the Fiscal Consultant Report and in this Official Statement, the Fiscal Consultant assumed that the County property tax administrative costs as a percentage of Tax Revenues from the Project Areas would remain constant based upon the actual amount charged for Fiscal Year 2016-17. See “THE PROJECT AREAS–Projected Debt Service Coverage” and APPENDIX C–“FISCAL CONSULTANT REPORT.”

The property tax administrative costs pursuant to SB 2557 are payable on a basis senior to payment of debt service on the Series 2017 Bonds.

Section 33676 Allocations. Pursuant to Section 33676 of the Law (“Section 33676”), for project areas adopted prior to January 1994, taxing entities could elect to receive additional property taxes above the base year revenue amount. Such amounts are calculated by increasing the real property portion of base year values by an inflation factor of up to 2% annually. Taxing entities can receive a proportionate share of such revenues if they elected to do so prior to adoption of the redevelopment plan. Based on the decision in the case of *Santa Ana Unified School District v. Orange County Development Agency*, the County is also allocating Section 33676 revenues to all eligible school districts. Allocations pursuant to Section 33676 are made from each of the Project Areas as described below:

Contra Costa Centre Project Area: The Redevelopment Plan for this Project Area provides for the allocation of the revenue calculated pursuant to Section 33676 to the taxing entities. Therefore, all of the taxing entities in the Original Project Area receive Section 33676 allocations. In the Amendment Area, approximately 65% of the total Section 33676 revenues are allocated. Three taxing entities receive negotiated tax-sharing payments pursuant to Section 33401 and are therefore not eligible to receive such revenues.

North Richmond Project Area: Thirteen of the 21 taxing entities in this Project Area have elected to receive their share of the Section 33676 allocations. Approximately 81% of the total Section 33676 revenues are being allocated to the taxing entities.

Bay Point Project Area: Seventeen of the 22 taxing entities in this Project Area have elected to receive their share of the Section 33676 allocations. Approximately 71% of the total Section 33676 revenues are being allocated to the taxing entities. One taxing entity receives negotiated tax-sharing payments pursuant to Section 33401 and is therefore not eligible to receive such revenues.

Rodeo Project Area: Eight of the 21 taxing entities in this Project Area have elected to receive their share of the Section 33676 allocations in this Project Area. Approximately 45% of the total Section 33676 revenues are being allocated to the taxing entities. Four taxing entities receive negotiated tax-sharing payments pursuant to Section 33401 and are therefore not eligible to receive such revenues.

Flow of Funds under the Indenture

The Successor Agency has established a special trust fund (the “Redevelopment Obligation Retirement Fund”) pursuant to Section 34170.5 of the Dissolution Act. The Indenture establishes a special trust fund (the “Debt Service Fund”) that is held and maintained by the Trustee. The Successor Agency will deposit all Tax Revenues received in any Bond Year in the Redevelopment Obligation Retirement Fund promptly upon receipt, and promptly thereafter transfer moneys to the Trustee for deposit in the Debt Service Fund in the amounts required under the Indenture.

All moneys in the Debt Service Fund are required to be transferred by the Trustee for deposit in the following respective accounts within the Debt Service Fund, in the following order of priority:

First: On or before the fifth Business Day preceding each Interest Payment Date, commencing with the February 1, 2018, Interest Payment Date, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and Parity Debt on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on such Interest Payment Date upon all of the Outstanding Bonds and Parity Debt. Subject to the Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2017 Bonds and Parity Debt as it becomes due and payable (including accrued interest on any Series 2017 Bonds and Parity Debt redeemed prior to maturity pursuant to the Indenture).

Second: On or before the fifth Business Day preceding each Interest Payment Date, commencing with the February 1, 2018, Interest Payment Date, to the extent there are monies available, the Trustee is required to transfer funds from the Debt Service Fund for deposit in the Principal Account an amount equal to one-half of the principal payments coming due and payable on the Outstanding Series 2017 Bonds and any Parity Debt on the next August 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 August 1 on all Outstanding Series 2017 Bonds and any Parity Debt. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2017 Bonds and any Parity Debt as it becomes due and payable.

Third: On or before the fifth Business Day preceding each Interest Payment Date, commencing with the first such date which is six months prior to the date on which principal (or any mandatory sinking payment) is due on any Term Bonds, to the extent there are moneys

available, the Trustee is required to transfer funds from the Debt Service Fund for deposit in the Sinking Account an amount equal to one-half of the sinking account payments becoming due and payable on any Series 2017 Bonds and Parity Debt that constitute Term Bonds on the next August 1, to the extent monies on deposit in the Debt Service Fund are available therefor. No such transfer and deposit need be made to the Sinking Account if the amount contained therein is at least equal to the sinking account payments to become due on the next August 1 on all Outstanding Series 2017 Bonds and Parity Debt that constitute Term Bonds. Subject to the Indenture, all moneys in the Sinking Account will be used and withdrawn by the Trustee solely for the purpose of paying the aggregate principal amount of the Term Bonds and term bonds relating to Parity Debt required to be redeemed on such August 1 pursuant to the provisions of the document providing for the issuance of any Parity Debt that constitutes Term Bonds.

Fourth: The Reserve Requirement as of the date of issuance of the Series 2017 Bonds is expected to be satisfied by the municipal bond debt service reserve policy (the “Reserve Policy”) provided by _____ (the “Municipal Bond Insurer”) and not by any deposit of cash in the Reserve Account. The Successor Agency has no obligation to replace the Reserve Policy or to fund the Reserve Account with cash if, at any time the Series 2017 Bonds are outstanding, amounts are unavailable under the Reserve Policy.

In the event moneys on deposit in the Debt Service Fund on any Interest Payment Date are less than the full amount of the interest and principal payments required to be deposited by the Trustee in order to pay the scheduled debt service on the Series 2017 Bonds, the Trustee will draw on the Reserve Policy an amount equal to any such deficiency and will notify the Successor Agency of any such withdrawal. The Reserve Policy can only be drawn upon to make payments on the Series 2017 Bonds (and not on any Parity Debt) in the event of a shortfall in amounts in the Debt Service Fund available to pay the scheduled debt service on the Series 2017 Bonds.

Fifth: On or before the fifth Business Day preceding any date on which Bonds are, or any Parity Debt is, to be optionally redeemed, the Trustee is required to withdraw from the Debt Service Fund and transfer to the Redemption Account (which the Trustee is required to establish and hold in trust under the Indenture) an amount required to pay the principal of and premium, if any, on the Series 2017 Bonds and any Parity Debt to be redeemed on such date, taking into account any funds then on deposit in the Redemption Account. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Series 2017 Bonds and any Parity Debt to be redeemed on the respective dates set for such redemption.

Reserve Account

General. A Reserve Account within the Debt Service Fund is established under the Indenture as security for the Series 2017 Bonds (the “Reserve Account”) in an amount equal to the “Reserve Requirement,” which, as of any date of calculation, is an amount equal to the least of (i) Maximum Annual Debt Service for then current or every subsequent Bond Year, (b) 125% of average Annual Debt Service for then current or every subsequent Bond Year, and (c) 10% of the original principal amount of the Series 2017 Bonds and any Parity Debt. On the Closing Date, the Reserve Requirement for the Series 2017 Bonds is calculated to be \$_____.

On the date of delivery of the Series 2017 Bonds, proceeds in the amount of the Reserve Requirement or, a municipal debt service reserve policy in the amount of the Reserve Account will be

deposited in the Reserve Requirement. See also APPENDIX D–“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

If, on any Interest Payment Date, the moneys available in the Interest Account, the Principal Account and the Sinking Account do not equal the amount of the principal or interest on the Series 2017 Bonds (not including any Parity Debt) then coming due and payable, the Trustee is required to apply the moneys available in the Reserve Account to make delinquent amounts by transferring the amount necessary for this purpose to the Interest Account, the Principal Account and/or the Sinking Account or draw on the Reserve Policy and apply amounts received from such draw to make delinquent amounts by transferring the amount necessary for this purpose to the Interest Account, the Principal Account and/or the Sinking Account. To the extent there is cash or investments on deposit in the Reserve Account, such cash or investments are required to be applied first before there is any draw on the Reserve Policy or any other credit facility credited to the Reserve Account in lieu of cash (a “Credit Facility”). Payment of any Policy Costs (defined in the Indenture) are required to be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the 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 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. The term “available coverage” is defined in the Indenture to mean the coverage then available for disbursement pursuant to the terms of the applicable Credit Facility 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 the provider thereof to honor any such claim or draw. Upon receipt of any delinquent amount with respect to which moneys have been advanced from the Reserve Account or there has been a draw on the Reserve Policy, such amount is required to be deposited in the Reserve Account to the extent of such advance and first applied to reimburse a draw on the Reserve Policy and then to replenish any cash drawn therefrom.

The Successor Agency is under no obligation to replace the Reserve Policy or to fund the Reserve Account with cash if, at any time the Series 2017 Bonds are outstanding, (i) amounts are unavailable under the Reserve Policy or (ii) the rating assigned to the Municipal Bond Insurer by any rating agency is downgraded, suspended or withdrawn at any time.

Covenant of the Successor Agency to Process ROPS

Pursuant to the Indenture, the Successor Agency covenants and agrees, among other things, that it will take all actions required under the Dissolution Act to include in the ROPS for each ROPS Period scheduled debt service on the Series 2017 Bonds and any Parity Debt (including, without limitation, any mandatory redemption payments), as well as any amount required to replenish the Reserve Account of the Debt Service Fund or to pay any amounts owing to the Municipal Bond Insurer, all so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Redevelopment Obligation Retirement Fund on each RPTTF Distribution Date amounts required for the Successor Agency to pay principal of, and interest on, the Series 2017 Bonds and any Parity Debt, and any amounts owing to the Municipal Bond Insurer coming due in the respective ROPS Payment Period corresponding to such RPTTF Distribution Date pursuant to the Dissolution Act (including but not limited to Section 34177 therein).

The Successor Agency additionally covenants and agrees in the Indenture that not later than February 1, 2019 and each February 1 thereafter (or at such other time as may be required by the Dissolution Act) for so long as any Series 2017 Bonds or any Parity Debt remain outstanding, the Successor Agency will submit to the Department of Finance and to the County’s Auditor-Controller an Oversight Board-approved ROPS that provides for the distribution of the following amounts (but only to

the extent that other amounts on deposit in the Redevelopment Property Tax Trust Fund or the Redevelopment Obligation Retirement Fund reserved for payment of debt service on the Series 2017 Bonds or any Parity Debt or on deposit in the Debt Service Fund or in the debt service fund or similar fund relating to such other debt are insufficient therefor): (i) for distribution on each June 1: (A) all interest coming due and payable on the Series 2017 Bonds and any Parity Debt on the next succeeding August 1, and (B) 50% of the principal amount coming due and payable on the Bonds and any Parity Debt on the next August 1; and (ii) for distribution on each January 2: (A) all interest coming due and payable on the Bonds and any Parity Debt on the next succeeding February 1, and (B) 50% of the principal amount coming due and payable on the Series 2017 Bonds and any Parity Debt on the next August 1; (iii) if the Successor Agency determines it is necessary to ensure timely payment of debt service on the Bonds or any Parity Debt, the Successor Agency may also collect on each January 2 or June 1, as necessary, a reserve to be held for debt service on the Series 2017 Bonds and any Parity Debt on February 1 and August 1 of the next succeeding calendar year; and (iv) any amounts required to replenish the Reserve Account, any other reserve account established under any Parity Debt instrument, and any amounts due and owing to the Municipal Bond Insurer.

In addition, the Successor Agency covenants that, if the amount of Tax Revenues expected to be available with respect to a ROPS Payment Period will be insufficient to pay required debt service on the Bonds and any Parity Debt and all other required amounts payable from the Redevelopment Obligation Retirement Fund during such ROPS Payment Period, it shall, on or before the May 1 or December 1, as applicable, preceding such ROPS Payment Period (or such other date as otherwise may be specified in the Dissolution Act), file a Notice of Insufficiency with the County Auditor-Controller in accordance with the Dissolution Act (including, but not limited to, paragraph (b) of Section 34183 therein).

For additional covenants of the Successor Agency under the Indenture, see APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Covenants of the Successor Agency.”

No Additional Debt Other than Refunding Bonds

In addition to the Series 2017 Bonds, the Successor Agency may issue or incur Parity Debt only to refund the Series 2017 Bonds or other Parity Debt in such principal amount as is determined by the Successor Agency, pursuant to a separate or Supplemental Indenture adopted or entered into by the Successor Agency and Trustee.

LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS

Article XIII A of the California Constitution

California voters, on June 6, 1978, approved an amendment (commonly known as Proposition 13) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value’, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, a reduction in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) 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 such indebtedness, and

(iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition.

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend Article XIII A. Proposition 58 amends Article XIII A to provide that the terms “purchased” and “change of ownership,” for purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children.

Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence to buy or build another of equal or lesser value within two years in the same county, and to transfer the old residence’s assessed value to the new residence. Pursuant to Proposition 60, the Legislature has enacted legislation permitting counties to implement the provisions of Proposition 60.

Challenges to Article XIII A. On September 22, 1978, the California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union High School District v. State Board of Equalization*). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in proper cases. Since 1978, several cases have been decided interpreting various provisions of Article XIII A; however, none of them have questioned the ability of redevelopment agencies to use tax allocation financing. The United States Supreme Court upheld the validity of the assessment procedures of Article XIII A in *Nordlinger v. Hahn*.

The Successor Agency cannot predict whether there will be any future challenges to California’s present system of property tax assessment and cannot evaluate the ultimate effect on the Successor Agency’s receipt of Tax Revenues should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation. Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1.00 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs, except for certain utility property assessed by the State Board of Equalization. Local agencies and school districts will share the growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation the following year. The Successor Agency is unable to predict the nature or magnitude of future revenue sources which may be provided by the State of California to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Litigation Relating to Property Assessments. Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-

decline value of the property) at an annual rate higher than 2% even though the properties have not changed hands, depending on the assessor's measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure.

Article XIII B of the California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. Propositions 98 and 111, approved by the California voters in 1988 and 1990 respectively, substantially modify Article XIII B. 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 initial version of Article XIII B provided that the "base year" for establishing an appropriations limit was the 1978-79 Fiscal Year, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in Fiscal Year 1990-91, each appropriations limit must be recalculated using the actual Fiscal Year 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitation of a local government under Article XIII B generally include any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to, all tax revenues plus the proceeds to an entity of government from (1) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), (2) the investment of tax revenues, and (3) certain subventions received from the State.

As amended by Proposition 111, Article XIII B provides for testing of appropriations limits over consecutive two-year periods. If an entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. As amended by Proposition 98, Article XIII B provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs.

Effective September 30, 1980, the California Legislature added Section 33678 to the 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 shall not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of such agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of the proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678. The constitutionality of Section 33678 has been upheld in two California appellate court decisions, *Brown v. Community Redevelopment Agency of the City of Santa Ana* and *Bell Community Redevelopment Agency v. Woosley*. The plaintiff in *Brown v. Community Redevelopment Agency of the City of Santa Ana* petitioned the California Supreme Court for a hearing of this case. The California Supreme Court formally denied the petition and therefore the earlier court decisions are now final and binding. Based on these decisions, the Successor Agency has not adopted an appropriations limit.

Articles XIII C and XIII D of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218. Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of local entities of government to levy and collect both existing and future taxes, assessments, fees and charges. Article XIII C to the State Constitution provides that any tax assessment or charge may be repealed by the State's initiative process. However, since the Series 2017 Bonds are not payable from or secured by any such sources of revenue, Proposition 218 does not affect the issuance or sale of, or the security for, the Series 2017 Bonds.

Tax-Sharing Payments

AB 1290 Pass-Through Payments. The Redevelopment Plans for all of the Project Areas (except for the Montalvin Manor Project Area) were amended after January 1, 1994 and therefore are subject to the statutory tax-sharing payments mandated by the Law, as amended by AB 1290, requiring that a portion of the property tax revenues be shared with affected taxing entities within those Project Areas except to the extent that the Former Agency had a negotiated pass-through agreement with the affected taxing entity. The payments for those Project Areas (collectively, the "Pre-AB 1290 Project Areas") and the Montalvin Manor Project Area that was formed after AB 1290 are calculated differently.

The payments for the Pre-AB 1290 Project Areas are required because the financial and time limitations for the various Redevelopment Plans were amended after AB 1290 was enacted. Payments of the pass-through payment are only due on increases in tax increment revenues above levels received in certain years. These years are referred to as the "AB 1290 AV Base Year" and are different for the various Pre-AB 1290 Project Areas.

Provisions of the Dissolution Act authorize the Successor Agency to request that an affected taxing entity subordinate its right to receive such statutory payments to the payment of loans, bonds or other indebtedness of the Successor Agency. The Successor Agency has requested that the taxing entities subordinate the AB 1290 Pass-Through Payments to the payment of debt service on the Series 2017 Bonds, and has provided substantial evidence that it will have sufficient funds available to pay debt service on the Series 2017 Bonds and make the statutory payments to the affected taxing entities. [As of the date of this Official Statement, the subordination process had not been completed.] These AB 1290 Pass-Through Payments were subordinate to the payments on the Former Agency Indebtedness. ***[To be updated prior to posting.]*** For purposes of the projections of Tax Revenues shown in the Fiscal Consultant Report and this Official Statement, the Fiscal Consultant has assumed that the AB 1290 Pass-Through Payments will be subordinate to the payment of debt service on the Series 2017 Bonds.

Table 4 below shows, for each Pre-AB 1290 Project Area, the dates when AB 1290 Pass-Through Payments began, and the AB 1290 AV Base Year, which represents the date after which the Successor Agency owed pass-through payments on any tax increment increases.

Table 4
AB 1290 AV Base Year

<u>Project Area</u>	<u>AB 1290 AV Base</u>	<u>Fiscal Year Pass Thru Began</u>
Contra Costa Centre-Original	2004-05	2005-06
Contra Costa Centre-Amendment	2008-09	2009-10
North Richmond [†]	2007-08	2008-09
Bay Point [†]	2007-08	2008-09
Rodeo	2010-11	2011-12

[†] The assessed value of this Project Area is below the adjusted base year value, so no AB 1290 Pass-Through Payments are required.

For the Montalvin Manor Project Area, AB 1290 Pass-Through Payments are due based on the total tax increment generated in this area. The pass-through payments for this Project Area is based on a three tier formula, and payments are made after the deposit by the Successor Agency to its housing set-aside. Although the Successor Agency is no longer required to make a housing set-aside deposit, the Dissolution Act specifically states that the AB 1290 Pass-Through Payments are to be made as if the housing deposits were still being made. For the calculation methodology see APPENDIX B–“FISCAL CONSULTANT REPORT.”

Unpaid 1290 Pass-Through Payments. The County owes AB 1290 Pass-Through Payments to those taxing entities that did not enter into negotiated pass-through arrangements with the Former Agency for the Contra Costa Centre and Rodeo Project Areas. The County Auditor-Controller will make the payments owed for Fiscal Year 2016-17 (which total approximately \$755,000) from the June 2017 RPTTF allocation. The County Auditor-Controller intends to make a one-time payment of the remaining AB 1290 Pass-Through Payments owed for these two Project Areas being those from Fiscal Years 2011-12 through 2015-16 (in the approximate amount of \$2.3 million) in a one-time payment from the January 2018 RPTTF distribution. The projections on Table 12 show the payments being made prior to the payment of scheduled debt service on the Series 2017 Bonds with sufficient remaining funds for debt service coverage.

Both the North Richmond and Bay Point Project Areas are below their adjusted base year value, and so no AB 1290 Pass-Through Payments were required to be made in respect of those Project Areas.

Subordinate Negotiated Tax-Sharing Payments. Pursuant to Section 33401 of the Law, the Successor Agency entered into tax-sharing agreements with a number of taxing entities in the Project Areas. A brief discussion of each agreement is provided below.

Contra Costa Centre Project Area: The Successor Agency has an agreement with the Contra Costa County Mosquito Abatement District (the “MAD”) and the Consolidated Fire District which call for the Successor Agency to make payments equal to 100% of each district’s share of tax increment in the Amendment Area. The Successor Agency also has an agreement with the County Superintendent of Schools (“SOS”) which requires payments equal to 75% of the SOS’s share of tax increment in the Amendment Area, and an agreement with the Contra Costa County Library District which requires payments from the Amendment Area equal to this district’s share once all “approved units” have been completed. Although, the Fiscal Consultant believes that payments under this agreement have not yet been triggered, such payments have been included in the projections of property taxes in the Report of the Fiscal Consultant.

Bay Point Project Area: The Successor Agency has an agreement with the Consolidated Fire District that requires the Agency to make payments equal to 100% of this district’s share of tax increment.

Rodeo Project Area: The Successor Agency has agreements with the MAD, the Rodeo-Hercules Fire District, the SOS, and the Contra Costa Community College District. The agreements each require the Successor Agency to make payments equal to 100% of each district’s share of tax increment. The Successor Agency also has an agreement with the East Bay Regional Park District that requires that the Successor Agency make a payment from tax increment of up to \$500,000 for specific facilities.

Subordinate Developer Payment. The Successor Agency is required to make annual payments of \$1,327,812 pursuant to an agreement with Pleasant Hill Transit Village Associates LLC. Pursuant to provisions of the agreement, the Successor Agency has requested that the developer subordinate these

payments to the payments of scheduled debt service on the Series 2017 Bonds, however this process has not yet been completed. These payments were subordinate to payments on the Former Agency Indebtedness. *[To be updated prior to posting.]*

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 approved by the voters of the taxing entity after January 1, 1989 will be allocated to the taxing entity and not to the redevelopment agency. Because this provision is not retroactive, the Successor Agency does not believe the provisions of Proposition 87 can have a material adverse effect on the ability of the Successor Agency to pay debt service on the Series 2017 Bonds.

Property Tax Collection Procedures

Valuation. The assessed valuation of property is established by the County Assessor and reported at 100% of the full cash value as of January 1, except for public utility property, which is assessed by the State Board of Equalization. City property related taxes are assessed and collected at the same time and on the same tax rolls as are County, school, and special district taxes.

The valuation of property is determined as of January 1 each year and equal installments of tax levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due May 15 and become delinquent August 31.

Transferred properties and improvements are assessed at 100% of full cash value, is referred to as the base year value of the property. As discussed under “–Article XIII A of the California Constitution,” pursuant to Article XIII A of the California Constitution, annual increases in property valuations by the County Assessor are limited to a maximum 2% inflation factor unless properties are improved or sold. The base year value plus its inflation factors is referred to as the factored base of the property. Therefore, the County tax rolls do not reflect values uniformly proportional to market values.

In 1978, the voters of the State passed Proposition 8, a constitutional amendment to Article XIII A that allows a temporary reduction in assessed value when real property suffers a decline in value. A decline in value occurs when the current market value of real property is less than the current factored base year value of the property as of the lien date, January 1. See “THE PROJECT AREAS–Taxable Values and Tax Increment Revenues.”

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

Collections. The County collects the *ad valorem* property taxes. Taxes arising from the basic one percent levy are apportioned among local taxing agencies on the basis of a formula established by State law in 1979. Under this formula, the Successor Agency receives a base year allocation plus an allocation on the basis of growth in assessed value (consisting of new construction, change of ownership

and inflation). Taxes relating to voter-approved indebtedness are allocated to the relevant taxing agency. Taxes relating to voter-approved pension costs are allocated to the taxing agency.

The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes in the absence of timely payment by the taxpayer: (1) a civil action against the taxpayer; (2) 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; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes that are delinquent.

Delinquencies. Except for property assessed by the State, 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 January 1. Unsecured taxes enrolled by July 31, if unpaid, are delinquent August 31 at 5:00 p.m. and are subject to penalty; unsecured taxes added to roll after July 31, if unpaid, are delinquent on the last day of the month succeeding the month of enrollment.

Current tax payment practices by the County provide for payment to the Successor Agency of tax revenues on a semiannual basis. Tax increment is allocated to the Successor Agency based on 100% of the calculated tax levy.

Penalty. A 10% penalty is added to delinquent taxes that have been levied with respect to property on the secured roll and not paid by the due date. In addition, property on the secured roll on which taxes are delinquent are declared in default with respect to such property on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption and a \$15 cost. Because the County allocates property taxes to the Successor Agency based on 100% of the tax levy, the County retains all such penalties and interest. See “*County Tax Losses Reserve Fund (Teeter Plan)*.”

County Tax Losses Reserve Fund (Teeter Plan). The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code and has created a tax loss reserve fund (the “Tax Losses Reserve Fund”). Under the Teeter Plan, each participating local agency levying property taxes in the County receives the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency. The constitutionality of the Teeter Plan was upheld in *Corrie v. County of Contra Costa*, 110 Cal. App. 2d 210 (1952). The County was the first Teeter Plan county in the State when the Teeter Plan was enacted by the State Legislature in 1949.

The Contra Costa County Auditor Controller (the “County Auditor”) reports that, to date, the Tax Losses Reserve Fund has proved adequate to meet all tax and special assessment delinquencies, with the effect that, each year, the County has received the full amount of taxes levied and assessment installments posted to the tax bill. There can be no guarantee, however, that the County Tax Losses Reserve Fund will continue to be sufficient to meet such delinquencies in the future. The County has the power to unilaterally discontinue the Teeter Plan on a countywide basis with respect to one or more categories,

including general taxes, special taxes or special assessment installments. The Teeter Plan may also be discontinued by petition of two-thirds (2/3) of the participant taxing agencies. If the Teeter Plan within the Project Areas were discontinued, the amount of the levy of property tax revenue that can be allocated to the Successor Agency would depend upon the actual collections of taxes within the Project Areas. Substantial delinquencies in the payment of property taxes could then impair the timely receipt by the Successor Agency of Tax Revenues and the payment of debt service on the Series 2017 Bonds.

Unitary Property

Assembly Bill (“AB”) 2890 (Chapter 1457, Statutes of 1986) provides that, commencing with the 1988-89 Fiscal Year, assessed value derived from State assessed unitary property county wide is to be allocated as follows: (1) 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 (2) 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 February 1 to January 1.

AB 454 (Chapter 921, Statutes of 1987) 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 unitary property, except for 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 in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited. The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenues generated from the property assessed by the State Board of Equalization and administrative procedures have been determined by the County Auditor to implement the legislation.

AB 454 provided that revenues derived from Unitary Property, commencing with the 1988-89 fiscal year, will be allocated as follows: (1) for revenues generated from the one percent tax rate, (a) each jurisdiction, including project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and (b) if countywide revenues generated from Unitary Property are greater than 102% of the previous year’s unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenues by a specified formula and (2) for revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, 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. This provision applies to all Unitary Property except railroads whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the method of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

The Fiscal Consultant has estimated that the Successor Agency is qualified to receive approximately \$103,239 of allocable tax revenues in Fiscal Year 2016-17 from unitary property tax revenues. To the extent unitary values decrease County wide, the Successor Agency’s allocable tax revenues resulting from unitary assessments can be expected to decrease.

Future Initiatives

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

THE SUCCESSOR AGENCY

General

The Successor Agency was established by the Board of Supervisors following the dissolution of the Former Agency pursuant to the Dissolution Act. See "INTRODUCTION—The Former Agency, the County and the Successor Agency—*The Successor Agency*."

On January 17, 2012, pursuant to Resolution No. 2012/29 and Section 34173 of the Dissolution Act, the Board of Supervisors elected to serve as the governing body of the Successor Agency. Section 34173(g) of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate legal entity from the County, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the County nor will the assets of the Former Agency become assets of the County unless they are identified in the Housing Asset Transfer List approved by the Department of Finance pursuant to Health and Safety Code Section 34176, or public use properties as permitted under Health and Safety Code Section 34181(a) and approved by the Oversight Board and the Department of Finance.

Successor Agency Powers

All powers of the Successor Agency are vested in its five member Governing Board, who are the elected members of the Board of Supervisors. Pursuant to the Dissolution Act, the Successor Agency succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to approved enforceable obligations. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, substantially all Successor Agency actions are subject to approval by the Oversight Board, as well as review by the Department of Finance.

Status of Compliance with Dissolution Act

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

The Successor Agency completed the due diligence process and received its Finding of Completion on July 18, 2013.

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

The Successor Agency timely submitted a Long Range Property Management Plan (an “LRPMP”) to the Department of Finance but the LRPMP was not approved prior to the statutory deadline due to a disagreement regarding costs related to one of the parcels owned by the Former Agency. The Successor Agency is proceeding with plans to transfer or liquidate all of the parcels and has identified other funding sources to do so. The Successor Agency believes that its ability to pay the scheduled debt service on the Series 2017 Bonds will not be materially adversely affected pending approval of the LRPMP by the Department of Finance.

Financial Statements

Prior to the enactment of the Dissolution Act, the Former Agency retained independent auditors to prepare audited financial statements for each Fiscal Year, separate and apart from the report of the audited financial statements of the County.

The Dissolution Act requires that a post audit of the financial transactions and records of the Successor Agency be made at least annually by a certified public accountant. For Fiscal Year 2015-16, the financial transactions for the Successor Agency are incorporated in and made part of the Comprehensive Annual Financial Reports (the “CAFR”) of the County, which was prepared by Maze & Associates. The Fiscal Year 2015-16 CAFR of the County is attached as Appendix C.

As previously stated in this Official Statement, the Successor Agency is a separate legal entity from the County, the assets and liabilities of the Successor Agency are *not* the assets and liabilities of the County. The Series 2017 Bonds are payable from and secured by a pledge of Tax Revenues only. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.” The Fiscal Year 2015-16 CAFR is attached as Appendix C because it includes the audited financial statements of the Successor Agency.

THE COUNTY

The County lies northeast of the San Francisco Bay and is the ninth most populous county in California. The County seat is in the City of Martinez. Major industries in the County include petroleum refining and telecommunications.

For certain economic, demographic and financial information with respect to the County, see APPENDIX A–“GENERAL COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION” and APPENDIX C–“COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2016.”

The County is not obligated to pay the principal or redemption price of, or interest on the Series 2017 Bonds.

THE PROJECT AREAS

Description

The Project Areas consist of the Bay Point, Contra Costa Centre, Montalvin Manor, North Richmond, and Rodeo Redevelopment Project Areas. Descriptions of each Project Area are set forth below. For the location of each Project Area within the County see the map on page iii.

Table 5
Summary of Project Areas

<u>Project Area</u>	<u>Acreage</u>	<u>Location</u>	<u>Land Use</u>	<u>2016-17 Tax Increment</u>	
				<u>Amount</u>	<u>Percent of Total</u>
Bay Point	1,550	East County	Single family homes and industrial/manufacturing	\$3,564,510	19%
Contra Costa Centre	125	Central County	Multifamily and commercial Class A office	9,551,722	51
Montalvin Manor	211	West County	Single family homes and mobile homes	501,785	<u>3</u>
North Richmond	900	West County	Single family homes, multifamily and industrial/manufacturing	2,492,712	13
Rodeo	<u>650</u>	West County	Single family homes, multifamily and commercial	<u>2,520,628</u>	14
TOTAL	3,436			\$18,631,357	100%

Source: Contra Costa County.

Bay Point Project Area. The Bay Point Redevelopment Project Area (formerly the West Pittsburg Redevelopment Project Area) consists of approximately 1,550 contiguous acres located in the eastern portion of the County. It is generally bounded by the City of Pittsburg on the east, State Route 4 on the south, Port Chicago Highway on the west, and Suisun Bay and the Sacramento Northern Railroad right-of-way on the north.

Land uses in this Project Area consist of primarily of single family homes and industrial/manufacturing uses.

Planned development includes construction of up to 340 units of new housing with 40,000 square feet of commercial space at Orbisonia Heights which is located near the Bay Point Bay Area Rapid Transit System (“BART”), a commuter train system that links key locations in the San Francisco Bay Area, BART station and development of an approximately 45 acre light industrial park.

Contra Costa Centre Project Area. The Contra Costa Centre Redevelopment Project Area (formerly the Pleasant Hill BART Redevelopment Project Area) consists of approximately 125 acres located in central Contra Costa County. The Contra Costa Centre Project Area lies in an area with a high level of regional accessibility, provided by Interstate 680 and the Pleasant Hill BART Station. The focal point of this Project Area is the Contra Costa Centre Transit Village. Eight of the 10 largest taxpayers are located in this Project Area. See Table 9–“Ten Largest Property Taxpayers.”

Land uses in this Project Area consist of primarily of a mix of Class A commercial office space, hotels, and multifamily housing.

In 2010, the first phase of the Contra Costa Centre Transit Village was completed, including the construction of streets, infrastructure, a town square that includes approximately 35,000 square feet of retail space, 422 luxury residential units, a 1,551-space multi-level parking garage for BART that enabled the former surface parking lot to be developed. Construction of the second phase, including construction

of 200 luxury residential rental units and approximately 2,300 square feet of retail space is expected to commence in October 2017. The third phase consisting of an approximately 290,000 square foot office building has been approved, however no construction start date has been announced.

Montalvin Manor Project Area. The Montalvin Manor Redevelopment Project Area consists of approximately 211 contiguous acres in an unincorporated area in the western portion of the County bounded on the north by the San Pablo Bay and on the south by the City of Richmond. This Project Area is located along San Pablo Avenue, near Richmond Parkway and can be accessed from Interstate 80 by the Richmond Parkway and from San Pablo Avenue.

Land uses in this Project Area consist primarily of single family homes and mobile homes.

No development for this Project Area is currently planned.

North Richmond Project Area. The North Richmond Redevelopment Project Area consists of approximately 900 acres. Located in the western portion of the County, the North Richmond Project Area is an unincorporated contiguous area bordered on the south, east and north by the City of Richmond and on the west by the San Francisco Bay and can be accessed from the Richmond Parkway.

Land uses in this Project Area consist of primarily of single family homes, multifamily housing, and commercial uses.

Planned development includes construction of a 42-unit multifamily apartment building, a commercial bakery and retail outlet, and an approximately 600,000 square foot distribution center.

Rodeo Project Area. The Rodeo Redevelopment Project Area consists of approximately 650 acres bounded on the west and south by the City of Hercules, on the north by San Pablo Bay and on the east by Interstate 80. This Project Area is largely residential with commercial strips located along the major corridors and can be accessed from Interstate 80 and Parker Avenue.

Land uses in this Project Area consist of primarily of single family homes, multifamily housing, and industrial/manufacturing uses.

Planned development includes expanding commercial uses in the waterfront area, and construction of a mixed-use project in the town center.

Land Uses

The predominate land use in the Project Areas is residential, representing approximately 58% of the total by assessed value and approximately 86% of the total parcels. Table 6 presents the breakdown of land uses within the Project Areas.

Table 6
Land Uses

	<u>Number of Parcels</u>	<u>Fiscal Year 2016-17 Taxable Value</u>	
		<u>Amount</u>	<u>% of Total</u>
Secured			
Residential	6,005	\$1,324,067,155	57.52%
Commercial	191	639,821,588	27.80
Industrial	84	140,200,914	6.09
Vacant	363	70,230,205	3.05
Other [†]	<u>315</u>	<u>34,043,902</u>	<u>1.48</u>
SUBTOTAL SECURED	6,958	\$2,208,363,764	95.94
Unsecured/State Assessed	<u>0</u>	<u>93,391,914</u>	<u>4.06</u>
TOTAL	6,958	\$2,301,755,678	100.00%

[†] Includes institutional and recreational uses.

Source: Fraser & Associates.

Redevelopment Plans

Bay Point Project Area. The Board of Supervisors adopted the Redevelopment Plan establishing the West Pittsburg Project Area by Ordinance No. 87-102 on December 29, 1987. This Redevelopment Plan was subsequently amended in 1994 and 1999 to extend the time period of the Redevelopment Plan, increase the tax increment and bond limits and the time period to commence eminent domain proceedings, and in 2006 to remove the debt establishment time limit by one year.

Contra Costa Centre Project Area. The Board of Supervisors adopted the Redevelopment Plan establishing the Pleasant Hill BART Project Area (the “Original Project Area”) by Ordinance No. 84-30 on July 10, 1984. This Redevelopment Plan was amended and restated on July 19, 1988 to conform with the amended Specific Plan adopted for this area to promote the development of high density housing, and to add territory (the “Amendment Area”) to the Original Project Area. This Redevelopment Plan was subsequently amended in 1994 and 1999 to extend the time period of the Redevelopment Plan, in 2005 to increase the tax increment and bond limits, and in 2006 to extend the limits effectiveness, receipt and collection time limits of the Redevelopment Plan by one year and remove the debt establishment time limit.

Montalvin Manor Project Area. The Board of Supervisors adopted the Redevelopment Plan establishing the Montalvin Manor Project Area by Ordinance No. 2003-23 on July 8, 2003, which was subsequently amended in 2006 to extend the effectiveness, and receipt and collection time limits of the Redevelopment Plan for an additional year.

North Richmond Project Area. The Board of Supervisors adopted the Redevelopment Plan establishing the North Richmond Project Area by Ordinance No. 87-50 on July 14, 1987. This Redevelopment Plan was subsequently amended in 1994 and 1999 to extend the time period of the

Redevelopment Plan and the time period to commence eminent domain proceedings, and in 2006 to extend the effectiveness, receipt and collection time limits of the Redevelopment Plan by one year and remove the debt establishment time limit.

Rodeo Project Area. The Board of Supervisors adopted the Redevelopment Plan establishing the Rodeo Project Area by Ordinance No. 90-50 on July 10, 1990. This Redevelopment Plan was subsequently amended in 1994 and 1999 to extend the time period of the Redevelopment Plan, in 2002 to extend the time period to commence eminent domain proceedings, and in 2006 to extend the effectiveness, receipt and collection time limits for an additional year and to remove the debt establishment time limit.

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Historical Taxable Values

Set forth in Table 7 below are historical taxable values in the combined Project Areas since Fiscal Year 2002-03. For a discussion of some of the factors that may affect property tax revenues, see “CERTAIN RISKS TO BONDOWNERS.” For Fiscal Year 2016-17 secured values for the Project Areas increased by \$71.3 million compared to the secured values for Fiscal Year 2015-16. Since Fiscal Year 2002-03, taxable values in the Project Areas have increased from \$1.264 billion to \$2.3 billion in Fiscal Year 2016-17. The total percentage change was 82.15% over the 14-year period, and the average annual percentage change in values was 4.38%.

Table 7
Historical Assessed Values

Fiscal Year	Locally- Assessed Secured Value	Unsecured Value	State-Assessed Value	Total Assessed Value	Percentage Change	Incremental Value [†]
2002-03	\$1,177,117,174	\$83,333,018	\$3,198,446	\$1,263,648,638	—	\$814,704,752
2003-04	1,271,771,050	80,442,733	8,320,640	1,360,534,423	7.67%	911,590,537
2004-05	1,514,718,438	71,967,707	4,613,897	1,591,300,042	16.96	1,142,356,156
2005-06	1,611,521,080	90,022,258	4,771,082	1,706,314,420	7.23	1,257,370,534
2006-07	1,857,306,712	111,089,826	4,033,130	1,972,429,668	15.60	1,523,485,782
2007-08	2,032,224,896	106,482,880	3,650,955	2,142,358,731	8.62	1,693,414,845
2008-09	2,042,182,867	102,496,344	3,650,955	2,148,330,166	0.28	1,699,386,280
2009-10	1,793,987,322	95,494,534	3,650,955	1,893,132,811	(11.88)	1,444,188,925
2010-11	1,767,767,000	87,638,104	3,308,132	1,858,713,236	(1.82)	1,409,769,350
2011-12	1,747,706,553	83,242,875	3,308,132	1,834,257,560	(1.32)	1,385,313,674
2012-13	1,705,895,231	84,278,975	3,308,132	1,793,482,338	(2.22)	1,344,538,452
2013-14	1,796,453,342	95,079,923	1,871,492	1,893,404,757	5.57	1,444,460,871
2014-15	1,930,751,719	86,194,322	1,740,610	2,018,686,651	6.62	1,569,742,765
2015-16	2,137,067,523	89,536,555	1,740,610	2,228,344,688	10.39	1,779,400,802
2016-17	2,208,363,764	93,263,304	128,610	2,301,755,678	3.29	1,852,811,792
Total Percentage Assessed Value Change					___%	
Average Percentage Assessed Value Change					___	

[†] Taxable Value above base year value of \$448,943,886.

Source:

County

Auditor-Controller

Office.

Despite the overall increase in assessed values in the Project Areas since Fiscal year 2002-03 as shown in Table 7, secured assessed values declined between Fiscal Years 2008-09 and 2012-13 by a total of \$336.3 million. The primary reason for the decline was due to temporary residential Proposition 8 reductions that were granted to property owners in the aggregate amount of approximately \$205 million. See “–Appeals and Other Reductions to Assessed Value.” Residential sales during this period also reduced assessed value by \$292.8 million. However, these reductions were partially offset by the completion of the Transit Village project in the Contra Costa Centre Project Area, which added \$163.9 million in new value by Fiscal Year 2012-13. Starting in Fiscal Year 2013-14, and continuing through Fiscal Year 2016-17, secured values have increased by \$502.5 million, largely due to reversals of the temporary Proposition 8 reductions, and increases in residential property values. For a summary of the Proposition 8 reductions, see “–Appeals and Other Reductions to Assessed Values.”

Table 8
Summary of Secured Value Changes

	Fiscal Years <u>2008-09 to 2012-13</u>	Fiscal Years <u>2012-13 to 2016-17</u>
Proposition 8 Adjustments	\$(205,122,232)	\$198,696,962
Residential Property Sales	(292,781,612)	112,602,552
Non-Residential Changes	(2,289,820)	137,862,566
New Development	163,906,028	0
Inflation Adjustment/Other	<u>0</u>	<u>53,306,453</u>
TOTAL	\$(336,287,636)	\$502,468,533

Source: County Auditor-Controller Office.

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Ten Largest Property Taxpayers

Table 9 sets forth assessed values for the 10 largest property taxpayers in the Project Areas for Fiscal Year 2016-17. The 10 largest property taxpayers in the Project Areas account for a Fiscal Year 2016-17 total taxable value of \$822.9 million, representing approximately 36% of the total taxable value and approximately 44% of the incremental value of the Project Areas. Eight of the 10 largest taxpayers are located in Contra Costa Centre Project Area and the remaining two are located in the Bay Point Project Area.

Table 9
Ten Largest Property Taxpayers

Assessee	Project Area	No. Parcels	Land Use	Secured	Unsecured	Fiscal Year 2016-17		
						Total Taxable Value ⁽¹⁾	% of Total Taxable Value	% of Incremental Value ⁽²⁾
AvalonBay Communities RT ⁽³⁾	Contra Costa Centre	7	Residential	174,198,191	0	\$174,198,191	7.57%	9.40%
AAA Inter-Insurance Bureau	Contra Costa Centre	1	Office	127,706,861	9,772,045	137,478,906	5.97	7.42
Alcatraz Towers Property	Contra Costa Centre	2	Office	123,267,961	0	123,267,961	5.36	6.65
Regency	Contra Costa Centre	6	Residential	93,988,793	0	93,988,793	4.08	5.07
F V 2999 Oak LLC	Contra Costa Centre	2	Office	79,502,122	0	79,502,122	3.45	4.29
Plaza LLC	Contra Costa Centre	2	Office	66,164,355	2,557,301	68,721,656	2.99	3.71
ley N. Wilson Trust	Contra Costa Centre	1	Hotel/Fitness Club	50,181,962	0	50,181,962	2.18	2.71
ford Walnut Creek LP	Contra Costa Centre	1	Hotel	38,669,000	2,607,505	41,276,505	1.79	2.23
Catalyst Holdings	Bay Point	4	Industrial	32,260,147	0	32,260,147	1.40	1.74
kel Corporation	Bay Point	6	Industrial	21,992,113	0	21,992,113	0.96	1.19
TOTAL		32		\$807,931,505	\$14,936,851	822,868,356	35.75	44.41
ors		<u>6,926</u>	Various			<u>1,478,887,322</u>	<u>64.25</u>	<u>55.59</u>
TOTAL		6,958				\$2,301,755,678	100.00%	100.00%

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

(2) Based on incremental value of \$1,852,811,792.

(3) Represents the site of transit oriented development owned by BART, which is subject to a long-term ground lease. AvalonBay Communities is responsible for payment of the property taxes.

Source: Contra Costa County Assessor Records.

AvalonBay Communities (BART). These parcels are owned by BART and leased to AvalonBay Communities pursuant to a long-term ground lease that, among other things, prohibits AvalonBay Communities from filing assessment appeals. Three parcels are developed with 422 units of luxury rental housing, approximately 35,000 square feet of retail space, and 155 parking spaces. Construction of 200-units of residential housing is expected to commence in fall 2017, and an additional parcel has been approved for development of an approximately 290,000 square foot office building, however no date for the start of construction has been announced.

CSAA Inter-Insurance Bureau. This parcel is developed with a six-story, approximately 242,000 square foot office building that serves as the corporate headquarters of CSAA Insurance Group

MLM Treat Towers Property. These two parcels are developed with two Class A office buildings, each comprised of approximately 187,500 square feet.

Park Regency. All of six parcels are developed with 842 units of three-story, residential apartments.

DWF V 2999 Oak LLC. These two parcels are developed with a 10-story, approximately 206,000 square foot, Class A commercial office building.

PMI Plaza LLC. These parcels are developed with the seven-story, approximately 190,700 square foot, Class A corporate headquarters of Arch Mortgage Insurance, and an approximately 1,000-space, three-story, parking structure.

Shirley N. Wilson Trust. This parcel is developed with a 175-room Marriott Renaissance Hotel and Conference Centre, and an approximately 70,000 square foot ClubSport fitness club and spa.

Ashford Walnut Creek LP. This parcel is developed with a 248-room, eight floor, Embassy Suites Hotel and Conference Center.

LP Catalyst Holdings. This parcel is 105 acres and is the location of a manufacturer of catalysts that are used in the oil refining industry.

Henkel Corporation. This parcel is developed with a 118,150 square foot facility that is used to manufacture adhesives.

Appeals and Other Reductions to Assessed Values

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. Assessment appeals may have a significant impact on the taxable value of property and therefore the tax increment revenue allocable to a project area.

There are two basic types of assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the County assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the County assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs. The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the

market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State 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 form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board, however Proposition 8 appeals to residential properties can also be initiated by the County Assessor. See also "*Proposition 8 Appeals*."

In the County, a property owner desiring to reduce the assessed value of such property in any one year must submit an application to the Contra Costa County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by August 15 of such tax year. Following a review of the application by the County Assessor's Office (the "Assessor"), the Assessor may (i) reduce the assessment through a roll correction, (ii) offer the property owner the opportunity to stipulate to a reduced assessment or (iii) confirm the assessment. Any appeals where the difference between the current assessed value and the applicant's opinion of value is less than \$1 million are handled administratively without a hearing before the Appeals Board. For appeals in this category, the Assessor's office staff may confirm or reduce the assessment with a roll correction. The applicant is notified of the results of the Assessor's action and requested to withdraw the appeal. The roll correction can either be a base year reduction where the value will not be reassessed until the property is sold or a reduction in value which can be reversed once the conditions creating the reduction (*e.g.* recession, property condition) have been remedied. If the applicant does not agree with the decision of the County Assessor's office staff, the applicant can pursue the appeal before the Appeals Board for a hearing and decision. The Appeals Board is generally required to determine the outcome of appeals within two years of the date the appeal is filed. The Appeals Board can confirm or reduce the assessment with a roll correction in the manner described above or agree to review the appeal within the two year time period. 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.

There are four open appeals, as shown in Table 10, none of which are by the 10 largest property taxpayers in the Project Areas. In aggregate, the owners have requested reductions in value equal to \$5.567 million. Due to the small number of appeals, relative to the total assessed value of the Project Areas, the Fiscal Consultant has assumed that all four appeals would be granted. The Fiscal Consultant has reduced taxable value for the impact of open appeals in Fiscal Year 2017-18 in the calculations presented in the projections of property tax revenues in Table 12.

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Table 10
Resolved and Open Appeals

Resolved Appeals

<u>Assessee</u>	Fiscal Year 2016-17 <u>Roll Value</u>	Value <u>Opinion</u>	Value <u>Impact</u>
Pacific Wag Bay Point	\$9,486,639	\$5,519,529	\$3,967,110

Open Appeals

<u>Assessee</u>	Fiscal Year 2016-17 <u>Roll Value</u>	Applicants Value <u>Opinion</u>	Potential Value <u>Impact</u>
Church of the Open Bible	\$593,479	\$375,451	\$218,028
Tower Energy	6,626,521	4,058,706	2,567,815
Rodeo Parker	788,606	116,981	671,625
Signode Industrial Group	<u>3,809,641</u>	<u>1,700,000</u>	<u>2,109,641</u>
TOTAL	\$11,818,247	\$6,251,138	\$5,567,109

Source: Fraser & Associates.

Proposition 8 Appeals. The County processed temporary assessed value reductions for single family homes and condominiums (Proposition 8 reductions) that transferred ownership between 2008 and December 31, 2010 where the assessed values exceeded the then current market value of properties without prompting from individual taxpayers.

Since 2012, property values have been increasing resulting in the reversal of a number of the “automatic” reductions.

The Fiscal Consultant reviewed information on all residential parcel value changes between Fiscal Year 2008-09 and Fiscal Year 2016-17 to determine the number of parcels that declined in value within the Project Areas and the number that have had reversals.

For Fiscal Year 2008-09 to 2012-13 tax roll, the value of 2,154 residential parcels (inclusive of both single and multifamily parcels) were adjusted with an aggregate value reduction of \$205,122,232.

Commencing with Fiscal Year 2012-13, the County reversed [the majority] of the Proposition 8 reduction increasing the assessed value by approximately \$198.7 million through Fiscal Year 2016-17.

In terms of future Proposition 8 reductions, recent sales data indicates that property is selling for more than the value recorded on the current tax roll. Because Proposition 8 value reductions are temporary for property that has not changed hands, once the market value of property goes back up, the value for those parcels under Proposition 8 status can increase up to their Proposition 13 base, including the compounded Proposition 13 inflation annual adjustment at the rate of 2%. Given that sales prices are exceeding tax roll values by a substantial margin and the County has reversed [the majority] of the Proposition 8 reductions, the Fiscal Consultant has assumed that there would be no further Proposition 8 reductions in Fiscal Year 2017-18 or future Fiscal Years for purposes of the tax increment projections.

For additional information regarding assessment appeals, see APPENDIX B–“FISCAL CONSULTANT REPORT–Section E–Assessment Appeals.”

Historical Property Tax Revenues

Set forth in Table 11 is a summary of historical tax increment receipts since Fiscal Year 2011-12.

Table 11
Historical Tax Increment Receipts

<u>Fiscal Year</u>	<u>Levy per County⁽¹⁾</u>	<u>Tax Increment Receipts Less Supplementals</u>	<u>% of Levy Received</u>	<u>Supplementals</u>	<u>Total Tax Increment Receipts⁽²⁾</u>	<u>% of Levy Received</u>
2011-12	\$12,671,673	\$12,674,594	100.02%	\$209,578	\$12,884,172	101.68%
2012-13	12,041,629	12,045,375	100.03	575,876	12,621,251	104.81
2013-14	13,025,045	13,029,467	100.03	71,881	13,101,348	100.59
2014-15	14,212,924	14,220,313	100.05	15,256	14,235,569	100.16
2015-16	16,231,922	16,237,893	100.04	159,136	16,397,029	101.02
Average Percentage to Levy			100.04%			101.55%

(1) Initial levy reported by Contra Costa County.

(2) Receipts per Agency records after reduction for property tax administrative fees and Section 33676 allocations.

Source: Fraser & Associates.

Projected Property Tax Revenues and Debt Service Coverage

Table 12 sets forth projections of Tax Revenues for the Project Areas and Table 13 sets forth the projected debt service coverage based on such projected Tax Revenues and payments on the Series 2017 Bonds. In Table 12, the category “Real Property” consists of locally reported secured and unsecured land and improvement values and the category “Other” includes personal property and State assessed values.

On December 13, 2016 the State Board of Equalization issued a letter showing that the annual inflation adjustment for Fiscal Year 2017-18 would be 2%. The projections in Table 12 and Table 13 incorporate the following assumptions: no new development; 2% annual growth beginning in Fiscal Year 2017-18 (which is the maximum inflation factor that county assessors can use to increase real property values); transfers of ownership based on data for property that sold in 2016; and reduced values for open and resolved appeals in Fiscal Year 2017-18.

See APPENDIX B–“FISCAL CONSULTANT REPORT.” There can be no assurance that actual Tax Revenues will be equal to the amounts projected.

Table 12
Projection of Tax Revenues
2% Growth

								Senior Obligations			
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Table 13
Projected Debt Service Coverage
(Assuming 2% Growth)

<u>Fiscal Year</u>	<u>Tax Revenues</u>	<u>Series 2017 Bonds Debt Service</u>	<u>Debt Service Coverage</u>	<u>Fiscal Year 2017-18 Debt Service Coverage</u>
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				

Sources: Contra Costa County and Fraser & Associates for tax increment and Stifel for debt service.

CERTAIN RISKS TO BONDOWNERS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating a purchase of the Series 2017 Bonds. However, they do not constitute an exhaustive listing of risks and other considerations which may be relevant to an investment in the Series 2017 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Recognized Obligation Payment Schedules

The Dissolution Act provides that only those payments listed in a ROPS may be made by a successor agency from the funds specified in such ROPS. If a Last and Final ROPS is not filed, Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Successor Agency without a duly approved and effective ROPS to pay debt service on the bonds and to pay other enforceable obligations for each applicable annual period. In the event the Successor Agency were to fail to file a ROPS as required, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period. See “PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT–Recognized Obligation Payment Schedules.”

Challenges to Dissolution Act

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

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

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora’s constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora’s takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency’s ability to timely pay debt service on the Series 2017 Bonds.

Concentration of Tax Base

Approximately 36% of the assessed value in the Project Areas is attributable to 10 taxpayers, eight of which are located in the Contra Costa Centre Project Area. The occurrence of a localized catastrophic event within the Contra Costa Centre Project Area could result in a reduction in assessed value and have a detrimental impact on the amount of the Tax Revenues allocable to the Project Areas available to pay debt service on the Series 2017 Bonds. See Table 9–“Ten Largest Property Taxpayers” and “PROJECTED DEBT SERVICE COVERAGE.” See also “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Property Tax Collection Procedures—*County Tax Losses Reserve Fund (Teeter Plan)*.”

Reduction in Taxable Value

Tax Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Project Areas and the current rate or rates at which property in each Constituent Project Area is taxed. The reduction of taxable values of property in the Project Areas caused by economic factors beyond the control of the Successor Agency, such as relocation out of the Project Areas by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other

eventualities, earthquake or other natural disaster, could cause a reduction in the Tax Revenues that provide for the repayment of and secure the Series 2017 Bonds. Such reduction of Tax Revenues could have an adverse effect on the ability of the Successor Agency to make timely payments of principal of and interest on the Series 2017 Bonds.

As described in greater detail under “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Article XIII A of the California Constitution,” Article XIII A provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Series 2017 Bonds could reduce Tax Revenues securing the Series 2017 Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, described herein under the heading “CERTAIN RISKS TO BONDOWNERS,” the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature’s impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the Tax Revenues and adversely affect the source of repayment and security of the Series 2017 Bonds.

Appeals to Assessed Values

A successful appeal of assessed values by a taxpayer in the Project Areas in the future (excluding the major taxpayer in the Contra Costa Centre Project Area who is precluded from filing assessment appeals pursuant to the terms of its long-term ground lease of the property, see “THE PROJECT AREAS—Ten Largest Taxpayers—*AvalonBay Communities (BART)*”) may result in a reduction to the original taxable value and a refund to the taxpayer. A reduction in taxable values within the Project Areas and the refund of property tax could affect the amount of Tax Revenues available to pay scheduled debt service on the Series 2017 Bonds. See also “THE PROJECT AREAS—Appeals and Other Reductions to Assessed Values.” See “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Property Tax Collection Procedures.”

Estimates of Property Tax Revenues

In estimating that the total property tax revenues to be received by the Successor Agency will be sufficient to pay debt service on the Series 2017 Bonds, the Successor Agency and the Fiscal Consultant relied on actual historical tax increment and made certain assumptions with regard to future assessed valuations in the Project Areas, future tax rates and the percentage of taxes collected and the outcome of assessment appeals. See “THE PROJECT AREAS—Taxable Values and Property Tax Revenues,” Table 9—“Ten Largest Property Taxpayers” and APPENDIX B—“FISCAL CONSULTANT REPORT.” The Successor Agency and the Fiscal Consultant believe these assumptions are reasonable, but there is no assurance that these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the total amount of property tax revenues available to pay debt service on the Series 2017 Bonds will be less than those projected in the Fiscal Consultant Report and as presented in this Official Statement. Such reduced property tax revenues may be insufficient to provide for the payment of debt service on the Series 2017 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.”

Bankruptcy and Foreclosure

The enforceability of the rights and remedies of the owners of the Series 2017 Bonds and the obligations of the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Series 2017 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Although bankruptcy proceedings would not cause *ad valorem* property taxes to become extinguished, bankruptcy of a property owner in the Project Areas could result in a delay in prosecuting superior court foreclosure proceedings of delinquent property and, in the absence of the Teeter Plan, could result in a delay in the receipt by the Successor Agency of tax revenues. Such a delay, in the absence of the Teeter Plan, would increase the possibility of a delay or default in payment of the principal of and interest on the Series 2017 Bonds.

Investment Risk

All funds held under the Indenture are required to be invested in Permitted Investments as provided therein. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—DEFINITIONS." The Redevelopment Obligation Retirement Fund, into which all Tax Revenues are initially deposited, may be invested by the Successor Agency in Permitted Investments. 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 in the Redevelopment Obligation Retirement Fund could have a material adverse affect on the security for the Series 2017 Bonds.

General Economic Risks

The ability of the Successor Agency to make payments on the Series 2017 Bonds will be dependent upon the economic strength of the Project Areas. If there is a decline in the general economy of the area, 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 cessation in receipt of tax revenues by the Successor Agency. 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. Further, real estate development within the Project Areas could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. See also "PROJECTED DEBT SERVICE COVERAGE."

Seismic Activity

There are several earthquake faults in the greater San Francisco Bay Area that could result in damage to buildings, roads, bridges, and property within the County in the event of an earthquake. Past experiences, including the 1989 Loma Prieta earthquake, measuring 6.9 on the moment magnitude scale

(7.1 on the Richter scale) with an epicenter approximately 60 miles south of the County and the 2014 Napa earthquake, measuring 6.0 on the moment magnitude scale with an epicenter approximately 33 miles northwest of the County, resulted in some structural damage to the infrastructure and property in the County, the repair of which was covered by insurance. However, there was no significant damage within the Project Areas. Earthquake faults that could affect the County include but may not be limited to the Hayward Fault in the western part of the County, and the Concord/Green Valley, Diablo and Calaveras Faults within the eastern portions of the County. A substantial reduction in the property values within the Project Areas could affect the willingness or ability of property owners to pay their property taxes and therefore the ability of the Successor Agency to pay debt service on the Series 2017 Bonds.

Climate Change

In March 2009, the California Climate Change Center released a draft paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council. The title of the paper is “The Impacts of Sea-Level Rise on the California Coast.” The paper posits that increases in sea level will be a significant consequence of climate change over the next century.

Climate change models predict more intense rainfall events, more frequent or extensive runoff, and more frequent and severe flood events. Localized flood events may increase in periods of heavy rain. Although climate change is likely to lead to a drier climate overall, risks from regular, more intense rainfall events can generate more frequent and/or more severe flooding that upsets California’s managed balance between storage and protection. Additionally, erosion may increase and water quality may decrease as a result of increased rainfall amounts.

The Pacific Institute identified several portions of shoreline areas within the County which may be affected by sea level rise. Local impacts of climate change are not definitive, but the County and portions of the Bay Point, North Richmond, and Rodeo Project Areas could experience changes to local and regional weather patterns; rising bay water levels; increased risk of flooding; changes in salinity and tidal patterns of San Francisco and San Pablo bays; coastal erosion; water restrictions; and vegetation changes.

Sea level rise occurs as a result of rising average ocean temperatures, thermal expansion, and melting of snow and ice. While many different climate change effects will impact the County, sea level rise has been extensively researched and quantified, allowing for a clearer geographic understanding of its effects. Sea level rise of two meters or more may impact North Richmond, Rodeo and Bay Point Project Areas. The rate and amount of sea level rise will be influenced by rising average temperatures and the speed of melting glacial ice. There is a degree of uncertainty in many projections, and the present rate of sea level rise is faster than many previous projects have estimated. On average, it is projected that the County will experience a 40% increase in acreage vulnerable to a 100-year flood event between 2000 and 2100.

The County Public Works Department awarded a construction contract to raise and repair levees and flood walls along San Pablo and Wildcat Creeks in the North Richmond area, work is expected to begin in September and be completed in November 2017.

Climate change concerns are leading to new laws and regulations at the federal, State and local levels. The Successor Agency is unable to predict the impact such laws and regulations, if adopted, will have on development within the Project Areas. The effects, however, could be material.

Hazardous Substances

Owners and operators of real property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance whether or not the owner (or operator) has or had anything to do with creating or handling the hazardous substance. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling such hazardous substance. All of these possibilities could significantly and adversely affect the marketability and value of property within the Project Areas, result in a reduction of Tax Revenues, and adversely affect the ability of the Successor Agency to pay debt service on the Series 2017 Bonds.

[The Successor Agency owns certain real property designated as public trails which require some environmental remediation work. The County has funded environmental studies on these properties and has agreed to acquire the properties, in their current state, as public use properties. However, the Successor Agency believes that to the extent it is required to pay for any environmental remediation work, any such payments will not materially adversely affect the Successor Agency’s ability to pay debt service on the 2017 Bonds.]

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 tax revenues, and accordingly, could have an adverse impact on the ability of the Successor Agency to pay debt service on the Series 2017 Bonds. In addition, 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 debt service payments on the Series 2017 Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in Project Areas, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the ability of the Successor Agency to make timely payments on the Series 2017 Bonds. Any reduction in Tax Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the ability of the Successor Agency to pay the principal of and interest on the Series 2017 Bonds.

Reductions in Inflationary Rate

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 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. For Fiscal Year 2017-18, the Fiscal Consultant assumed constant property values and used two scenarios, 0% growth and a 2% inflation factor to increase real property values in the Project Areas. A 2% factor is the maximum inflation factor that county assessors can use to increase real property values. However, in certain Fiscal Years, including Fiscal Years 2010-11 and 2011-12, the inflation factor has been less than 2%. See “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS.”

Changes in the Law

In addition to the other limitations on tax revenues described herein under “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS” the California electorate or Legislature could adopt a constitutional or legislative change that decreases property taxes or the amount thereof allocable to the Successor Agency with the effect of reducing tax revenues payable to the Successor Agency. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could reduce such tax revenues and adversely affect the security for the Series 2017 Bonds.

Loss of Tax-Exemption

As discussed under the caption “TAX MATTERS,” interest on the Series 2017A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2017A Bonds were issued, as a result of future acts or omissions of the Successor Agency in violation of its covenants in the Indenture.

In addition, current and future legislative proposals, if enacted into law, may cause interest on the Series 2017A Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals.

Should such an event of taxability occur, the Series 2017A Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2017 Bonds, or, if a secondary market exists, that the Series 2017 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances.

LEGAL MATTERS

The validity of the Series 2017 Bonds and certain other legal matters are subject to the approving legal opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel to the Successor Agency. Copies of the proposed forms of the Bond Counsel opinions are contained in APPENDIX F to this Official Statement, and the final opinions will be made available to the owners of the Series 2017 Bonds at the time of delivery of the Series 2017 Bonds. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain other legal matters will be passed upon for the Successor Agency by Goldfarb & Lipman LLP, Oakland, California, Special Counsel to the Successor Agency and by Schiff Hardin LLP, San Francisco, California, Disclosure Counsel to the Successor Agency, and for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco California.

The fees of Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the issuance of the Series 2017 Bonds.

TAX MATTERS

Series 2017A Bonds

Federal tax law contains a number of requirements and restrictions which apply to the Series 2017A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Successor Agency has covenanted to comply with all requirements that must be satisfied in order for the interest on the Series 2017A Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Series 2017A Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2017A Bonds.

Subject to the Successor Agency's compliance with the above-referenced covenants, under existing law, in the opinion of Quint & Thimmig LLP, Bond Counsel, interest on the Series 2017A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations under Internal Revenue Code of 1986, as amended (the "Code"), but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

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

The Code includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Series 2017A Bonds.

Ownership of the Series 2017A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2017A Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Series 2017A Bonds is the price at which a substantial amount of such maturity of the Series 2017A Bonds is first sold to the public. The Issue Price of a maturity of the Series 2017A Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the Issue Price of a maturity of the Series 2017A Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Series 2017A Bonds (the “OID Bonds”) and the principal amount payable at maturity is original issue discount.

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

Owners of Series 2017A Bonds who dispose of Series 2017A Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Series 2017A Bonds in the initial public offering, but at a price different from the Issue Price or purchase Series 2017A Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Series 2017A Bond is purchased at any time for a price that is less than the Series 2017A Bond’s stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount reduced by payments of interest included in the computation of original issue discount and previously paid (the “Revised Issue Price”), the purchaser will be treated as having purchased a Series 2017A Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2017A Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series 2017A Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 2017A Bonds.

An investor may purchase a Series 2017A Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Series 2017A Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the Series 2017A Bond. Investors who purchase a Series 2017A Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Series 2017A Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series 2017A Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Series 2017A Bonds. It cannot be predicted whether or

in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Series 2017A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Series 2017A Bonds. If an audit is commenced, under current procedures the Service may treat the Successor Agency as a taxpayer and the Series 2017A Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Series 2017A Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Series 2017A Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Series 2017A Bond owner who fails to provide an accurate Form W 9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Series 2017A Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the Series 2017A Bonds is exempt from California personal income taxes.

Ownership of the Series 2017A Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2017 Bonds. Prospective purchasers of the Series 2017 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

Series 2017B Bonds

Interest on the Series 2017B Bonds is includible in gross income of the owners of the Series 2017B Bonds for federal income tax purposes and is subject to all applicable federal taxation.

In the opinion of Bond Counsel, interest on the Series 2017B Bonds is exempt from personal income taxation imposed by the State of California.

The following discussion is a brief summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of Series 2017B Bonds by original purchasers of the Series 2017B Bonds who are “U.S. Holders”, as defined in the seventh succeeding paragraph. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Series 2017B Bonds will be held as “capital assets”; and (iii) does not discuss all of the United States Federal income tax consequences that may be relevant to an owner of Series 2017B Bonds in light of its particular circumstances or to owners of Series 2017B Bonds subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons owning the Series 2017B Bonds as a position in a “hedge” or “straddle”, owners of Series 2017B Bonds whose functional currency (as defined in Section 985 of the Code) is not the United States dollar,

owners who acquire Series 2017B Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Owners of Series 2017B Bonds should consult with their own tax advisors concerning the United States Federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series 2017B Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

In general, if Original Issue Discount (“OID”) is greater than a statutorily defined de minimis amount, an owner of a Series 2017B Bond must include in Federal gross income (for each day of the taxable year, or portion of the taxable year, in which such owner owns such Series 2017B Bond) the daily portion of OID, as it accrues (generally on a constant yield method) and regardless of the owner’s method of accounting. “OID” is the excess of (i) the “stated redemption price at maturity” over (ii) the “issue price”. For purposes of the foregoing: “issue price” means the first price at which a substantial amount of the Series 2017B Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); “stated redemption price at maturity” means the sum of all payments, other than “qualified stated interest”, provided by such Series 2017B Bond; “qualified stated interest” is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and “de minimis amount” is an amount equal to 0.25 percent of the Series 2017B Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity. An owner of a Series 2017B Bond may irrevocably elect to include in gross income all interest that accrues on a Series 2017B Bond using the constant-yield method, subject to certain modifications.

In general, if a Series 2017B Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Series 2017B Bond other than “qualified stated interest” (a “Taxable Premium Bond”), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the owner of a Taxable Premium Bond elects to amortize the premium as “amortizable bond premium” over the remaining term of the Taxable Premium Bond, determined based on constant yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such Taxable Premium Bond), the amortizable premium is treated as an offset to interest income; the owner will make a corresponding adjustment to the owner’s basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the owner (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the owner of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost.

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Series 2017B Bond, an owner of a Series 2017B Bond generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such owner’s adjusted tax basis in the Series 2017B Bond.

The Successor Agency may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series 2017B Bonds to be deemed to be no longer outstanding under the Indenture (a “defeasance”). See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.” For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by an owner of Series 2017B Bonds of taxable income or loss, without any

corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Series 2017B Bonds subsequent to any such defeasance could also be affected.

In general, information reporting requirements will apply to non-corporate owners of the Series 2017B Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Series 2017B Bond and the proceeds of the sale of a Series 2017B Bond before maturity within the United States. Backup withholding may apply to owners of Series 2017B Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

The term "U.S. Holder" means a beneficial owner of a Series 2017B Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Forms of Bond Counsel Opinions

The complete text of the final opinions that Bond Counsel expects to deliver upon issuance of the Series 2017A Bonds are set forth in Appendix F.

NO MATERIAL LITIGATION

To the best knowledge of the Successor Agency, there is no action, suit, proceeding, or investigation at law or in equity before any court or any governmental agency or body pending with respect to which the Successor agency has been served with process or threatened against the Successor Agency to restrain or enjoin the authorization, execution, or delivery of the Series 2017 Bonds, the Indenture, the Escrow Agreements, the collection of the Tax Revenues, or in any way contesting or affecting the validity of such documents or the proceedings of the Successor Agency taken with respect thereto or which, in any manner, questions the right of the Successor Agency to use the Tax Revenues for repayment of the Series 2017 Bonds.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") [is expected to assign a rating of "___" based upon the issuance of the Municipal Bond Insurance Policy by the Bond Insurer on the date the Series 2017 Bonds are delivered. See "MUNICIPAL BOND INSURANCE."] S&P has also assigned a[n underlying] rating of "___" to the Series 2017 Bonds.

Certain information was supplied by the Successor Agency to S&P to be considered in evaluating the Series 2017 Bonds. The rating[s] issued reflect[s] only the views of S&P and is not a recommendation to buy, sell or hold the Series 2017 Bonds. Any explanation of the significance of such rating[s] may be obtained from Standard & Poor's, 55 Water Street, New York, New York 10041. There is no assurance that the rating[s] will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by S&P if in its judgment, circumstances so warrant. Any such

downward revision or withdrawal of the rating[s] obtained may have an adverse effect on the market price of the Series 2017 Bonds.

UNDERWRITING

The Series 2017 Bonds were purchased through negotiation by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) pursuant to the terms of a Bond Purchase Agreement, dated _____, 2017 (the “Purchase Agreement”) between the Successor Agency and the Underwriter.

The Purchase Agreement provides that the Underwriter will purchase all of the Series 2017 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may change the initial public offering prices set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell the Series 2017 Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof.

Series 2017A Bonds

The Underwriter purchased the Series 2017A Bonds at a price equal to \$_____ (which represents the principal amount of the Series 2017A Bonds, plus an original issue premium in the amount of \$_____ and less an underwriter’s discount in the amount of \$_____).

Series 2017B Bonds

The Underwriter purchased the Series 2017B Bonds at a price equal to \$_____ (which represents the principal amount of the Series 2017B Bonds, plus an original issue premium in the amount of \$_____ and less an underwriter’s discount in the amount of \$_____).

CONTINUING DISCLOSURE

The Successor Agency will execute and deliver a Continuing Disclosure Certificate to Digital Assurance Certification, L.L.C., as Dissemination Agent, to be dated the date of delivery of the Series 2017 Bonds (the “Continuing Disclosure Certificate”), which provides for certain disclosure obligations on the part of the Successor Agency. Pursuant to the Continuing Disclosure Certificate, the Successor Agency will covenant for the benefit of Owners and Beneficial Owners of the Series 2017 Bonds to provide certain financial information and operating data relating to the Successor Agency by not later than the date that is nine months after the end of its fiscal year (currently March 31), commencing with the report due March 31, 2018 for the fiscal year ending June 30, 2017 (the “Annual Report”), and to provide notices of the occurrence of certain specified events (the “Specified Events”). The Annual Report and notices of Specified Events will be filed by the Successor Agency or the Dissemination Agent, through the Electronic Municipal Market Access (“EMMA”) site maintained by the MSRB. These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”). For a form of the Continuing Disclosure Certificate, see APPENDIX E–“PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

[Description of failures to comply with prior undertakings for previous five years – To Come]

The Successor Agency has established procedures intended to ensure future compliance with its continuing disclosure undertakings, including the appointment of Digital Assurance Certification, L.L.C., as Dissemination Agent for *all* bond transactions for which it has continuing disclosure undertakings; and the designation of the County Administrator, the Director of Conservation and Development, and the County Finance Director, or their written designees as the Disclosure Representative for the Successor Agency.

REPORT OF THE FISCAL CONSULTANT

The Fiscal Consultant prepared the Fiscal Consultant Report which, among other things, analyzes the tax increment revenues generated from taxable property within the Project Areas and pledged to the repayment of the Series 2017 Bonds. The findings and projections in the Fiscal Consultant Report are subject to a number of assumptions that should be reviewed and considered by prospective investors. No assurances can be given that the projections and expectations discussed in the Fiscal Consultant Report will be achieved. Actual results may differ materially from the projections described therein. See “THE PROJECT AREAS” and APPENDIX B–“FISCAL CONSULTANT REPORT.”

MUNICIPAL ADVISOR

The Successor Agency has retained Montague DeRose and Associates, LLC, Walnut Creek, California, as Municipal Advisor (the “Municipal Advisor”) for the sale of the Series 2017 Bonds. The Municipal Advisor is an independent municipal financial advisor and is not engaged in the business of underwriting, trading or distributing municipal or other financial securities. The Municipal Advisor takes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Compensation paid to the Municipal Advisor is contingent on the sale and delivery of the Series 2017 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C., a firm of independent public accountants (the “Verification Agent”), will deliver to the Successor Agency, on or before the settlement date of the Series 2017 Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, computations by the Underwriter relating to the adequacy of cash and securities to be held pursuant to the Escrow Agreements to make the required payments on the Authority Prior Bonds, and the mathematical accuracy of the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Series 2017 Bonds will be excluded from gross income for federal income tax purposes.

The verification performed by the Verification Agent will be solely based upon data, information and documents provided to Verification Agent by the Underwriter and its representatives. The Verification Agent has restricted its procedures to recalculating the computations provided by the Underwriter and its representatives and has not evaluated or examined the assumptions or information used in the computations.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Successor Agency and the purchasers of the Series 2017 Bonds. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency since the date hereof.

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of such documents and reports are available for inspection at the office of the Successor Agency, County of Contra Costa, 30 Muir Road, Martinez, California 94553.

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

SUCCESSOR AGENCY TO THE CONTRA COSTA
COUNTY REDEVELOPMENT AGENCY

By: _____
John Kopchik, Director
Department of Conservation and Development
of the County of Contra Costa

APPENDIX A

GENERAL COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION

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APPENDIX A

GENERAL COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information concerning the County of Contra Costa (the “County”) is included only for the purpose of supplying general information. The Series 2017 Bonds are not a debts of the County, the State of California or any of its political subdivisions, other than the Successor Agency, and none of the County, the State of California, or any of its political subdivisions, other than the Successor Agency is liable therefor.

General

The County of Contra Costa, California (the “County”) was incorporated in 1850 as one of the original 27 counties of the State of California (the “State”), with the City of Martinez as the County seat. It is one of the nine counties in the San Francisco-Oakland Bay Area and is located in the region east of the San Francisco Bay known as the “East Bay,” which also includes the County of Alameda. The County covers about 733 square miles and extends from the northeastern shore of the San Francisco Bay easterly about 50 miles to San Joaquin County. The County is bordered on the south and west by Alameda County and on the north by the Suisun and San Pablo Bays. The western and northern shorelines are highly industrialized, while the interior sections are suburban/residential, commercial and light industrial. The County contains 19 incorporated cities, including Richmond in the west, Antioch in the northeast, and Concord in the middle.

A large part of the County is served by the San Francisco Bay Area Rapid Transit District (“BART”), which has enabled the expansion of both residential and commercial development throughout much of the County. In addition, economic development along the Interstate 680 corridor in the County has been substantial and has accounted for significant job creation and residential and commercial development throughout the County.

County Government

The County has a general law form of government. A five-member Board of Supervisors, each member of which is elected to a four-year term, serves as the County’s legislative body. Also elected are the County Assessor, Auditor-Controller (the “County Auditor-Controller”), Clerk-Recorder, District Attorney-Public Administrator, Sheriff-Coroner and Treasurer-Tax Collector (the “County Treasurer”). A County Administrator appointed by the Board of Supervisors runs the day-to-day business of the County. The current County Administrator is David J. Twa.

**Contra Costa County
Elected Officials**

<u>Name</u>	<u>Office</u>	<u>Expiration of Current Term</u>
John M. Gioia	Supervisor, District 1	January 7, 2019
Candace Andersen	Supervisor, District 2	January 2, 2021
Diane Burgis	Supervisor, District 3	January 2, 2021
Karen Mitchoff	Supervisor, District 4	January 7, 2019
Federal D. Glover	Supervisor, District 5	January 2, 2021
Robert R. Campbell	Auditor-Controller	January 7, 2019
Russell V. Watts	Treasurer-Tax Collector	January 7, 2019
Gus S. Kramer	Assessor	January 7, 2019
Joe Canciamilla	Clerk Recorder	January 7, 2019
Mark A. Peterson	District Attorney-Public Administrator	January 7, 2019
David O. Livingston	Sheriff-Coroner	January 7, 2019

Brief resumes of key County officials are set forth below.

David J. Twa, County Administrator. Mr. Twa was appointed County Administrator by the Board of Supervisors in June 2008 and is responsible for the overall administration of County government, including managing more than 9,000 employees, and an annual budget of more than \$3.3 billion (of which, more than \$1.5 billion is attributed to the County General Fund), and working with more than 20 departments, agencies, and special districts. Prior to his appointment, he served as the County Manager for Ramsey County, Minnesota from 2003-2008. Prior to that, Mr. Twa served as the County Administrator in three counties in Minnesota for over 20 years and served as an Elected County Attorney, Interim Property Records and Revenue Director, Executive Director of Housing and Redevelopment Authority, and Interim Director of Public Health and Long-term Care. Mr. Twa received his Juris Doctorate from the University of Minnesota, as well as a degree in accounting, and is also a Certified Public Accountant. Mr. Twa was named the County Manager of the Year (2007) by the Minnesota Association of County Administrators for his innovation in public service.

Robert R. Campbell, Auditor-Controller. Mr. Campbell was elected Auditor-Controller of the County in June 2010 and is the chief accounting officer for the County. Prior to his election to the Office of Auditor-Controller, Mr. Campbell was the Chief Accountant over the property tax division. Mr. Campbell has worked for the County for more than 25 years. He received a Bachelor of Science degree in business administration from the California State University, Hayward. Mr. Campbell is an active member of the State Association of County Auditors, a member of the Government Finance Officers Association and the Association of Government Accountants. Mr. Campbell is a former president of the State Association of County Auditors Property Tax and Payroll Managers' committees, and served as a member on various State Association's Property Tax Guideline Committees.

Russell V. Watts, Treasurer-Tax Collector. Mr. Watts was elected Treasurer-Tax Collector in June 2010. In this capacity he also serves as ex officio member on the Board of Trustees of the Contra Costa County Employees' Retirement Association, representing the County at large. Mr. Watts also serves on the County's Debt Advisory Committee and the OPEB Trust Advisory Group, and is the Plan Administrator for the Public Agencies Post-Retirement Health Care Plan Trust. Mr. Watts is a member of the California Association of County Treasurer-Tax Collectors and serves on both the Executive and Legislative Committees. He is also a member of the Government Finance Officers Association. Mr. Watts has sat on the Contra Costa County Treasury Oversight Committee since 2003. Mr. Watts received his Bachelor of Arts from Brigham Young University and earned his Masters in Public Administration at

the University of North Carolina-Chapel Hill. He has worked in tax administration and treasury management since 1994.

Population

The County is the ninth most populous county in California, with its estimated population reaching approximately 1,139,513 as of January 1, 2017. The following Table A-1 sets forth the County's population levels for 2013 through 2017.

Population growth in the County has been strongest in unincorporated areas as well as in the cities of Antioch, Brentwood, Hercules, Oakley, Pittsburg and San Ramon.

The following is a summary of the County's population levels.

Table A-1
County of Contra Costa and State of California
Population Estimates
(as of January 1)

	2013	2014	2015	2016	2017
County	1,083,340	1,097,172	1,111,143	1,126,824	1,139,513
California	38,239,207	38,567,459	38,907,642	39,189,035	39,523,613

Source: State Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change – January 1, 2016 and 2017 Sacramento, California, May 2017.

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Industry and Employment

As shown below, the County's civilian labor force was 544,900 in 2015. With average 2015 unemployment rates of 5.0% and 6.2% for the County and the State, respectively, the County has achieved a lower unemployment rate than that of the State since 2011.

Table A-2
County of Contra Costa
Industry Employment Labor Force
By Annual Averages

	2011	2012	2013	2014	2015 ⁽¹⁾
Civilian Labor Force ⁽²⁾	529,600	536,600	539,300	542,800	549,900
Employment	475,000	488,600	498,900	509,400	522,400
County Unemployment	54,500	48,000	40,400	33,400	27,500
Unemployment Rate:					
County	10.3%	8.9%	7.5%	6.2%	5.0%
State of California	11.7%	10.4%	8.9%	7.5%	6.2%
Wage and Salary Employment ⁽³⁾					
Total Farm	800	800	800	800	800
Mining, Logging and Construction	17,800	19,600	21,700	21,800	22,700
Durable Goods	6,700	7,000	6,500	6,600	6,800
Nondurable Goods	10,900	10,600	8,900	8,700	8,400
Wholesale Trade	7,900	8,200	8,700	9,200	9,600
Retail Trade	40,500	41,200	41,100	41,600	42,300
Transportation, Warehousing and Utilities	8,100	8,100	8,900	9,600	10,500
Information	9,000	8,400	8,600	8,300	8,300
Financial Activities	24,800	25,300	25,300	25,000	26,200
Professional and Business Services	45,900	48,100	52,100	53,200	50,200
Educational and Health Services	54,300	56,400	59,500	61,500	63,900
Leisure and Hospitality	32,300	33,500	35,400	36,300	38,400
Other Services	12,400	12,400	12,100	12,500	12,600
Government	<u>47,800</u>	<u>47,900</u>	<u>48,200</u>	<u>49,200</u>	<u>49,400</u>
TOTAL	318,300	326,800	337,000	343,400	349,200

⁽¹⁾ Preliminary. Most recent annual data available.

⁽²⁾ Based on place of residence.

⁽³⁾ Based on place of work. Data may not total due to independent rounding.

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

Major Employers

Major industries in the County include petroleum refining, telecommunications, financial and retail services, steel manufacturing, prefabricated metals, chemicals, electronic equipment, paper products and food processing. Most of the County's heavy manufacturing is located along the County's northern boundary fronting on the Suisun Bay and San Pablo Bay leading to San Francisco Bay and the Pacific Ocean.

The following Table A-3 provides a listing of major employers headquartered or with locations in the County and their estimated firm-wide employment levels.

Table A-3
County of Contra Costa
MAJOR EMPLOYERS IN THE COUNTY
2017

Employer Name	Location	Industry	Approximate Number of Employees
Contra Costa County	Martinez	County government	9,300
Chevron Corp.	San Ramon	Energy, chemicals and petroleum company	6,300
John Muir Health	Walnut Creek	Health care system	6,190
West Contra Costa Unified School District	Richmond	Public education	3,300
San Ramon Valley School District	Danville	Public education	3,190
Bio-Rad Laboratories	Hercules	Manufacturer and supplier	3,100
Contra Costa Community College District	Martinez	Higher education	3,100
24 Hour Fitness USA Inc.	San Ramon	Health and fitness club chain	1,980
GE Digital	San Ramon	Digital industrial company	1,500
St. Mary's College	Moraga	Higher education	1,200
CSAA Insurance Group, AAA Insurer	Walnut Creek	Personal lines insurance	760
Shell	Martinez	Oil Refinery	700
Tesoro Refining & Marketing Co.	Martinez	Petroleum products refiner and marketer	650
Dow Chemical	Pittsburg	Chemical Manufacturer	500

Sources: San Francisco Business Times, 2017 Book of Lists, websites of individual companies and contacting individual companies.

Personal Income

The United States Department of Commerce, Bureau of Economic Analysis (the "BEA") produces economic accounts statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy.

The BEA defines "personal income" as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau's annual midyear population estimates.

Table A-4 below presents the latest available personal income data for the County, the State and the United States for the calendar years 2011 through 2015 (the most recent annual data available).

Table A-4
County of Contra Costa
Personal Income
Calendar Years 2011-2015[†]

<u>Year and Area</u>	<u>Personal Income (millions of dollars)</u>	<u>Per Capita Personal Income (dollars)</u>
2011		
County	\$ 61,156	\$ 57,336
State	1,727,434	45,820
United States	13,233,436	42,453
2012		
County	\$ 66,344	\$ 61,470
State	1,838,567	48,312
United States	13,904,485	44,267
2013		
County	\$ 66,608	\$ 60,776
State	1,861,957	48,471
United States	14,068,960	44,462
2014		
County	\$ 69,527	\$ 62,540
State	1,977,924	50,988
United States	14,801,624	46,414
2015[†]		
County	\$ 74,757	\$ 66,348
State	2,103,669	53,741
United States	15,463,981	48,112

[†] Most recent annual data available.

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

Commercial Activity

Commercial activity in the County contributed toward taxable transactions totaling approximately \$14.47 billion in 2013, \$15.03 billion in 2014 and \$15.67 billion (preliminary) in 2015. Presented in Table A-5 below is a summary of taxable transactions in the County for the calendar years 2011 through 2014, the most recent year for which final calendar year data is available, and preliminary data for 2015.

Table A-5
County of Contra Costa
Taxable Transactions
Calendar Years 2011-2015
(\$ in 000's)

<u>Type of Business</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015[†]</u>
Motor Vehicle and Parts Dealers	\$1,372,234	\$1,650,526	\$1,823,019	\$1,988,813	\$2,245,947
Furniture and Home Furnishings Stores	240,863	260,102	277,477	281,245	—
Home Furnishings and Appliance Stores	—	—	—	—	686,740
Electronic and Appliance Stores	357,941	371,588	371,275	377,730	—
Building Material and Garden Equipment Supplies and Dealers	739,836	791,073	879,211	915,362	1,060,312
Food and Beverage Stores	692,641	725,277	748,131	779,552	816,995
Health and Personal Care Stores	277,662	293,030	303,182	311,288	—
Gasoline Stations	1,522,725	1,587,047	1,623,539	1,599,455	1,341,604
Clothing and Clothing Accessories Stores	702,573	773,210	825,235	855,415	902,810
Sporting Goods, Hobby, Book, and Music Stores	303,397	302,051	312,720	298,256	—
General Merchandise Stores	1,443,317	1,505,629	1,525,347	1,540,971	1,392,414
Miscellaneous Store Retailers	396,831	420,581	427,955	448,571	—
Nonstore Retailers	50,078	87,720	180,980	210,752	—
Food Services and Drinking Places	1,200,318	1,294,601	1,378,947	1,484,799	1,613,644
Other Retail Group	—	—	—	—	<u>1,359,781</u>
TOTAL RETAIL AND FOOD SERVICES	9,300,418	10,062,437	10,677,018	11,092,210	11,420,249
All Other Outlets	<u>3,499,439</u>	<u>3,934,812</u>	<u>3,794,970</u>	<u>3,937,836</u>	<u>4,249,805</u>
TOTAL ALL OUTLETS	\$12,799,857	\$13,997,249	\$14,471,988	\$15,030,047	\$15,670,053

[†] Preliminary. Column does not total due to independent rounding. Calendar year data by type of business is not yet available. Data for 2015 was compiled from quarterly reports and is subject to change.

Source: California State Board of Equalization.

Much of the County's commercial activity is concentrated in central business districts of its cities and unincorporated towns. Regional shopping centers, numerous smaller centers and several "big box" warehouse stores serve County residents. The County is served by all major banks including Bank of America and Wells Fargo Bank. In addition there are numerous local banks and branches of smaller California and foreign banks.

Construction Activity

The total value of building permits in the County increased by 37.3% in calendar year 2015 compared to calendar year 2014 levels due primarily to increases in residential building permits issued for the construction of multi-family residences.

The following Table A-6 provides a summary of residential building permit valuations and number of new dwelling units authorized in the County from calendar year 2011 through 2015.

Table A-6
COUNTY OF CONTRA COSTA
BUILDING PERMIT VALUATIONS
CALENDAR YEARS 2011 THROUGH 2015
(\$ IN THOUSANDS)

Year	<u>Residential</u>							<u>Non Residential</u>				
	<u>Single Family</u>		<u>Multifamily</u>		<u>Alterations and Additions</u>	<u>Total Residential Valuation</u>	<u>Industrial</u>	<u>Commercial</u>	<u>Other</u>	<u>Alterations and Additions</u>	<u>Total Non Residential</u>	<u>Total</u>
	<u>Unit</u>	<u>Valuation</u>	<u>Units</u>	<u>Valuation</u>								
2011	718	\$211,417.9	355	\$47,304.2	\$197,448.0	\$456,170.1	\$7,188.0	\$27,931.3	\$39,617.1	\$214,585.0	\$289,321.4	\$745,491.5
2012	1,188	340,255.6	949	54,884.8	179,471.7	574,612.1	7,000.8	27,397.8	56,056.3	124,147.2	214,602.0	789,214.1
2013	1,585	469,376.5	370	62,799.7	195,787.4	727,963.6	8,927.8	27,976.8	76,946.0	220,737.0	334,557.6	1,062,521.2
2014	1,439	402,109.1	588	82,009.6	256,617.8	740,735.5	21,149.5	142,730.7	54,800.9	191,855.7	410,536.9	1,151,272.3
2015 [†]	1,909	629,638.5	629	123,088.7	301,221.7	1,053,948.9	15,020.1	206,595.9	85,880.1	219,320.4	526,816.5	1,580,765.4

[†] Most recent annual data available.

Source: Construction Industry Research Board. A service provided by the California Homebuilding Foundation.

Transportation

Availability of a broad transportation network has been one of the major factors in the County's economic and population growth. Interstate 80 connects the western portion of the County to San Francisco and the central portion of the County to Sacramento and points north via Interstate 5, the major north-south highway from Mexico to Canada. Interstate 680 connects the central County communities to the rest of the Bay Area and portions of the Central Valley of the State via State Routes 4 and 24, the County's major east-west arteries.

Ground transportation is provided to County residents from multiple service providers.

- BART connects the County to Alameda County, San Francisco, and Daly City and Colma in San Mateo County with two main lines, one from the San Francisco area to Richmond and the other to the Walnut Creek/Concord/Pittsburg/Bay Point area. BART currently has 46 stations and 112 miles of roadway in its system, including the Warm Springs/South Fremont Station that opened in March 2017. The Santa Clara Valley Transportation Authority is managing a two phase BART expansion project into Silicon Valley. The first phase, is a 10-mile, two station extension to the Milpitas Station (expected to open for passenger service in late fall 2017) and to Berryessa Station (expected to open for passenger service in 2018). The second phase will extend BART six miles to the City of Santa Clara and is projected to begin passenger service in 2026. Rail passenger service (eBART) with stations in the cities of Pittsburg and Antioch expected to begin passenger service in winter 2017-18.
- Public transit bus lines throughout.
- Other bus service is provided by Greyhound.
- Commuter rail service is provided by the AMTRAK Capital Corridor, with daily runs between the Bay Area and Sacramento that stops at the intermodal terminal in Martinez, the County seat.

Commercial water transportation and docking facilities are available through a number of port and marina locations in the County. The Port of Richmond on San Francisco Bay and several privately owned industrial docks on both San Pablo and Suisun Bays serve the heavy industry located in the area. The Port of Richmond, owned and operated by the City of Richmond, covers approximately 200 acres and handles approximately 19 million metric tons annually. The majority of the shipments are bulk liquids with the remainder consisting of scrap metal, autos, and gypsum rock.

Major scheduled airline passenger and freight transportation for County residents is available at either Oakland or San Francisco International Airports, located about 20 and 30 miles, respectively, from the County. In addition there are two general aviation fields. The Byron Airport is located in the eastern part of the County and Buchanan Field Airport is located in Concord. JetSuite provides charter and scheduled flights from Buchanan Field Airport to Burbank, California and to Las Vegas, Nevada.

Education and Health Services

Education. Public school education in the County is available through seven unified school districts, nine elementary school districts, two high school districts, and one community college. These districts provide 19 charter schools, 154 elementary schools, 46 middle schools, 32 high schools, and 13

continuation high schools, and a number of special education facilities, and other educational programs. Public school K-12 enrollment for Fiscal Year 2015-16 numbered approximately 176,413 students. Private school enrollment in the County for Fiscal Year 2014-15 (the most recent Fiscal Year for which County data is available) numbered approximately 19,800 students, which was approximately 11.2% of students in the County.

Higher education is available in the County through a combination of two-year community colleges and four-year colleges. The Contra Costa Community College District is comprised of Contra Costa College (San Pablo, California), Diablo Valley College (Pleasant Hill, California) with satellite centers in San Ramon and Walnut Creek, Los Medanos College (Pittsburg, California). California State University East Bay (Hayward, California) operates a branch campus in Concord. St. Mary's College of California is a four-year private institution located in Moraga. Also located within the County are the John F. Kennedy University campuses in Concord and Pleasant Hill. In addition, County residents are within commuting distance to the University of California, Berkeley.

Health Services. There are six privately operated hospitals, one public hospital and one Veterans' Affairs hospital located in the County, with a combined total of approximately 1,850 beds. Three of the private hospitals are run by Kaiser, the largest health maintenance organization in the United States. The Walnut Creek-based John Muir/Mt. Diablo Health System operates hospitals at its Walnut Creek and Concord campuses, and outpatient and urgent care services in Brentwood, Concord, San Ramon, and in the Tice Valley/Rossmoor area of Walnut Creek. In addition the Sutter Delta Medical Center operates a hospital in Antioch.

Under State law, the County is required to administer State and federal health programs, provide for community mental health and treatment programs, and provide for a portion of the costs of such services with local revenues, such as sales and property taxes. The County Health Services Department (the "Health Services Department") provides these services to all County residents regardless of their ability to pay.

The Health Services Department is responsible for providing a comprehensive health system to residents of the County including the following: clinical and laboratory services; maternal, child and adolescent health services; public health clinics services; mental health services; alcohol and drug treatment services; programs related to the prevention of disease and injury (*e.g.*, tobacco education, senior health education); community nutrition projects; and obesity and asthma prevention.

The public hospital in the County is the 164-bed Contra Costa Regional Medical Center ("CCRMC") located in Martinez. The County also operates a public health/clinical laboratory and an ambulatory care clinic on the CCRMC campus, the Pittsburg Health Center on the former Los Medanos Hospital site, health clinics in Antioch, Concord and Brentwood, the Bay Point Family Health Center, which includes a state-of-the-art children's dental clinic, and the approximately 53,000 square foot West County Health Center in Richmond.

APPENDIX B
FISCAL CONSULTANT REPORT

APPENDIX C

AUDITED FINANCIAL STATEMENTS FOR THE SUCCESSOR AGENCY TO THE CONTRA COSTA COUNTY REDEVELOPMENT AGENCY FOR THE YEAR ENDED JUNE 30, 2016

*The Successor Agency is a separate legal entity from the County, with assets and liabilities entirely separate from the assets and liabilities of the County. The Series 2017 Bonds are payable from and secured by a pledge of Tax Revenues only. The Comprehensive Annual Financial Report of the County for the Year Ended June 30, 2016 is included **only** because it includes the audited financial statements of the Successor Agency.*

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) dated _____, 2017 is executed and delivered by the Successor Agency to the Contra Costa County Redevelopment Agency (the “Successor Agency”), and acknowledged and agreed to by Digital Assurance Certification, L.L.C., as dissemination agent, in connection with the issuance by the Successor Agency of \$_____ aggregate principal amount of Successor Agency to the Contra Costa County Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A; and \$_____ aggregate principal amount of Successor Agency to the Contra Costa County Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2017B (together, the “Series 2017 Bonds”). The Series 2017 Bonds are being issued pursuant to an Indenture of Trust dated as of _____ 1, 2017 (the “Indenture”) between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”). The Successor Agency and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Certificate. The Disclosure Certificate is being executed and delivered by the Successor Agency and the Dissemination Agency for the benefit of the Owners and Beneficial Owners of the Series 2017 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in the 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 Successor Agency pursuant to, and as described in, Sections 3 and 4 of the Disclosure Certificate.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2017 Bonds (including persons holding Series 2017 Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Series 2017 Bonds for federal income tax purposes.

“*Disclosure Representative*” shall mean the County Administrator, the Director of Conservation and Development, and the County Finance Director or his or her designee, or such other officer or employee as the County shall designate in writing to the Trustee from time to time.

“*Dissemination Agent*” shall initially mean Digital Assurance Certification, L.L.C., or any successor Dissemination Agent which may be designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.

“*Filing Date*” shall mean the date that is nine months following the end of each Fiscal Year of the Successor Agency (currently March 31 or the next succeeding business day if such day is not a business day), commencing with the first Filing Date of March 31, 2018.

“*Fiscal Year*” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Successor Agency and certified to the Trustee in writing by an Authorized Representative of the Successor Agency.

“*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*” means the Official Statement dated _____, 2017 relating to the Series 2017 Bonds.

“*Participating Underwriter*” shall mean the original underwriter of the Series 2017 Bonds required to comply with the Rule in connection with offering of the Series 2017 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.

“*Specified Event*” shall mean any of the events listed in Section 5(a) or Section 5(b) of this Disclosure Certificate and any other event legally required to be reported pursuant to the Rule.

“*State*” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The Successor Agency shall, shall provide, or shall cause the Dissemination Agent to provide, to the MSRB not later than the Filing Date, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report shall be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate *provided that*, the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report and later than the Filing Date required above for the filing of the Annual Report if they are not available by that date. If the Fiscal Year of the Successor Agency changes, it shall give notice of such change in the same manner as for a Specified Event under Section 5.

(b) Not later than thirty (30) days prior to each Filing Date, the Dissemination Agent shall give notice to the Successor Agency that the Annual Report is so required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to the Filing Date, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by the Filing Date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Successor Agency of such failure to receive the Annual Report.

(c) The Dissemination Agent shall:

1. If the Successor Agency is unable to provide to the Dissemination Agent an Annual Report by the Filing Date, and if not previously filed by the Successor Agency, send a notice, in electronic format, to the MSRB in substantially the form attached hereto as Exhibit A.

2. File a report with the Successor Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

SECTION 4. Content of Annual Reports. The Annual Report of the Successor Agency shall contain or include by reference the following:

(a) The audited financial statements of the Successor Agency for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the audited financial statements of the Successor Agency are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Numerical and tabular information for the immediately preceding Fiscal Year of the type contained in the Official Statement under the following captions:

- (i) Assessed values of property in the Project Areas in substantially the form of Table [7] of the Official Statement;
- (ii) Ten Largest Property Taxpayers in the Project Areas substantially in the form of Table [9] of the Official Statement;
- (iii) Issuance by the Successor Agency of any Parity Debt with respect to the Project Areas;
- (iv) Information about each resolved and open appeal of assessed values in the Project Areas that exceeds 5% of assessed value of the Project Areas substantially in the form of Table [10];
- (v) Incremental taxable value, tax levy, current year collections, current collections as a percentage of current year levy collected, total collections and total collections as a percentage of the current year's tax levy in the Project Areas in substantially the form of Table [11] of the Official Statement;
- (vi) Amount of all Successor Agency debt outstanding secured by a pledge of the Tax Revenues from the Project Areas;
- (vii) [The outstanding principal amount of the Series 2017 Bonds, the debt service schedule, and debt service coverage]; and
- (viii) [The balance in the Reserve Account, if a municipal debt service reserve insurance policy is not deposited into the Reserve Account.]

(c) In addition to any of the information expressly required to be provided under Sections 4(a) and 4(b), the Successor Agency shall provide such other information, if any, necessary to make the required information, in light of the circumstances under which they were made, not misleading.

(d) The presentation and format of the Annual Report may be modified from time to time as determined in the sole judgment of the Successor Agency to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Successor Agency to reflect changes in the business, structure, or operations of the Successor Agency; provided that any such modifications shall comply with the requirements of the Rule.

(e) Any or all of the items listed in this Section 4 may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which have been made available to the public on the MSRB website. The Successor Agency shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Disclosure Certificate, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2017 Bonds, in a timely manner no later than ten (10) Business Days after the occurrence of such 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. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the Successor Agency.

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

(b) The Successor Agency shall give, or cause to be given, notice to the MSRB of the occurrence of any of the following events described in this Section 5(b) with respect to the Series 2017 Bonds, if material, in a timely manner not later than ten (10) Business Days after the occurrence of the event:

1. Unless described in Section 5(a)(7) above, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2017 Bonds or other material events affecting the tax status of the Series 2017 Bonds;
2. Modifications to rights of the Bond holders;

3. Optional, unscheduled or contingent 2017 Bond calls;
4. Release, substitution, or sale of property securing repayment of the Series 2017 Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The Successor Agency acknowledges that it is required to make a determination whether a Specified Event in Section 5(b) above is material under applicable federal securities laws in order to determine whether a filing with the MSRB is required under Section 5(b). Notwithstanding the foregoing, notice of Specified Events described in Section 5(a)(7) and Section 5(b)(2) above need not be given any earlier than the notice (if any) of the underlying event is given to Owners of affected Series 2017 Bonds pursuant to the Indenture.

(d) If the Dissemination Agent has been instructed by the Successor Agency to report the occurrence of a Specified Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Specified Events described in Section 5(a)(4) and Section 5(a)(5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Series 2017 Bonds pursuant to the Indenture.

SECTION 6 CUSIP Numbers. Whenever providing information to the Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements and notices of Specified Events, the Successor Agency shall indicate the full name of the Series 2017 Bonds and the nine-digit CUSIP numbers for the Series 2017 Bonds as to which the provided information relates.

SECTION 7 Termination of Reporting Obligation. The obligations of the Successor Agency under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2017 Bonds. If such termination occurs prior to the final maturity of the Series 2017 Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Specified Event under Section 5(c).

SECTION 8. Dissemination Agent. (a) The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

(b) The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C. If at any time there is no designated Dissemination Agent appointed by the Successor Agency, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the Successor Agency shall be the Dissemination Agent and undertake or assume its obligations hereunder. The Dissemination Agent (other than the Successor Agency) shall not be

responsible in any manner for the content of any notice or report required to be delivered by the Successor Agency pursuant to this Disclosure Certificate.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Specified Event, in addition to that which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Specified Event in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Specified Event.

SECTION 10. Amendment; Waiver Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to such Series 2017 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 Series 2017 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 the affected Series of Series 2017 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 nationally recognized bond counsel, materially impair the interest of the Owners or Beneficial Owners of such Series 2017 Bonds.

(e) In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Successor 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 Successor 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 Specified Event under Section 5(c), 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 11. Default. In the event of a failure of the Successor Agency to comply with any provision of this Disclosure Certificate, the Dissemination Agent or any Owners or Beneficial Owners of the Series 2017 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Contra Costa or in the U.S. District Court in the County of Contra Costa. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event

of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2017 Bonds.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

To the Successor Agency:	County of Contra Costa Department of Conservation and Development 30 Muir Road Martinez, CA 94553 Attention: Director Telephone: 925-674-7866
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If to the Dissemination Agent:	Digital Assurance Certification, L.L.C. 390 North Orange Avenue, Suite 1750 Orlando, FL 32801-1674 Attention: Customer Assistance Telephone: 888-824-2663
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Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Series 2017 Bonds, and shall create no rights in any other person or entity.

SECTION 15. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: _____, 2017

SUCCESSOR AGENCY TO THE CONTRA COSTA
COUNTY REDEVELOPMENT AGENCY

By: _____
Authorized Representative

Acknowledged and Agreed to:

DIGITAL ASSURANCE CERTIFICATION,
L.L.C., as Dissemination Agent

By: _____
Dissemination Agent

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Successor Agency to the Contra Costa County Redevelopment Agency

Name of Bond Issue: Successor Agency to the Contra Costa County Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A; *and*

Successor Agency to the Contra Costa County Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2017B

Date of Issuance: _____, 2017

NOTICE IS HEREBY GIVEN that the Successor Agency to the Contra Costa County Redevelopment Agency (the "Successor Agency") has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.01(n) of the Indenture dated as of _____ 1, 2017 between the Successor Agency and U.S. Bank National Association relating to the above-described Bonds. The Successor Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

The undersigned acknowledges and agrees to act as
Dissemination Agent to the foregoing Disclosure
Certificate.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as
Dissemination Agent

By: _____

cc: Successor Agency

APPENDIX F

FORMS OF OPINIONS OF BOND COUNSEL

Form of Opinion for the Series 2017A Bonds

_____, 2017

Successor Agency to the
Contra Costa County Redevelopment Agency
30 Muir Road
Martinez, California 94553

OPINION: \$_____ Successor Agency to the Contra Costa County Redevelopment
Agency Tax Allocation Refunding Bonds, Series 2017A

Members of the Successor Agency:

We have acted as bond counsel in connection with the issuance by the Successor Agency to the Contra Costa County Redevelopment Agency, as successor to the former Contra Costa County Redevelopment Agency (the "Former Agency"), of its \$_____ Successor Agency to the Contra Costa County Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A (the "Bonds"), pursuant to the provisions of section 34177.5 of the California Health and Safety Code and section 53580 *et seq.* of the California Government Code (collectively, the "Refunding Bond Law"), Resolution No. 2017/147 adopted by the Successor Agency on April 25, 2017, and an Indenture of Trust, dated as of _____ 1, 2017 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee.

In connection with this opinion, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Successor Agency contained in the Indenture and in the certified proceedings and certifications of public officials and others 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 duly created and validly existing as a public body, corporate and politic, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.
2. The Indenture has been duly approved by the Successor Agency and constitutes a valid and binding obligation of the Successor Agency enforceable upon the Successor Agency in accordance with its terms.

3. Pursuant to the Refunding Bond Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds, on a parity with the pledge thereof for the security of the 2017B Bonds and any Parity Debt that may be issued pursuant to and as such capitalized terms are defined in the Indenture.

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. Subject to the Successor Agency's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the Successor Agency and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. 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.

Respectfully submitted,

Form of Opinion for the Series 2017B Bonds

_____, 2017

Successor Agency to the
Contra Costa County Redevelopment Agency
30 Muir Road
Martinez, California 94553

OPINION: \$_____ Successor Agency to the Contra Costa County Redevelopment
Agency Taxable Tax Allocation Refunding Bonds, Series 2017B

Members of the Successor Agency:

We have acted as bond counsel in connection with the issuance by the Successor Agency to the Contra Costa County Redevelopment Agency, as successor to the former Contra Costa County Redevelopment Agency (the “Successor Agency”), of its \$_____ Successor Agency to the Contra Costa County Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2017B (the “Bonds”), pursuant to the provisions of section 34177.5 of the California Health and Safety Code and section 53580 *et seq.* of the California Government Code (collectively, the “Refunding Bond Law”), Resolution No. 2017/147 adopted by the Successor Agency on April 25, 2017, and an Indenture of Trust, dated as of _____ 1, 2017 (the “Indenture”), by and between the Successor Agency and U.S. Bank National Association, as trustee.

In connection with this opinion, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Successor Agency contained in the Indenture and in the certified proceedings and certifications of public officials and others 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 duly created and validly existing as a public body, corporate and politic, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.
2. The Indenture has been duly approved by the Successor Agency and constitutes a valid and binding obligation of the Successor Agency enforceable upon the Successor Agency in accordance with its terms.
3. Pursuant to the Refunding Bond Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds, on a parity with the pledge thereof for the security of the 2017A Bonds and any Parity Debt that may be issued pursuant to and as such capitalized terms are defined in the Indenture.

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 Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the Successor Agency and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. 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.

Respectfully submitted,

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. 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 or principal with respect to the Series 2017 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2017 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2017 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2017 Bonds. The Series 2017 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for the maturity and CUSIP number of the Series 2017 Bonds 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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by 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 the Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Refunding Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of

ownership interests in the Series 2017 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 the Series 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of the Series 2017 Bonds may wish to ascertain that the nominee holding the Series 2017 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2017 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 each issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2017 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 issuer 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 Series 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2017 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 Issuer 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 Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer 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.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Refunding Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Refunding Bond certificates will be printed and delivered.

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

AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE SERIES 2017 BONDS, THE TRUSTEE WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO HOLDERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES 2017 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

NONE OF THE SUCCESSOR AGENCY, THE TRUSTEE, OR THE UNDERWRITER HAS ANY RESPONSIBILITY OR LIABILITY FOR ANY ASPECT OF THE RECORDS RELATING TO OR PAYMENTS MADE ON ACCOUNT OF BENEFICIAL OWNERSHIP, OR FOR MAINTAINING, SUPERVISING OR REVIEWING ANY RECORDS RELATING TO BENEFICIAL OWNERSHIP OF INTERESTS IN THE SERIES 2017 BONDS.

NONE OF THE SUCCESSOR AGENCY, THE TRUSTEE, OR THE UNDERWRITER CAN GIVE AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE PAYMENTS TO DTC PARTICIPANTS OR THAT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS WITH RESPECT TO THE SERIES 2017 BONDS RECEIVED BY DTC OR ITS NOMINEES AS THE HOLDER THEREOF OR ANY REDEMPTION NOTICES OR OTHER NOTICES TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL SERVICE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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