SUPPLEMENT TO OFFICIAL STATEMENT DATED SEPTEMBER 10, 2015

REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF
THE CITY OF SACRAMENTO

$62,135,000 **2015 TAX ALLOCATION REFUNDING BONDS,** **SERIES A (TAX-EXEMPT)**	**$41,915,000** **2015 TAX ALLOCATION REFUNDING BONDS,** **SERIES B (FEDERALLY TAXABLE)**

Except as expressly supplemented hereby, the Official Statement dated September 10, 2015 has not been amended or supplemented.

This Supplement to Official Statement provides additional information about the bonds, identified above, that are described in the Official Statement dated September 10, 2015. Capitalized terms not otherwise defined have the meanings given them in the Official Statement.

SB 107, which was adopted by the California State Legislature on September 11, 2015, includes amendments to certain provisions of the redevelopment agency Dissolution Act as described in the Official Statement. SB 107 was signed by the California Governor on September 22, 2015, and is effective immediately.

All references in the Official Statement to SB 107 (including but not limited to the information under the captions "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule" and "RISK FACTORS—State Budget Issues—Other Legislation") are hereby deemed to be revised to reflect SB 107's effectiveness.

Dated: September 23, 2015

REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

By: /s/Russell T. Fehr
Russell T. Fehr, City Treasurer

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS:
Standard & Poor's: "A" (Underlying)
"AA" (Insured Bonds)
See the caption "CONCLUDING INFORMATION—Ratings"

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Agency, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2015A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2015A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In the opinion of Bond Counsel, interest on the 2015B Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the 2015B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO

$62,135,000
2015 TAX ALLOCATION REFUNDING BONDS, SERIES A (TAX-EXEMPT)

$41,915,000
2015 TAX ALLOCATION REFUNDING BONDS, SERIES B (FEDERALLY TAXABLE)

Dated: Date of Initial Delivery **Due: December 1, as shown on the inside front cover page**

The Redevelopment Agency Successor Agency of the City of Sacramento 2015 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) (the "**2015A Bonds**") and the Redevelopment Agency Successor Agency of the City of Sacramento 2015 Tax Allocation Refunding Bonds, Series B (Federally Taxable) (the "**2015B Bonds**" and, together with the 2015A Bonds, the "**Bonds**") will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available to ultimate purchasers ("**Beneficial Owners**") in integral multiples of $5,000 under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. The principal of, premium, if any, and interest (which interest is due June 1 and December 1 of each year, commencing June 1, 2016) on the Bonds will be payable by U.S. Bank National Association, as trustee (the **"Trustee"**), to DTC for subsequent disbursement to DTC Participants, so long as DTC or its nominee remains the registered owner of the Bonds. See the caption "THE BONDS—Book-Entry System."

The Bonds are being issued under the Indenture of Trust, dated as of October 1, 2015 (the "**Indenture**"), by and between the Trustee and the Redevelopment Agency Successor Agency of the dissolved Redevelopment Agency of the City of Sacramento (the "**Agency**"): (a) to refund certain obligations of the former Redevelopment Agency of the City of Sacramento currently outstanding in the aggregate principal amount of $119,360,000, as described under the caption "REFUNDING PLAN;" (b) to purchase a Municipal Bond Debt Service Reserve Insurance Policy (the "**Reserve Policy**") from Build America Mutual Assurance Company ("**BAM**") for deposit in the Reserve Account; and (c) to pay certain costs of issuance of the Bonds.

The 2015A Bonds are subject to optional redemption before maturity. The 2015B Bonds are not subject to redemption before maturity. See the caption "THE BONDS—Redemption."

The Bonds are payable from and secured by the Tax Revenues deposited in the Redevelopment Property Tax Trust Fund (the **"RPTTF"**) on a subordinate basis to certain obligations currently outstanding in the aggregate principal amount (including the accreted value to maturity of certain capital appreciation obligations) of approximately $271 million and certain other ongoing obligations of the Agency, as more fully described under the caption "SECURITY FOR THE BONDS." Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll, to the extent that such taxes constitute Tax Revenues, will be deposited in the Redevelopment Obligation Retirement Fund and administered by the Agency and the Trustee in accordance with the Indenture.

The scheduled payment of principal of and interest on the 2015A Bonds maturing on December 1 of the years 2021 through 2036, inclusive, and the 2015B Bonds maturing on December 1 of the years 2018 through 2020, inclusive (collectively, the "**Insured Bonds**"), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY. The Insured 2015A Bonds have the following CUSIP numbers: 786060AF0, 786060AG8, 786060AH6, 786060AJ2, 786060AK9, 786060AL7, 786060AM5, 786060AN3, 786060AP8, 786060AQ6, 786060AR4, 786060AS2, 786060AT0, 786060AU7, 786060AV5 and 786060AW3, respectively. The Insured 2015B Bonds have the following CUSIP numbers 786060AZ6, 786060BA0 and 786060BB8, respectively.

BAM
BUILD AMERICA MUTUAL

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

The Bonds are not a debt of the City of Sacramento, the County of Sacramento, the State of California or any of other political subdivision of the State of California (other than the Agency), and neither said City, said County, said State nor any of the State's other political subdivisions (other than the Agency) is liable therefor, nor in any event will the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The principal of and interest on the Bonds are payable solely from the Tax Revenues allocated to the Agency from the Project Areas (all as defined herein and in the Indenture) and other funds as set forth in the Indenture.

The Bonds are offered, when, as and if issued, subject to the approval of Orrick, Herrington & Sutcliffe LLP, Sacramento, California, Bond Counsel. Certain legal matters will be passed on for the Agency by the City Attorney of the City of Sacramento, as counsel to the Agency, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, as Disclosure Counsel, for the Underwriters by their counsel, Jones Hall, A Professional Law Corporation, San Francisco, California, and for the Trustee by its counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about October 14, 2015.

Stifel **Morgan Stanley**

BofA Merrill Lynch **Siebert Brandford Shank & Co., L.L.C.**

Dated: September 10, 2015

MATURITY SCHEDULE

BASE CUSIP† 786060

$62,135,000
REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
2015 TAX ALLOCATION REFUNDING BONDS, SERIES A (TAX-EXEMPT)

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2016	$7,485,000	2.000%	0.620%	101.552	AA1
2017	2,660,000	2.000	1.040	102.017	AB9
2017	4,700,000	3.000	1.040	104.118	BC6
2018	7,460,000	4.000	1.360	108.063	AC7
2019	3,205,000	5.000	1.670	113.235	AD5
2020	2,910,000	5.000	1.970	114.714	AE3
2021*	2,630,000	5.000	2.170	116.160	AF0
2022*	2,560,000	5.000	2.390	117.015	AG8
2023*	2,870,000	5.000	2.600	117.483	AH6
2024*	3,205,000	5.000	2.750	118.055	AJ2
2025*	1,320,000	5.000	2.920	118.123	AK9
2026*	1,380,000	3.625	3.100	104.531(c)	AL7
2027*	1,435,000	5.000	3.220	115.278(c)	AM5
2028*	1,690,000	5.000	3.310	114.441(c)	AN3
2029*	1,775,000	5.000	3.410	113.519(c)	AP8
2030*	1,455,000	5.000	3.490	112.788(c)	AQ6
2031*	2,375,000	5.000	3.560	112.153(c)	AR4
2032*	3,335,000	5.000	3.620	111.612(c)	AS2
2033*	3,185,000	5.000	3.670	111.163(c)	AT0
2034*	3,505,000	5.000	3.710	110.806(c)	AU7
2035*	485,000	4.000	4.040	99.448	AV5
2036*	510,000	4.000	4.080	98.870	AW3

$41,915,000
REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO
2015 TAX ALLOCATION REFUNDING BONDS, SERIES B (FEDERALLY TAXABLE)

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2016	$ 2,440,000	1.233%	1.233%	100.000	AX1
2017	3,340,000	1.733	1.733	100.000	AY9
2018*	11,720,000	2.238	2.238	100.000	AZ6
2019*	7,470,000	2.695	2.695	100.000	BA0
2020*	16,945,000	3.000	3.095	99.550	BB8

† *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2015 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. The City, the Agency and the Underwriters take no responsibility for the accuracy of such numbers.*

(c) *Priced to first optional redemption date of December 1, 2025 at par.*

* *Insured Bond.*

REDEVELOPMENT AGENCY SUCCESSOR AGENCY
OF THE CITY OF SACRAMENTO
Sacramento, California

BOARD OF DIRECTORS

Kevin Johnson, *Chair*
Angelique Ashby, *Chair Pro Tem*
Allen Warren, *Vice Chair*
Jeff Harris
Steve Hansen
Jay Schenirer
Eric Guerra
Rick Jennings, II
Larry Carr

CITY/AGENCY STAFF

John F. Shirey, *City Manager*
John Dangberg, *Assistant City Manager*
Howard Chan, *Assistant City Manager*
Russell T. Fehr, *City Treasurer*
James C. Sanchez, *City Attorney*
Shirley Concolino, *City Clerk*
Leyne Milstein, *Finance Director*

SPECIAL SERVICES

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
Sacramento, California

Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
Sacramento, California

Trustee

U.S. Bank National Association
San Francisco, California

Fiscal Consultant

Fraser & Associates
Roseville, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

Financial Advisor

First Southwest Company, LLC
Oakland, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

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

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

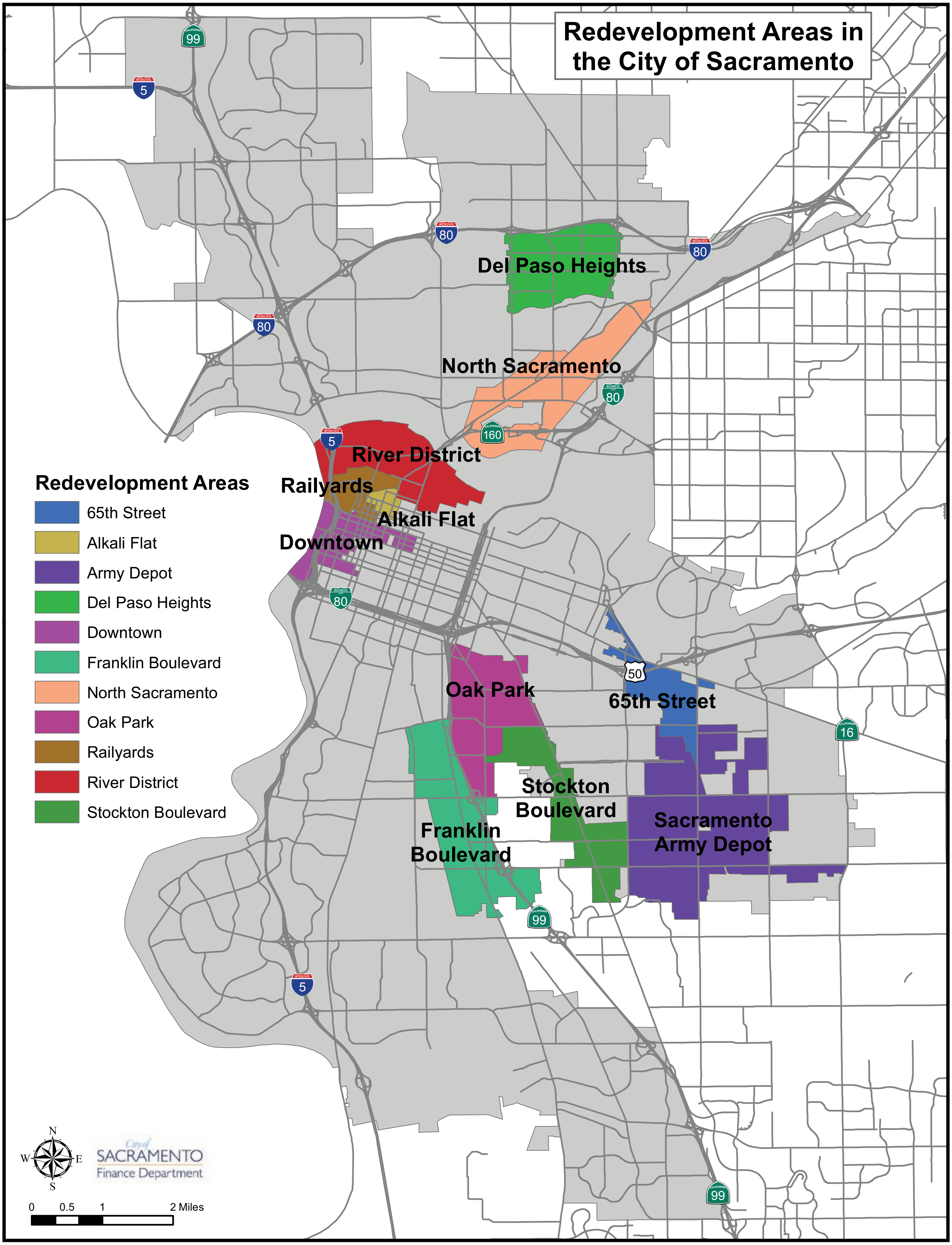
No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person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

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

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

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

Bond Insurance. Build America Mutual Assurance Company ("**BAM**") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the caption "BOND INSURANCE" and in Appendix G—"SPECIMEN MUNICIPAL BOND INSURANCE POLICY."


Redevelopment Areas in the City of Sacramento
Redevelopment Areas
65th Street
Alkali Flat
Army Depot
Del Paso Heights
Downtown
Franklin Boulevard
North Sacramento
Oak Park
Railyards
River District
Stockton Boulevard
Del Paso Heights
North Sacramento
River District
Railyards
Alkali Flat
Downtown
Oak Park
65th Street
Stockton Boulevard
Sacramento Army Depot
Franklin Boulevard
SACRAMENTO
Finance Department
0
0.5
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$62,135,000 2015 TAX ALLOCATION REFUNDING BONDS, SERIES A (TAX-EXEMPT)	$41,915,000 2015 TAX ALLOCATION REFUNDING BONDS, SERIES B (FEDERALLY TAXABLE)

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, the inside front cover page, and the appendices, is provided to furnish information in connection with the sale by the Redevelopment Agency Successor Agency of the dissolved Redevelopment Agency of the City of Sacramento (the "**Agency**") of its $62,135,000 2015 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) (the "**2015A Bonds**") and $41,915,000 2015 Tax Allocation Refunding Bonds, Series B (Federally Taxable) (the "**2015B Bonds**" and, together with the 2015A Bonds, the "**Bonds**").

Authority and Purpose

The Bonds are being issued pursuant to the Constitution and laws of the State of California (the "**State**"), including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "**Bond Law**") and an Indenture of Trust, dated as of October 1, 2015 (the "**Indenture**"), by and between the Agency and U.S. Bank National Association, as trustee (the "**Trustee**"). See the caption "THE BONDS—Authority for Issuance."

The Bonds are being issued: (a) to refund certain obligations of the former Redevelopment Agency of the City of Sacramento (the "**Former Agency**") currently outstanding in the aggregate principal amount of $119,360,000; (b) to purchase a Municipal Bond Debt Service Reserve Insurance Policy (the "**Reserve Policy**") from Build America Mutual Assurance Company ("**BAM**") for deposit in the Reserve Account; and (c) to pay certain costs of issuance of the Bonds, including the cost to purchase a Municipal Bond Insurance Policy (the "**Policy**") from BAM to guarantee payment of principal of and interest on: (i) the 2015A Bonds maturing on December 1 of the years 2021 through 2036, inclusive; and (ii) the 2015B Bonds maturing on December 1 of the years 2018 through 2020, inclusive (collectively, the "**Insured Bonds**"). See the caption "REFUNDING PLAN—Sources and Uses of Funds."

The Bonds are payable from and secured by the Tax Revenues (as such term is defined under the caption "—Security for the Bonds") deposited in the Redevelopment Property Tax Trust Fund (the "**RPTTF**") on a subordinate basis to certain obligations currently outstanding in the aggregate principal amount (including the accreted value to maturity of certain capital appreciation obligations) of approximately $271 million and certain other ongoing obligations of the Agency (collectively, the "**Senior Obligations**"), as more fully described under the caption "SECURITY FOR THE BONDS—Senior Obligations."

The City and the Agency

The City. The City of Sacramento (the "**City**") is located at the confluence of the Sacramento and American Rivers in the northern part of California's Central Valley. The City is approximately 75 miles northeast of San Francisco, and benefits from a mild climate with many days of sunshine each year.

The City was settled in the late 1830s and was incorporated in 1849. The City is the capital of the State and State government employees and government-related activities contribute substantially to the City's economy.

The City operates under a City Charter that currently provides for an elected nine-member City Council, including an elected Mayor. One City Council seat is currently vacant. The City Council appoints the City Manager, the City Attorney, the City Clerk and the City Treasurer to carry out its adopted policies. The Mayor is the chair of the City Council, serves a four-year term and is elected in at-large City elections. The other members of the City Council also serve four-year terms but are elected from one of eight districts.

The City provides a number of municipal services, including administration, police, fire, library, recreation, parking, public works, and utilities services such as water production and distribution, refuse collection, storm drainage, and maintenance.

The Agency. The Former Agency was established in accordance with the Community Redevelopment Law (Part 1, Division 24, commencing with Section 33000 of the Health & Safety Code of the State) (the "**Redevelopment Law**") and was activated by Ordinance No. 3320 adopted by the City Council on September 27, 1950, at which time the City Council declared itself to be the governing board of the Former Agency. The Former Agency was charged with the authority and responsibility of redeveloping and upgrading blighted areas of the City.

The City, the County of Sacramento (the "**County**"), the Former Agency, the Redevelopment Agency of the County of Sacramento, the Housing Authority of the City of Sacramento and the Housing Authority of the County of Sacramento (collectively the "**Constituent Entities**") created the Sacramento Housing and Redevelopment Agency (the "**SHRA**") under a joint-exercise-of-powers agreement dated April 20, 1982, which agreement was amended and restated under an Amended and Restated Joint Powers Agreement dated March 6, 1990. Pursuant to a further amendment to the joint-exercise-of-powers agreement dated February 24, 2015, the Former Agency and the Redevelopment Agency of the County of Sacramento were removed as members of the SHRA.

Since the establishment of the SHRA, substantially all efforts of the Former Agency to address blighted areas and conduct housing functions within the City were carried out through the SHRA.

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

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

On January 31, 2012, in accordance with Resolution No. 2012-018 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the successor agency to the Former Agency. Section 34173(g) of the Dissolution Act, which was added by AB 1484, expressly affirms that the Agency is a separate public entity from the City, that the two entities will not merge and that the liabilities of the Former Agency will not be transferred to the City, nor will the assets of the Former Agency become assets of the City.

The Redevelopment Plans

Redevelopment plans were adopted by the Former Agency for the following eleven redevelopment project areas (each, a "**Project Area**" and collectively, the "**Project Areas**"), each of which is discussed in detail under the caption "THE PROJECT AREAS":

1. Merged Downtown Sacramento Redevelopment Project Area;
2. Alkali Flat Redevelopment Project Area;
3. Army Depot Redevelopment Project Area;
4. Del Paso Heights Redevelopment Project Area;
5. Franklin Boulevard Redevelopment Project Area;
6. North Sacramento Redevelopment Project Area;
7. Oak Park Redevelopment Project Area;
8. Railyards Redevelopment Project Area;
9. River District Redevelopment Project Area (formerly known as Richards Redevelopment Project Area);
10. 65th Street Redevelopment Project Area; and
11. Stockton Boulevard Redevelopment Project Area.

The above-listed Project Areas constitute all of the Former Agency's active redevelopment project areas. A portion of the property tax revenues (as described herein) derived from the above-listed Project Areas constitute the source of moneys for repayment of the Bonds. See the caption "SECURITY FOR THE BONDS."

Tax Allocation Financing

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

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in a RPTTF held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects. See the caption "SECURITY FOR THE BONDS—Tax Increment Financing."

Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described in this Official Statement. See the caption "RISK FACTORS."

Security for the Bonds

The Bonds are payable from and secured by the Tax Revenues (as such term is defined in the below paragraphs), a portion of the moneys in the Redevelopment Obligation Retirement Fund established and held by the Agency under the Dissolution Act and all of the moneys in the Tax Increment Fund (including the Interest Account, the Principal Account, the Term Bonds Sinking Account and the Reserve Account) established and held by the Trustee under the Indenture. Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Project Areas, to the extent that such taxes constitute Tax Revenues as described in this Official Statement and as defined in the Indenture, will be deposited in the RPTTF for transfer by the Auditor-Controller of the County of Sacramento (the "**County Auditor-Controller**") to the Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Agency's Recognized Obligation Payment Schedule (the "**ROPS**") in accordance with the requirements of the Dissolution Act. See the caption "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule." Moneys deposited by the County Auditor-Controller into the Agency's Redevelopment Obligation Retirement Fund will be transferred by the Agency promptly (but not later than 45 days following receipt) to the Trustee for deposit in the Tax Increment Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

Under the Indenture, the term "Tax Revenues" consists of all taxes that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Agency in accordance with Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the California Constitution, or in accordance with other applicable California laws and that are deposited in the RPTTF, excluding: (a) tax increment revenues required to pay debt service on the Senior Obligations (as described under the caption "SECURITY FOR THE BONDS—Senior Obligations"), but only to the extent that the tax increment revenues were pledged to the payment of debt service on the Senior Obligations; (b) amounts required to be paid under the Tax Sharing Agreements (as such term is defined in the Indenture) and statutory tax sharing payments or in accordance with Section 33607.5 or Section 33607.7 or Section 33676 of the Redevelopment Law, to the extent of the amount pledged by agreement or statute (unless otherwise subordinated to debt service on the Bonds); and (c) certain other agreements payable on a priority basis from specified site specific revenues, as further described under the caption "SECURITY FOR THE BONDS—Senior Obligations" and in Appendix B.

If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 of the Redevelopment Law are invalidated by judicial decision, then "Tax Revenues" will include all tax increment revenues allocated to the payment of indebtedness in accordance with Section 33670 of the Redevelopment 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 State Constitution; excluding moneys required to pay Senior Obligations payable during such period.

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 by the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit such amount in the RPTTF in accordance with the Dissolution Act. Section 34177.5(g) of the Dissolution Act provides that any bonds authorized to be issued by the Agency will be considered indebtedness incurred by the Former Agency, with the same legal effect as if such bonds had been issued before the effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed before that date, will be included in the Agency's ROPS and will be secured by a pledge of, and lien on, and will be repaid from, moneys deposited from time to time in the RPTTF established in accordance with the Dissolution Act. See the caption "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule."

Senior Obligations

The use of tax increment revenues from the Project Areas to pay debt service on the Bonds is subject to the prior pledge or priority of payment of certain tax increment revenues under the Senior Obligations. See the caption "SECURITY FOR THE BONDS—Senior Obligations" for a description of each of the Senior Obligations.

Reserve Policy

A Reserve Account for the Bonds is established in accordance with the Indenture in an amount equal to the Reserve Account Requirement of $7,875,809.37. BAM has committed to issue, simultaneously with the issuance of the Bonds, the Reserve Policy in the principal amount of the Reserve Account Requirement for deposit in the Reserve Account. See the caption "SECURITY FOR THE BONDS—Deposit of Amounts by the Trustee—Reserve Account."

The Agency is not obligated: (i) to make any additional deposits into the Reserve Account in the event that BAM defaults on its obligation to make payments under the Reserve Policy; or (ii) to replace the Reserve Policy in the event of a rating downgrade or the withdrawal of a rating of BAM.

Bond Insurance

The scheduled payment of principal of and interest on the Insured Bonds when due will be guaranteed under the Policy, which will be issued by BAM concurrently with the delivery of the Insured Bonds. See the caption "BOND INSURANCE."

Further Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Brief descriptions of the Bonds, the Indenture, the Agency, the Former Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bond Law, the Redevelopment Law, the Dissolution Act, the Constitution and the laws of the State as well as the proceedings of the Former Agency, the Agency and the City are qualified in their entirety by reference to such documents. References herein to the Bonds are qualified in their entirety by the form thereof included in the Indenture and the information with respect thereto included herein, copies of which are all available for inspection at the offices of the Agency. Copies of the forms of all documents are available from the City Clerk's Office, City of Sacramento, 915 I Street, New City Hall, 5th Floor, Sacramento, California 95814.

Capitalized terms used herein and not defined have the meanings set forth in the Indenture, a summary of which can be found in Appendix B.

Changes have been made throughout this Official Statement since the Preliminary Official Statement dated September 1, 2015 (a) to reflect provisions required by BAM relating to the Policy and the Reserve Policy; and (b) to provide updated information with respect to the adoption by the California State Legislature of legislation that would modify the Dissolution Act (which legislation has not, as of the time of posting of this Official Statement, been signed by the Governor). In the event that the Governor signs the legislation before the Bonds are issued, this Official Statement will be supplemented to reflect the legislation's enactment.

REFUNDING PLAN

General

The Agency expects to apply a portion of the proceeds of the Bonds, together with other funds on hand, to prepay all or a portion of the Refunded Obligations (as such term is defined in the Indenture), consisting of certain loan agreements and advance repayment agreements of the Agency. Such prepayment, in turn, will cause the refunding of all or a portion (as noted below) of the below-listed bonds (collectively, the "**Defeased Obligations**") on the redemption dates noted below, in each case at a redemption price equal to the principal amount to be redeemed plus accrued interest, without premium.

BONDS TO BE REFUNDED

	Bond Series[1]	*Outstanding Principal Amount*	*Principal Amount Being Refunded from Bond Proceeds*	*Principal Amount Being Refunded from 2015 SCFA Bond Proceeds*	*Redemption Date*
1.	Sacramento City Financing Authority ("SCFA") 1999 Capital Improvement Revenue Bonds (Solid Waste and Redevelopment Projects)	$ 1,675,000	$ 1,675,000	$ -	December 1, 2015
2.	SCFA 2002 Revenue Bonds, Series A (City Hall and Redevelopment Projects)	6,710,000	5,705,000	1,005,000	December 1, 2015
3.	Sacramento County Public Financing Authority ("SCPFA") 2003 Tax Allocation Revenue Bonds, Series A (Sacramento County and City Redevelopment Projects)	33,065,000[2]	3,540,000	-	December 1, 2015
4.	SCPFA 2003 Tax Allocation Revenue Bonds, Series C (Sacramento City Redevelopment Projects)	8,365,000	8,365,000	-	December 1, 2015
5.	SCFA 2005 Refunding Revenue Bonds (Solid Waste, Redevelopment and Master Lease Program Facilities)	139,180,000	20,970,000	118,210,000	December 1, 2015
6.	SCFA 2005 Tax Allocation Revenue Bonds, Series A (Merged Downtown and Oak Park Projects)	226,815,000[3]	20,500,000	-	December 1, 2015
7.	SCFA 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program)	70,740,000	8,190,000	62,550,000	December 1, 2016
8.	SCFA 2006 Tax Allocation Revenue Bonds, Series A (Del Paso Heights and Oak Park Projects)	11,575,000	11,575,000	-	December 1, 2015
9.	SCFA 2005 Taxable Tax Allocation Revenue Bonds, Series B (Merged Downtown and Oak Park Projects)	36,790,000	36,790,000	-	December 1, 2015
10.	SCFA 2006 Taxable Tax Allocation Revenue Bonds, Series B (Del Paso Heights Project)	2,050,000	2,050,000	-	December 1, 2015

(1) Reflects bonds secured in whole or part by Refunded Obligations of the Agency that are payable from tax increment revenues.
(2) Includes a loan obligation in the principal amount of $21,290,000 for which tax increment revenues generated from the Redevelopment Agency of the County of Sacramento's Mather-McClellan Project Area are pledged to repayment and a loan obligation with an accreted value to maturity of $11,775,000 for which tax increment revenues generated from the Del Paso Heights Redevelopment Project Area are pledged to repayment; a portion of the Del Paso Heights loan will be refunded from proceeds of the Bonds.
(3) Reflects accreted value to maturity; the sinking fund payment due and payable on December 1, 2033 to redeem the maturity in the principal amount of $6,940,000 will equal the accreted value due and payable on such date of $6,586,892.80.

On or about the date of issuance of the Bonds, the City expects to cause the issuance of the Sacramento City Financing Authority 2015 Refunding Revenue Bonds (Master Lease Program Facilities) (the

"**2015 SCFA Bonds**") in the approximate aggregate principal amount of $185,000,000. If issued, a portion of the proceeds of the 2015 SCFA Bonds will be applied to prepay certain obligations of the City or the Agency that secure portions of the Defeased Obligations listed as numbers 2, 5 and 7 above (the "**Partially Defeased Obligations**") in the amounts set forth in the fourth column above. As a result, it is expected that the issuance of the Bonds, together with the issuance of the 2015 SCFA Bonds, will cause the defeasance of the Partially Defeased Obligations. There can be no assurance that the 2015 SCFA Bonds will be issued as currently contemplated. If the 2015 SCFA Bonds are not issued, the Partially Defeased Obligations will be refunded in part as described in the third column above.

Under the various Escrow Instructions delivered by the Agency to The Bank of New York Mellon Trust Company, N.A., as escrow bank (the "**Escrow Bank**"), the Agency will cause a portion of the proceeds of the Bonds to be delivered to the Escrow Bank for deposit in the applicable escrow fund established under the Escrow Instructions (each, an "**Escrow Fund**" and collectively, the "**Escrow Funds**"). Proceeds of the Bonds and other moneys held in the respective Escrow Funds to prepay the Refunded Obligations (which, in turn, will cause a redemption of the applicable series of Defeased Obligations) may be invested in United States Treasury securities or other federal agency obligations, as further described in part (A) of the definition of "Permitted Investments" set forth in Appendix B (collectively, the "**Defeasance Securities**"). The Defeasance Securities will be scheduled to mature in such amounts and at such times and bear interest at such rates as to provide funds (together with any cash deposit) sufficient to pay the redemption price of the applicable series of Defeased Obligations on the respective redemption dates noted above.

If amounts deposited in the Escrow Funds are not invested, the amounts to be delivered by or on behalf of the Agency to the Escrow Bank on the date of issuance of the Bonds, together with amounts transferred from funds and accounts established in connection with the applicable series of Defeased Obligations, will be sufficient to pay the redemption price of the applicable series of Defeased Obligations on the applicable redemption date.

Sufficiency of the deposits in the Escrow Funds for such purposes will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the "**Verification Agent**"). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the Escrow Instructions, the Defeased Obligations will be defeased in accordance with the provisions of the indentures under which they were issued as of the date of issuance of the Bonds.

The amounts held by the Escrow Bank in each Escrow Fund are pledged solely to the redemption of the applicable series of outstanding Defeased Obligations. Neither the moneys deposited in the Escrow Funds nor the interest on the invested moneys will be available for the payments of principal of and interest on the Bonds.

Verification of Mathematical Computations

Upon issuance of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriters relating to (a) the adequacy of the cash and/or the maturing principal of and interest on the Defeasance Securities to be deposited in the respective Escrow Funds to pay the respective redemption price of the applicable series of Defeased Obligations; and (b) the computations of yield on the Bonds and the Defeasance Securities which support Bond Counsel's opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

Sources and Uses of Funds

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

	2015A Bonds (Tax-Exempt)	*2015B Bonds (Taxable)*	*Total*
Sources[1]:			
Principal Amount of Bonds	$ 62,135,000	$ 41,915,000	$104,050,000
Net Original Issue Premium (Discount)	6,351,058	(76,253)	6,274,806
Other Moneys[2]	11,408,822	2,715,261	14,124,083
Total Sources:	**$ 79,894,880**	**$ 44,554,009**	**$124,448,889**
Uses[1]**:**			
Defeased Obligations Escrow Funds	$ 78,903,561	$ 43,835,261	$122,738,822
Costs of Issuance Fund[3]	991,319	718,748	1,710,066
Total Uses:	**$ 79,894,880**	**$ 44,554,009**	**$124,448,889**

(1) Amounts rounded to nearest dollar. Totals may not add due to rounding.
(2) Reflects moneys held in funds and accounts established in connection with the Defeased Obligations.
(3) Includes fees and expenses of Bond Counsel, Disclosure Counsel, Financial Advisor, Fiscal Consultant, Trustee, Escrow Bank, Underwriters' counsel and Verification Agent, printing expenses, rating agency fees, premium for the Policy and the Reserve Policy, Underwriters' discount, and other miscellaneous costs.

THE BONDS

Authority for Issuance

The Bonds were authorized for issuance in accordance with the Indenture, the Bond Law, and the Dissolution Act. Direction to undertake the issuance of the Bonds and the execution of the related documents was authorized by the Agency through a resolution adopted on June 9, 2015 (the "**Resolution**"), and by the Oversight Board of the Agency (the "**Oversight Board**") through a resolution adopted on June 15, 2015 (the "**Oversight Board Action**").

Written notice of the Oversight Board Action was provided to the State Department of Finance (the "**DOF**") in accordance with the Dissolution Act on June 22, 2015, and the DOF requested a review within five business days of such written notice. On August 25, 2015, the DOF provided a letter to the Agency stating that based on the DOF's review and application of the law, the Oversight Board Action approving the Bonds is approved by the DOF.

Description of the Bonds

The Bonds will be issued in fully-registered form without coupons in integral multiples of $5,000 for each maturity, initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), as registered owner of all Bonds. See the caption "—Book-Entry System." The Bonds will be dated the date of issuance thereof and mature on December 1 in the years and in the amounts shown on the inside front cover page of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months at the rates shown on the inside front cover page of this Official Statement, payable semiannually on June 1 and December 1 in each year, commencing on June 1, 2016 (each, an "**Interest Payment Date**").

The principal of and redemption premium, if any, and interest on the Bonds will be payable by check in lawful money of the United States of America. The Bonds will be issued as fully registered bonds in the denomination of $5,000, or any integral multiple thereof (not exceeding the principal amount of the Bonds maturing at any one time). The Bonds will bear interest from their date of initial delivery. Payment of the interest on any Bond will be made to the Person whose name appears on the Bond Register as the Owner thereof as of the Record Date, such interest to be paid by check mailed by first class mail on the Interest Payment Date to the Owner at the address which appears on the Bond Register as of the Record Date for that purpose; except that in the case of an Owner of $1,000,000 or more in aggregate principal amount of Bonds, upon written request of such Owner to the Trustee, in form satisfactory to the Trustee, received not later than the Record Date, such interest will be paid on the Interest Payment Date in immediately available funds by wire transfer. As defined in the Indenture, the term "Record Date" means the close of business on the 15th day of the month preceding the month in which any Interest Payment Date occurs, whether or not such day is a Business Day. The principal of and redemption premium, if any, on the Bonds will be payable at the Principal Corporate Trust Office of the Trustee upon presentation and surrender of such Bonds.

Notwithstanding any other provision contained in the Indenture, any interest not punctually paid or duly provided for, as a result of an Event of Default or otherwise, will forthwith cease to be payable to the Owner on the Record Date and will be paid to the Owner in whose name the Bond is authenticated at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given to the Owners not less than ten days before such Special Record Date. As defined in the Indenture, the term "Special Record Date" means the date established by the Trustee in accordance with the Indenture as a record date for the payment of defaulted interest on the Bonds.

The Bonds will bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is during the period from the 16th day of the month next preceding an Interest Payment Date to and including such Interest Payment Date, in which event they will bear interest from such Interest Payment Date, or unless such date of registration is on or before the first Interest Payment Date, in which event they will bear interest from their dated date; provided, however, that if, at the time of registration of any Bond, interest is then in default on the Bonds that are Outstanding (as such term is defined in the Indenture), the Bonds will bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Bonds.

Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See Appendix D for further information with respect to DTC and its book-entry system.

Redemption

2015A Bonds. The 2015A Bonds maturing on or after December 1, 2026, are subject to optional redemption before maturity on or after December 1, 2025, at the option of the Agency, in whole, or in part, on any date, at a redemption price equal to the principal amount of the 2015A Bonds to be redeemed, plus accrued but unpaid interest to the redemption date.

2015B Bonds. The 2015B Bonds are not subject to redemption before maturity.

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

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

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

Selection of Bonds for Redemption. For purposes of selecting Bonds for redemption, the Bonds will be composed of $5,000 portions, and any such portions may be separately redeemed. Whenever less than all the Outstanding Bonds of any Series maturing on any one date are called for redemption at any one time, the Trustee will select the Bonds to be redeemed pro rata unless directed otherwise by the City Treasurer who may select the maturity date or dates of the Bonds to be redeemed. The City Treasurer will notify the Trustee in writing at least five Business Days before the date fixed for the selection by the Trustee of any Bonds for redemption, and after the selection the Trustee will promptly notify the Agency in writing of the numbers of the Bonds selected for redemption in part.

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

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

Defeasance of 2015B Bonds. If the Agency defeases any 2015B Bond, such 2015B Bond may be deemed to be retired and "reissued" for federal income tax purposes as a result of the defeasance. In that event, in general, the Beneficial Owner of the 2015B Bond will recognize taxable gain or loss equal to the difference between the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the Beneficial Owner's adjusted tax basis in the Bond. See the caption "TAX MATTERS—2015B Bonds."

Semi-Annual Debt Service

The table below sets forth semi-annual debt service on the Bonds.

	2015A Bonds		*2015B Bonds*		
Payment Date	***Principal***	***Interest***	***Principal***	***Interest***	***Total Debt Service***
6/1/2016	$ -	$ 1,642,518	$ -	$ 668,343	$ 2,310,862
12/1/2016	7,485,000	1,302,438	2,440,000	529,964	11,757,401
6/1/2017	-	1,227,588	-	514,921	1,742,509
12/1/2017	7,360,000	1,227,588	3,340,000	514,921	12,442,509
6/1/2018	-	1,130,488	-	485,980	1,616,468
12/1/2018	7,460,000	1,130,488	11,720,000	485,980	20,796,468
6/1/2019	-	981,288	-	354,833	1,336,121
12/1/2019	3,205,000	981,288	7,470,000	354,833	12,011,121
6/1/2020	-	901,163	-	254,175	1,155,338
12/1/2020	2,910,000	901,163	16,945,000	254,175	21,010,338
6/1/2021	-	828,413	-	-	828,413
12/1/2021	2,630,000	828,413	-	-	3,458,413
6/1/2022	-	762,663	-	-	762,663
12/1/2022	2,560,000	762,663	-	-	3,322,663
6/1/2023	-	698,663	-	-	698,663
12/1/2023	2,870,000	698,663	-	-	3,568,663
6/1/2024	-	626,913	-	-	626,913
12/1/2024	3,205,000	626,913	-	-	3,831,913
6/1/2025	-	546,788	-	-	546,788
12/1/2025	1,320,000	546,788	-	-	1,866,788
6/1/2026	-	513,788	-	-	513,788
12/1/2026	1,380,000	513,788	-	-	1,893,788
6/1/2027	-	488,775	-	-	488,775
12/1/2027	1,435,000	488,775	-	-	1,923,775
6/1/2028	-	452,900	-	-	452,900
12/1/2028	1,690,000	452,900	-	-	2,142,900
6/1/2029	-	410,650	-	-	410,650
12/1/2029	1,775,000	410,650	-	-	2,185,650
6/1/2030	-	366,275	-	-	366,275
12/1/2030	1,455,000	366,275	-	-	1,821,275
6/1/2031	-	329,900	-	-	329,900
12/1/2031	2,375,000	329,900	-	-	2,704,900
6/1/2032	-	270,525	-	-	270,525
12/1/2032	3,335,000	270,525	-	-	3,605,525
6/1/2033	-	187,150	-	-	187,150
12/1/2033	3,185,000	187,150	-	-	3,372,150
6/1/2034	-	107,525	-	-	107,525
12/1/2034	3,505,000	107,525	-	-	3,612,525
6/1/2035	-	19,900	-	-	19,900
12/1/2035	485,000	19,900	-	-	504,900
6/1/2036	-	10,200	-	-	10,200
12/1/2036	510,000	10,200	-	-	520,200
Total	**$ 62,135,000**	**$ 24,668,056**	**$ 41,915,000**	**$ 4,418,126**	**$ 133,136,182**

Source: Stifel, Nicolaus & Company, Incorporated.

SECURITY FOR THE BONDS

General

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (in accordance with Section 16(b) of Article XVI of the State Constitution) had the Former Agency not been dissolved in accordance with the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit such amount in the RPTTF for the Agency established and held by the County Auditor-Controller in accordance with the Dissolution Act. Section 34177.5(g) of the Dissolution Act provides that any bonds authorized thereunder to be issued by the Agency will be considered indebtedness incurred by the Former Agency, with the same legal effect as if the bonds had been issued before the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed before that date, will be included in the Agency's ROPS and will be secured by a pledge of, and lien on, and will be repaid from, moneys deposited from time to time in the RPTTF established in accordance with the Dissolution Act. Property-tax revenues pledged to any bonds authorized to be issued by the Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Agency in accordance with Section 33670(b) of the Redevelopment Law and Section 16 of Article XVI of the State Constitution. See the caption "—Recognized Obligation Payment Schedule."

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

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

(b) ***To the Former Agency/Agency*****:** Except for that portion of the taxes in excess of the amount identified in paragraph (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 will be allocated to, and when collected will be paid into, the fund of that taxing agency (as discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIIIA of the State Constitution"), that portion of the levied taxes each year in excess of such amount, annually allocated within the redevelopment plan limit, when collected will be paid into a special fund of the Agency. Section 34172(c) of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the RPTTF will be deemed to be a special fund of the Agency to pay the debt service on indebtedness incurred by the Former Agency or the Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted in accordance with Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller (as discussed under the caption "PROPERTY TAX COLLECTION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs"), constitutes the amount required under the Dissolution Act to be deposited by the County Auditor-Controller into the RPTTF. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date referred to in paragraph (b) above. Legislation that was adopted by the State Legislature on September 11, 2015 and currently awaits the Governor's signature (discussed under the caption "—Recognized Obligation Payment Schedule") would amend Section 34183(a)(1) of the Dissolution Act to provide that debt service override revenues approved by the voters for the purpose of supporting pension programs, capital projects, or programs related to the State Water Project that are not pledged to or not needed for debt service on successor agency obligations will be allocated and paid to the entity that levies the override. See the caption "RISK FACTORS—State Budget Issues—Other Legislation."

The Bonds are payable from and secured by deposits into the RPTTF to be derived from the Project Areas and transferred in accordance with the Dissolution Act to the Agency for deposit in the Redevelopment Obligation Retirement Fund on a subordinate basis to the Senior Obligations (as described under the caption "—Senior Obligations"). See the caption "—Security of Bonds; Equal Security."

The Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any ROPS Period (as such term is defined in Appendix B) to pay the principal of and interest on the Bonds. See the captions "—Tax Increment Financing," "—Recognized Obligation Payment Schedule," "PROPERTY TAXATION IN CALIFORNIA" and "RISK FACTORS."

The Bonds are not a debt of the City, the County, the State or any of other political subdivision of the State (other than the Agency), and neither said City, said County, said State nor any of the State's other political subdivisions (other than the Agency) is liable therefor, nor in any event will the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The principal of and interest on the Bonds are payable solely from the Tax Revenues allocated to the Agency from the Project Areas (all as defined herein and in the Indenture) and other funds as set forth in the Indenture.

Security of Bonds; Equal Security

Under Section 34177.5(g) of the Dissolution Act, except as provided in the Indenture, the Bonds will be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues and moneys in certain accounts established under the Indenture. Except for the Tax Revenues and such moneys, no funds or properties of the Agency will be pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

Under the Indenture, Tax Revenues consist of all taxes that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Agency in accordance with Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the California Constitution, or in accordance with other applicable California laws and that are deposited in the RPTTF, excluding (a) tax increment revenues required to pay debt service on the Senior Obligations (as described under the caption "—Senior Obligations"), but only to the extent that the tax increment revenues were pledged to the payment of debt service on the Senior Obligations; (b) amounts required to be paid under the Tax Sharing Agreements (as such term is defined in the Indenture) and statutory tax sharing payments or in accordance with Section 33607.5 or Section 33607.7 or Section 33676 of the Redevelopment Law, to the extent of the amount pledged by agreement or statute (unless otherwise subordinated to debt service on the Bonds); and (c) certain other agreements payable on a priority basis from specified site specific revenues, as further described under the caption "—Senior Obligations" and in Appendix B. The moneys that are ultimately transferred to the Agency's Redevelopment Obligation Retirement Fund by the County Auditor-Controller are net of the amounts set forth in clause (b) above.

If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 of the Redevelopment Law are invalidated by judicial decision, then "Tax Revenues" will include all tax increment revenues allocated to the payment of indebtedness in accordance with Section 33670 of the Redevelopment 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 State Constitution; excluding moneys required to pay Senior Obligations payable during such period. See Appendix B.

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

Tax Revenues derived from one Project Area and deposited in the RPTTF and transferred to the Redevelopment Obligation Retirement Fund of the Agency are available to pay debt service on the Senior Obligations of another Project Area after payments have been made on the Bonds.

Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues

The Agency has established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Dissolution Act, and, so long as any of the Bonds are Outstanding, the Agency will continue to hold and maintain such fund as a separate fund in its treasury. The Agency will deposit all of the Tax Revenues into the Redevelopment Obligation Retirement Fund promptly upon receipt by the Agency.

The ROPS for the ROPS Period commencing January 1 of each year must include, in addition to the other amounts required to be included thereon pursuant to the Redevelopment Law, Tax Revenues in an amount equal to 100% of the deposits required pursuant to the Indenture and must include any amounts required to pay Annual Debt Service due on the Outstanding Bonds, plus the amount of any deficiency in the Reserve Account, and Compliance Costs, less the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission for the ROPS pursuant to the Indenture that are in excess of the amounts required to be applied to payment of principal of or interest or sinking account payments on the Outstanding Bonds in the then-current calendar year. The amount due to the Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund for the next subsequent ROPS Period of the then-current calendar year from amounts required to be deposited into the Tax Increment Fund will equal the deposits required pursuant to the Indenture and will include any amounts required to pay principal and interest payments due on the Outstanding Bonds, plus the amount of any deficiency in the Reserve Account, and Compliance Costs, less the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission for the ROPS pursuant to the Indenture that are in excess of the amounts required to be applied to payment of principal of or interest or sinking account payments on the Outstanding Bonds in the then-current calendar year.

Tax Revenues received by the Agency during a ROPS Period in excess of the amount required, as provided above, to be deposited in the Tax Increment Fund, will, immediately following the deposit with the Trustee of the amounts required to be so deposited as provided in the Indenture on each such date, be released from the pledge, security interest and lien under the Indenture for the security of the Outstanding Bonds, and may be applied by the Agency for any lawful purpose of the Agency, including but not limited to the payment of subordinate debt, or the payment of any amounts due and owing to the United States of America pursuant to the Rebate Fund provisions of the Indenture. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Outstanding Bonds and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indentures, the Agency will not have any beneficial right or interest in the moneys on deposit in the Tax Increment Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

Deposit of Amounts by Trustee

The Trustee has established and will maintain a fund separate from any other fund established and maintained under the Indenture designated as the "Redevelopment Agency Successor Agency, Tax Increment Fund" (the "**Tax Increment Fund**"). The lien on, security interest in, and pledge of the Tax Revenues and the money in the Tax Increment Fund and in the funds or accounts so specified and provided for in the Indenture constitutes a first pledge of, and charge and lien upon, the Tax Revenues and the money in the Tax Increment Fund and in the funds or accounts so specified and provided for in the Indenture, and will immediately attach and be effective, binding, and enforceable against the Agency, its successors, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the lien on, security interest in, and pledge of the Tax Revenues and the money in the Tax Increment Fund and in the funds or accounts so specified and provided for in the Indenture, and without the need for any physical delivery, recordation, filing or further act.

All Tax Revenues in the Tax Increment Fund will be set aside by the Trustee when and as received in the following special accounts within the Tax Increment Fund (each of which has been created and each of which the Agency has covenanted and agreed to cause to be maintained with the Trustee so long as the Bonds are Outstanding under the Indenture), in the following order of priority (except as otherwise provided in the Indenture): (1) Interest Account; (2) Principal Account; (3) Term Bonds Sinking Account; and (4) Reserve Account.

All moneys in these accounts will be held in trust by the Trustee and will be applied, used, and withdrawn only for the purposes authorized in the Indenture.

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

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

(c) Term Bonds Sinking Account. The Trustee will set aside from the Tax Increment Fund and deposit in the Sinking Fund an amount of money that, together with any money contained therein, is equal to the aggregate amount of Sinking Fund Installments becoming due and payable with respect to all Outstanding Bonds which are Term Bonds in the Bond Year. All moneys in the Term Bonds Sinking Account will be used by the Trustee to redeem the Outstanding Bonds in accordance with the Indenture. If Term Bonds that are purchased or redeemed at the option of the Agency are deposited with the Trustee for the credit of the Term Bonds Sinking Account not less than 45 days before each due date for any Sinking Fund Installment for the

Term Bonds, the deposit will satisfy (to the extent of 100% of the principal amount of the Term Bonds) any obligation of the Agency to make a payment with respect to such Sinking Fund Installments. Any Term Bond so deposited with the Trustee will be cancelled and will no longer be deemed to be Outstanding for any purpose. Upon making the deposit with the Trustee of Term Bonds as provided in the Indenture, the Agency may specify the dates and amounts of Sinking Fund Installments for the Term Bonds as to which the Agency's obligations to make a payment with respect to Sinking Fund Installments for the Term Bonds are satisfied.

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

(d) Reserve Account. There has been established in the Tax Increment Fund a separate fund and account known as the "Reserve Account," which will be held by the Trustee in trust for the benefit of the Owners of the Bonds and any Additional Bonds. The Reserve Account Requirement for the Bonds will be satisfied by the delivery of the Reserve Policy by BAM to the Trustee on the date of issuance of the Bonds. The Trustee will draw on the Reserve Policy in accordance with its terms and conditions and the terms of the Indenture. "**Reserve Account Requirement**" means, as of the date of any calculation, the least of (a) 10% of the original aggregate principal amount of the Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), (b) Maximum Annual Debt Service, and (c) 125% of Average Annual Debt Service at the time of issuance of the respective Series of Bonds; provided that the reserve requirement for the 2015A Bonds and the 2015B Bonds may not exceed $7,875,809.37, which is the initial reserve requirement for the 2015A Bonds and the 2015B Bonds.

The amounts available under the Reserve Policy will be used and withdrawn by the Trustee solely for the purposes of: (1) replenishing the Interest Account, the Principal Account, and the Term Bonds Sinking Account, in that order, in the event of any deficiency in any of the accounts occurring on any Interest Payment Date, Principal Payment Date, or Sinking Account Payment Date; (2) paying the interest on or the principal of the Bonds if no other money of the Agency is lawfully available therefor; and (3) retiring all Bonds then Outstanding, except that for so long as the Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Account Requirement will be transferred to the Tax Increment Fund.

The Agency is not obligated: (i) to make any additional deposits into the Reserve Account in the event that BAM defaults on its obligation to make payments under the Reserve Policy; or (ii) to replace the Reserve Policy in the event of a rating downgrade or the withdrawal of a rating of BAM.

See Appendix B for further information with respect to the procedure for drawing upon the Reserve Policy. See the caption "BOND INSURANCE" for further information with respect to BAM.

Tax Increment Financing

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

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in a RPTTF held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted in accordance with Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Under the Indenture, Tax Revenues consist of the amounts deposited from time to time in the RPTTF established in accordance with and as provided, in the Dissolution Act less Senior Obligations and Statutory Pass-Through Amounts (as such term is defined under the caption "—Tax Sharing"). Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the caption "RISK FACTORS."

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

Tax Sharing. The Redevelopment Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. Agreements entered into for such purposes are referred to herein as the "Pass-Through Agreements." Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the "**Statutory Pass-Through Amounts**"). The Dissolution Act requires county auditor-controllers to distribute from the RPTTF amounts required to be distributed under the Pass-Through Agreements and for Statutory Pass-Through Amounts to the taxing entities for each ROPS Period before amounts are distributed by the County Auditor-Controller from the RPTTF to the Agency's Redevelopment Obligation Retirement Fund each January 2 and June 1, unless (a) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded to by the Agency (which is the case for the Agency); (b) the Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Agency from the RPTTF allocation to the Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Agency's enforceable obligations, pass-through payments and the Agency's administrative cost allowance for the applicable period; and (c) the State Controller has concurred with the Agency that there are insufficient funds for such purposes for the applicable period.

If the requirements set forth in clauses (a) through (c) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such ROPS Period. To provide for calculated shortages to be paid to the Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Agency's enforceable obligations, pass-through payments and the Agency's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Agency for administrative costs for the applicable ROPS Period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under Pass-Through Agreements and for Statutory Pass-Through Amounts, in order to be paid to the Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted. The Dissolution Act provides for a procedure by which the Agency may make Statutory Pass-Through Amounts subordinate to the Bonds. The Agency has not undertaken the requisite procedures to obtain such subordination of the Statutory Pass-Through Amounts and, therefore, Statutory Pass-Through Amounts are payable on a senior basis to the Bonds. See the caption "THE PROJECT AREAS." By contrast, all of the Pass-Through Agreements are subordinate and are payable after debt service on the Bonds. The Agency cannot guarantee that the process prescribed by the Dissolution Act for administering the Tax Revenues and the subordinate Pass-Through Agreements will effectively result in adequate Tax Revenues for the payment of principal and interest on the Bonds when due. See the caption "—Recognized Obligation Payment Schedule." See also the caption "THE PROJECT AREAS" for additional information regarding the revenues derived from the Project Areas.

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

The Dissolution Act has eliminated the Low and Moderate Income Housing Fund and the requirement to deposit the Housing Set-Aside into such fund. None of the property tax revenues deposited in the RPTTF are designated as the Housing Set-Aside. The RPTTF flow of funds under the Dissolution Act makes no distinction between bonds that were, in whole or in part, secured by and payable from the Housing Set-Aside and bonds that were solely secured by and payable from the 80% Portion. In effect, after the Former Agency's dissolution, all of the Agency's outstanding bonds are paid from RPTTF disbursements without distinction between obligations related to housing and non-housing projects. It is unclear whether, if challenged, a court will find that the elimination of the distinction among bonds that were secured by the Housing Set-Aside and bonds that were secured by the 80% Portion is contrary to the declared intent of the Dissolution Act.

Recognized Obligation Payment Schedule

Before each ROPS Period, the Dissolution Act requires successor agencies to prepare and approve, and to submit to the successor agency's oversight board and the DOF for approval, a ROPS in which enforceable obligations (as such term is defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, "**enforceable obligation**" includes bonds, including the required debt service, reserve set-asides and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund. 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 bonds for the next payment due in the following ROPS Period.

Under current law, on and after July 1, 2016, the oversight board's functions will be assumed by a county oversight board established by Section 34179(j) of Dissolution Act. In addition, on September 11, 2015, the State Legislature adopted Senate Bill 107 ("**SB 107**"), which has been delivered to the Governor for signature. As of the time of posting of this Official Statement, SB 107 had not yet been signed by the Governor.

If SB 107 is signed by the Governor, the bill would (a) delay the assumption of the oversight board's functions by a county oversight board until July 1, 2018; (b) require the preparation of a ROPS process once a year beginning with the ROPS Period that commences on July 1, 2016 (rather than twice a year under current law); and (c) establish an optional "Last and Final" ROPS process beginning in September 2015. If SB 107 is signed by the Governor, the Last and Final ROPS procedure would be available only to successor agencies that have a Finding of Completion and DOF concurrence as to the items that qualify for payment, among other conditions. The Last and Final ROPS would be binding on all parties and the successor agency would no longer submit a periodic ROPS. The county auditor-controller would 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. SB 107 provides that a Last and Final ROPS could only be amended twice, and only with DOF and county auditor-controller approval. SB 107 also clarifies that former tax increment caps and plan limits do not apply for the purposes of paying approved enforceable obligations. There can be no assurance that SB 107 will be signed by the Governor. See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for further information relating to SB 107.

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

The Dissolution Act provides that, commencing on the date that the first ROPS is valid, only those payments listed in the ROPS may be made by the Agency from the funds specified in the ROPS.

Under current law, the ROPS must be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller by 90 days before the date of the next January 2 or June 1 property tax distribution. If the Agency does not submit an Oversight Board-approved ROPS by such deadlines, the City will be subject to a civil penalty equal to $10,000 per day for every day that the schedule is not submitted. Additionally, the Agency's administrative cost allowance is reduced by 25% if the Agency does not submit an Oversight Board-approved ROPS by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the ROPS for subsequent six-month periods. For additional information regarding procedures under the Dissolution Act relating to late ROPS and implications thereof on the Bonds, see the caption "RISK FACTORS—Recognized Obligation Payment Schedule." The foregoing procedures would be changed if SB 107 is signed by the Governor. SB 107 would require a ROPS to be submitted annually (rather than semi-annually) and authorize an optional Last and Final ROPS as described above. See the caption "RISK FACTORS—State Budget Issues—Other Legislation."

The Dissolution Act requires the DOF to make a determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the ROPS is submitted. Within five business days of the determination by the DOF, the Agency may request additional review by the DOF and an opportunity to meet and confer on disputed items, if any. The DOF will notify the Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the January 2 or June 1 date of property tax distribution, as applicable. Additionally, the County Auditor-Controller may review a submitted ROPS and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the County Auditor-Controller must provide notice of any such objections to the Agency, the Oversight Board and the DOF at least 60 days prior to the January 2 or June 1 date of property tax distribution, as applicable.

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

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

The Agency has covenanted to take all actions required under the Dissolution Act to include on its ROPS for each ROPS Period all payments expected to be made to the Trustee in order to satisfy the requirements of the Indenture, including any amounts required to pay principal and interest payments due on the Outstanding Bonds, any deficiency in the Reserve Account of the Tax Increment Fund to the full amount of the Reserve Account Requirement, and any Compliance Costs (as such term is defined in Appendix B) so as to enable the County Auditor-Controller to distribute from the RPTTF to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1, amounts required for the Agency to pay principal of, and interest on, the Bonds and to meet all of its other obligations coming due in the respective ROPS Period. These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and the DOF, the amounts to be held by the Agency as a reserve until the next ROPS Period, as contemplated by Section 34171(d)(1)(A) of the Dissolution Act, that are necessary to provide for the payment of principal and interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due in the following ROPS Period. In the event that the Dissolution Act is amended to provide for the filing of ROPS on an annual basis, the Agency will be obligated to include in each such ROPS the aggregate amount of principal of and interest on the Bonds. The Agency will include in its ROPS the amounts described in the Indenture to be transmitted to the Trustee for the applicable ROPS Period. The Agency will submit an Oversight Board-approved ROPS to the County Auditor-Controller and the DOF at least 90 days before each ROPS Period. See Appendix B.

Senior Obligations

The Agency's pledge of moneys deposited in the RPTTF to payment on the Bonds is subordinate to its prior pledge of or claim on certain tax revenues to pay debt service, to make Statutory Pass-Through Amounts or to make certain other payments under the below-described existing Senior Obligations. The Agency may not issue additional bonds or incur additional obligations that are payable from moneys deposited in the RPTTF on a senior basis to the Bonds unless the requirements described under the caption "—Limitation on Additional Indebtedness—Additional Senior Obligations" are met.

The following debt obligations constitute Senior Obligations payable from moneys deposited in the RPTTF on a senior basis to the Bonds:

SENIOR DEBT OBLIGATIONS

Obligation	*Outstanding Principal Amount*	*Scheduled Maturity Date*
Merged Downtown Sacramento Loan Agreement, dated as of May 1, 1993, by and among the Former Agency, the SCFA and the trustee named therein	$ 34,185,000[(1)]	November 1, 2017
Del Paso Heights Loan Agreement, dated as of December 1, 2003, by and among the Former Agency, the SCPFA and the trustee named therein	8,235,000[(1)]	December 1, 2030
Merged Downtown Loan Agreement, dated as of November 1, 2005, by and among the Former Agency, the SCFA and the trustee named therein	201,705,000[(1)(2)]	December 1, 2034
Oak Park Loan Agreement, dated as of November 1, 2005, by and among the Former Agency, the SCFA and the trustee named therein	4,610,000[(1)]	December 1, 2025
Tax Allocation Loan Agreement No. B05-063, dated December 14, 2005, by and between the Former Agency and the California Infrastructure and Economic Development Bank (the "I-Bank")[(3)]	3,391,934	December 1, 2035
Second Amendment to North Sacramento Advance Repayment Agreement, dated as of June 1, 2006, by and between the Former Agency and the City	4,275,000	December 1, 2036
Army Depot Advance Repayment Agreement, dated as of June 1, 2006, by and between the Former Agency and the City	2,947,031	December 1, 2036
Second Amendment to Richards Boulevard Advance Repayment Agreement, dated as of June 1, 2006, by and between the Former Agency and the City	2,757,969	December 1, 2036
65th Street Advance Repayment Agreement, dated as of June 1, 2006, by and between the Former Agency and the City	3,660,000	December 1, 2036
Tax Allocation Loan Agreement No. B05-065, dated as of June 1, 2006, by and among the Former Agency, the Redevelopment Agency of the County of Sacramento and the I-Bank[(4)]	2,835,605	December 1, 2035
First Amendment to Stockton Boulevard Advance Repayment Agreement, dated December 5, 2007, by and among the Former Agency, the Redevelopment Agency for the County of Sacramento and the City	1,989,820	December 1, 2032
Total	**$270,592,359**	

(1) Accreted value to maturity.
(2) The sinking fund payment due and payable on December 1, 2033 to redeem the maturity in the principal amount of $6,940,000 will equal the accreted value due and payable on such date of $6,586,892.80.
(3) Payable from tax increment revenues generated from the North Sacramento Redevelopment Project Area.
(4) Payable from tax increment revenues generated from the Stockton Boulevard Redevelopment Project Area.

The Agency's obligations under the following agreements are also Senior Obligations payable from moneys deposited in the RPTTF on a senior basis to the Bonds:

Orleans Hotel Disposition and Development Agreement. Under the Second Amendment to Disposition and Development Agreement, dated October 17, 2006 (the "**Orleans Hotel DDA**"), between the Former Agency and Old Sac Properties, LLC ("**Old Sac**"), the Agency is obligated to make annual payments in the approximate amount of $54,000 to Old Sac from tax increment revenues generated from the Merged Downtown Sacramento Redevelopment Project Area. The Orleans Hotel DDA requires such payments to be made until the earlier of (a) 2016; or (b) the date that the total payments equal $300,000. The Agency's obligation to make payments from tax increment revenues under the Orleans Hotel DDA is subordinate to bonded indebtedness of the Agency that was outstanding as of October 17, 2006, including the related Senior Obligations, but not to subsequent indebtedness, including the Bonds.

Citizen Hotel Owner Participation Agreement. Under an Owner Participation Agreement, dated as of July 1, 2006 (the "**Citizen Hotel OPA**"), between the Former Agency and Rubicon Partners V, LLC ("**Rubicon**"), the Agency is obligated to make annual payments in the approximate amount of $156,000 to Rubicon from tax increment revenues generated from the Merged Downtown Sacramento Redevelopment Project Area. The Citizen Hotel OPA requires such payments to be made until the earlier of (a) 2025; or (b) the date that the total payments equal $1,680,000 in net present value terms using an 8.5% discount rate (expected at the time of execution of the Citizen Hotel OPA to be approximately $3,173,930). The Agency's obligation to make payments from tax increment revenues under the Citizen Hotel OPA is subordinate to bonded indebtedness of the Agency that was outstanding as of July 1, 2006, including the related Senior Obligations, but not to subsequent indebtedness, including the Bonds.

Army Depot Agreement. Under a Master Project Agreement, dated of February 1, 2006 (the "**Army Depot Agreement**"), between the Former Agency and U.S. National Leasing, LLC (the "**Developer**"), the Agency is obligated to provide funding to the Developer from tax increment revenues generated from the Army Depot Redevelopment Project Area in connection with certain development projects. The Agency estimates, based on the current assessed valuation of the Property (as such term is defined in the Army Depot Agreement), that the funding obligation is presently approximately $250,000 per year. Notwithstanding the foregoing, the Developer is not currently undertaking any development projects on the Property and the Agency has not paid any tax increment revenues under the Army Depot Agreement since approximately 2012. The Dissolution Act prohibits the Agency from entering into new development agreements and, accordingly, the Agency does not expect to make payments to the Developer under the Army Depot Agreement in the future. As a result, payments under the Army Depot Agreement are not treated as Senior Obligations in the tables set forth under the captions "THE PROJECT AREAS—General" and "TAX REVENUES" or in the Fiscal Consultant Report set forth in Appendix A.

2005 HUD Agreement. Under a Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, as Amended, 42 U.S.C. § 5308, dated August 23, 2005 (the "**2005 HUD Agreement**"), by and among the City, the SHRA and the Secretary of Housing and Urban Development ("**HUD**"), the Agency is obligated to make periodic payments to HUD from tax increment revenues generated from the Alkali Flat Redevelopment Project Area. The 2005 HUD Agreement is currently outstanding in the principal amount of $4,047,000 and matures in 2026.

Cooperative Agreement. Under a Cooperative Agreement, dated February 9, 1999 (the "**Cooperative Agreement**"), between the Former Agency and the City, the Agency is obligated to make annual payments of $102,599 to the City from tax increment revenues generated from the Merged Downtown Sacramento Redevelopment Project Area. The Cooperative Agreement requires such payments to be made through 2018 in order to assist the City in repaying certain loans provided to the City by the State Department of Boating and Waterways. The Agency's obligation to make payments from tax increment revenues under the Cooperative Agreement is subordinate to bonded indebtedness of the Agency that was outstanding as of February 9, 1999, including the related Senior Obligations, but not to subsequent indebtedness, including the Bonds.

1998 HUD Agreement. Under the Pledge, Assignment and Security Agreement, dated August 11, 1998, between the SHRA and HUD, and the Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, as Amended, 42 U.S.C. § 5308, dated September 3, 1998, between the City, the SHRA and HUD (collectively, the "**1998 HUD Agreement**"), the Agency is obligated to make periodic payments to HUD from tax increment revenues (among other pledged revenues) generated from a portion of the Del Paso Heights Redevelopment Project Area. The 1998 HUD Agreement is currently outstanding in the principal amount of approximately $1,470,000 and matures in 2021. The 1998 HUD Agreement has historically not been paid from tax increment revenues. The Agency's practice has been to apply other pledged revenues to the payment thereof.

Limitation on Additional Indebtedness

Additional Senior Obligations. Under the Indenture, the Agency may refund outstanding Senior Obligations on a basis senior to or on a parity with the Bonds only to the extent that such refunding would be permitted by Section 34177.5(a)(1) of the Dissolution Act and generate debt service savings.

Parity Obligations. The Agency may, at any time after the issuance and delivery of the Bonds, under the Indenture issue Additional Bonds thereunder payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues equal to and on a parity with the lien and charge securing the Outstanding Bonds theretofore issued under the Indenture, for the purpose of refunding bonds or other indebtedness of the Agency or the Former Agency (including, without limitation, refunding Bonds outstanding under the Indenture) in accordance with the Redevelopment Law, including payment of all costs incidental to or connected with such refunding and funding or providing for the funding of related reserves, but only subject to certain specific conditions, which have been made conditions precedent to the issuance of any such Additional Bonds, including the following:

(a) A Written Request of the Agency has been filed with the Trustee containing a statement to the effect that the Agency is in compliance with all covenants set forth in the Indenture and any Supplemental Indentures and that no Event of Default has occurred and is continuing.

(b) The issuance of the Additional Bonds has been duly authorized by the Redevelopment Law and all applicable laws, and the issuance of such Additional Bonds has been provided for by a Supplemental Indenture, which specifies that, *inter alia*: (1) Principal Payment Dates and Sinking Account Payment Dates for the Additional Bonds may occur only on the same Interest Payment Dates as the Bonds; and (2) Additional Bonds may be issued only for the purpose of refunding bonds or other indebtedness of the Agency or the Former Agency (including, without limitation, refunding Bonds outstanding under the Indenture) in accordance with the Redevelopment Law, including payment of all costs incidental to or connected with the refunding and funding or providing for the funding of related reserves, and the payment of all costs incidental to or connected with the refunding, provided that the issuance of the Additional Bonds complies with the terms of Section 34177.5 of the Redevelopment Law and generates debt service savings in the then-current and in each succeeding Fiscal Year. See Appendix B under the caption "ISSUANCE OF ADDITIONAL BONDS" for further conditions applicable to the issuance of Additional Bonds.

Subordinate Obligations. Nothing in the Indenture limits the issuance of any tax increment bonds or other obligations of the Agency that are secured by a lien and charge on Tax Revenues junior to that of the Bonds (collectively, "**Subordinate Debt**"). Any Subordinate Debt that is issued as bonds or incurred in the form of a loan will be payable on the same dates as the Bonds and will be in all respects, including security and payment, subordinate and junior to the Bonds and the replenishment of the debt service reserve fund for the Bonds, including the reimbursement of all amounts due and payable to BAM relating to the Reserve Policy.

BOND INSURANCE

The information under this caption has been prepared by BAM for inclusion in this Official Statement. None of the Agency, the City or the Underwriters has reviewed this information, nor do the Agency, the City or the Underwriters make any representation with respect to the accuracy or completeness thereof. The following information is not a complete summary of the terms of the Policy and reference is made to Appendix G for a specimen of the Policy.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("**BAM**") will issue its Municipal Bond Insurance Policy (the "**Policy**") for: (a) the 2015A Bonds maturing on December 1 of the years 2021 through 2036, inclusive, with CUSIP numbers 786060AF0, 786060AG8, 786060AH6, 786060AJ2, 786060AK9, 786060AL7, 786060AM5, 786060AN3, 786060AP8, 786060AQ6, 786060AR4, 786060AS2, 786060AT0, 786060AU7, 786060AV5 and 786060AW3, respectively; and (b) the 2015B Bonds maturing on December 1 of the years 2018 through 2020, inclusive, with CUSIP numbers 786060AZ6, 786060BA0 and 786060BB8, respectively (collectively, the "**Insured Bonds**"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("**S&P**"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Insured Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Insured Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Insured Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Insured Bonds, nor does it guarantee that the rating on the Insured Bonds will not be revised or withdrawn.

Capitalization of BAM.

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2015 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $472.1 million, $31.0 million and $441.1 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the caption "BOND INSURANCE."

Additional Information Available from BAM.

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/.

Obligor Disclosure Briefs. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Obligor Disclosure Brief for those bonds. These pre-sale Obligor Disclosure Briefs provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Obligor Disclosure Briefs will be updated and superseded by a final Obligor Disclosure Brief to include information about gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Obligor Disclosure Briefs are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce an Obligor Disclosure Brief for all bonds insured by BAM, whether or not a pre-sale Obligor Disclosure Brief has been prepared for such bonds.

Disclaimers. The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM and have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and they assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Insured Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

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

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

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

Penalty. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

Delinquencies. The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31. Under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (known as the Teeter Plan), as provided for in Section 4701 *et seq*. of the Revenue and Taxation Code of the State, tax increment revenues are allocated to each taxing agency in a county without regard to delinquencies in the payment of property taxes. The County uses the Teeter Plan and the Agency participates in the County's Teeter Plan. As a result of this allocation method, the Agency receives no adjustments for redemption payments on delinquent collections. The Agency does receive supplemental taxes and refunds, if any, are deducted from amounts available for deposit to the RPTTF. There can be no assurance that the County Auditor-Controller will not change its policies with respect to delinquencies in property tax payments in the future.

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

Property Tax Administrative Costs. In 1990, the State Legislature enacted Senate Bill ("**SB**") 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before moneys are deposited into the RPTTF. For Fiscal Years 2012-13 and 2013-14, the County's administrative charge to the Agency for the Project Areas was $746,147 and $715,241, respectively, representing less than 2% of gross tax increment revenues received by the Agency in each such Fiscal Year.

Negotiated Pass-Through Agreements. Before 1994, under the Redevelopment Law, a redevelopment agency could enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project in an amount which in the redevelopment agency's determination was appropriate to alleviate any financial burden or detriment caused by the redevelopment project. Such agreements normally provide for payment or pass-through of tax increment revenue directed to the affected taxing agency, and, therefore, are commonly referred to as pass-through agreements or tax sharing agreements. The Agency's agreements with affected taxing agencies are referred to herein as "Pass-Through Agreements." The Agency's Pass-Through Agreements are all payable on a subordinate basis to the Bonds. See the caption "SECURITY FOR THE BONDS—Tax Increment Financing" for additional discussion of the treatment of Pass-Through Agreements under the Dissolution Act.

Statutory Pass-Throughs. The payment of Statutory Pass-Through Amounts results from: (a) redevelopment plan amendments which add territory in existing project areas on or after January 1, 1994; and (b) redevelopment plan amendments which eliminate one or more limitations within a redevelopment plan (such as the removal of the time limit on the establishment of loans, advances and indebtedness). The calculation of the amount due to affected taxing entities is described in Sections 33607.5 and 33607.7 of the Redevelopment Law. See the captions "THE PROJECT AREAS" and "SECURITY FOR THE BONDS—Tax Increment Financing" for further information regarding the applicability of the statutory pass-through provisions of the Redevelopment Law and the Dissolution Act to the Project Areas.

Recognized Obligation Payment Schedule. The Dissolution Act provides that, commencing on the date that the first ROPS is valid, only those payments listed in the ROPS may be made by the Agency from the funds specified in the ROPS. Before each property tax distribution date, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a ROPS in 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. Tax Revenues will not be distributed from the RPTTF by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective ROPS obtained in sufficient time before the applicable property tax distribution date. See the caption "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule" and "RISK FACTORS—Recognized Obligation Payment Schedule."

Unitary Property

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

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

Tax Revenues from unitary property are assumed to remain at estimated Fiscal Year 2014-15 levels for nine years and to decrease thereafter as the Project Areas reach the last date to receive tax increment for purposes of gross tax increment projections in the Fiscal Consultant Report. See Tables 7 and 8 in Appendix A.

Article XIIIA of the State Constitution

On June 6, 1978, State voters approved an amendment (commonly known as Proposition 13 or the Jarvis-Gann Initiative) which added Article XIIIA to the State Constitution. Article XIIIA limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the State fiscal year 1975-76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

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

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

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

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

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

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

Appropriations Limitation – Article XIIIB

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

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

Articles XIIIC and XIIID of the State Constitution

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

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (not the Former Agency or the Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness, and *not* to redevelopment agencies. SB 107, which was adopted by the State Legislature on September 11, 2015 and currently awaits the Governor's signature, would amend Section 34183(a)(1) of the Dissolution Act to provide that such debt service override revenues approved by the voters for the purpose of supporting pension programs, capital projects, or programs related to the State Water Project that are not pledged to or not needed for debt service on successor agency obligations will be allocated and paid to the entity that levies the override. There can be no assurance that SB 107 will be signed by the Governor. See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for further information relating to SB 107.

Redevelopment Time Limits

In 1993, the State legislature passed AB 1290, Chapter 942, Statutes 1993, which, among other things, required redevelopment agencies to adopt time limits in each redevelopment plan specifying (a) the last date to incur debt for a redevelopment project; (b) the last date to undertake redevelopment activity within a project area; and (c) the last date to collect tax increment revenue from a project area to repay debt. In accordance with AB 1290, which took effect on January 1, 1994, the City Council adopted ordinances amending the redevelopment plans in certain Project Areas to impose limits on plan activity therein, as well as a date past which tax increment revenue could not be collected. See the caption "THE PROJECT AREAS."

In 2001, the State Legislature enacted SB 211, Chapter 741, Statutes 2001, effective January 1, 2002 ("**SB 211**"), which authorized, among other things, the deletion of the AB 1290 limitation on incurring indebtedness contained in a redevelopment plan adopted before January 1, 1994. However, such elimination triggers statutory tax sharing with those taxing entities that do not have Pass-Through Agreements. The City adopted a series of ordinances, in accordance with the authorization contained in SB 211, deleting the limit on the Agency's authority to incur loans, advances and indebtedness with respect to the following Project Areas: Merged Downtown, Alkali Flat, Del Paso Heights, Franklin Boulevard, North Sacramento, Oak Park and River District (original area only). See the caption "THE PROJECT AREAS."

SB 211 also prescribed additional requirements that a redevelopment agency would have to meet upon extending the time limit on the effectiveness of a redevelopment plan, including requiring an increased percentage of new and substantially rehabilitated dwelling units to be available at affordable housing cost to persons and families of low or moderate income before the termination of the effectiveness of the plan.

Legislation passed in 2003 (SB 1045) and 2004 (SB 1096) required redevelopment agencies to remit moneys to the applicable county Educational Revenue Augmentation Fund ("**ERAF**") and also permitted redevelopment agencies to extend their ability to collect tax increment by one year for each payment required by such legislation to be made in Fiscal Years 2003-04, 2004-05 and 2005-06. The extensions for Fiscal Years 2004-05 and 2005-06 apply only to redevelopment plans with existing limits on the effectiveness of the plan that are less than 20 years from the last day of the Fiscal Year in which the ERAF payment is made. The City adopted ordinances, in accordance with the authorization granted in SB 1045 and SB 1096, extending the time limits on the effectiveness of the applicable redevelopment plans and the receipt of tax increment for the eligible Project Areas. See the caption "THE PROJECT AREAS."

SB 107, which was adopted by the State Legislature on September 11, 2015 and currently awaits the Governor's signature, would amend the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Agency for each Project Area are not effective for purposes of paying the Agency's enforceable obligations. There can be no assurance that SB 107 will be signed by the Governor. See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for further information relating to SB 107.

Appeals of Assessed Values

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

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "**Appeals Board**"). Applications for any tax year must be submitted by November 30 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for Fiscal Years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then-current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then-current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Tax Revenues are derived attributable to such properties will be reduced in the then-current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted. See Table 5 in Appendix A for information regarding the appeals pending with respect to the Project Areas.

Proposition 8

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

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

The County Assessor has the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of property affected by particular negative economic conditions. The Agency is aware that the County Assessor made such reductions to assessed values of residential and non-residential property in the Project Areas and the City generally in recent Fiscal Years, a portion of which reductions have now been restored. The County reduced assessed values of residential property in accordance with Proposition 8 by approximately $148 million in Fiscal Year 2008-09 and approximately $121 million in Fiscal Year 2009-10. Sales of residential property also decreased assessed values by approximately $187 million in this period. The assessed value of non-residential property also declined in this period by approximately $412 million as a result of assessment appeals or the County Assessor's evaluation that the market value of the property had declined. Sales of non-residential property also decreased assessed values by approximately $196 million in this period. Approximately half of such non-residential property assessed value reductions occurred in the Merged Downtown Sacramento Redevelopment Project Area.

If all pending assessed valuation appeals in the Project Areas are granted and assessed valuations reduced by the historical average percentage (17%) reduction of the full amount that the appellants seek (approximately $186.6 million), taxable values in the Project Areas would be reduced by approximately $31.7 million. The Fiscal Consultant Report assumes such reductions in taxable values for the Fiscal Year 2016-17 tax roll.

Except for assumed reductions resulting from pending appeals, the Fiscal Consultant Report does not assume any additional future reductions in assessed valuations as a result of Proposition 8. However, there can be no assurance that such reductions will not be made in the future. The Agency does not believe that any such reductions will have a material adverse impact on Tax Revenues or the Agency's ability to pay debt service on the Bonds, and the Agency notes that approximately $264 million in single-year Proposition 8 assessed valuation reductions were reversed by Fiscal Year 2014-15. However, additional reductions in assessed value due to current or future economic conditions in the Project Areas could impact the receipt of Tax Revenues as projected by the Fiscal Consultant. See the caption "THE PROJECT AREAS" for further information with respect to reductions in assessed value within the Project Areas in the last five Fiscal Years. See also Section E of Appendix A.

The vast majority of currently pending and closed appeals of assessed valuations are Proposition 8 appeals, which apply only to a single year. See Part E of Appendix A for further information with respect to Proposition 8 appeals.

Propositions 218 and 26

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

Future Initiatives

Articles XIIIA, XIIIB, XIIIC and Article XIIID to the State Constitution and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot in accordance with the State's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

THE AGENCY

The Former Agency was established by the City Council of the City and was activated by Ordinance No. 3320 adopted by the City Council on September 27, 1950 in accordance with the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted as Chapter 5, Statutes of 2011, together with a companion bill, AB X1 27. A lawsuit entitled *California Redevelopment Association, et al. v. Matosantos, et al.*, was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231 (December 29, 2011)), the State Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Former Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

On January 31, 2012, in accordance with Resolution No. 2012-018 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the successor agency to the Former Agency. Section 34173(g) of the Dissolution Act, added by AB 1484, expressly affirms that the Agency is a separate public entity from the City, that the two entities will not merge and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The Agency is governed by a nine-member Board of Directors (the "**Board**"), which consists of the Mayor and members of the City Council of the City of Sacramento. The Mayor acts as the Chair of the Board, the City Manager as its executive director, the City Clerk as its secretary and the Finance Director of the City its chief financial officer.

Agency Powers

All powers of the Agency are vested in its nine members. Under the Dissolution Act, the Agency is a separate public body from the City and successor to the organizational status of the Former Agency, but without any legal authority to participate in redevelopment activities except to complete any work related to approved enforceable obligations. The Agency is tasked with expeditiously winding down the affairs of the Former Agency in accordance with the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Agency actions are subject to approval by the Oversight Board, as well as review by the DOF. The State has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Agency and Oversight Board meetings open to the public in a similar manner as City Council meetings.

Previously, Section 33675 of the Redevelopment Law required the Former Agency to file with the County Auditor of a statement of indebtedness containing the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness of the Former Agency which was payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Former Agency could not exceed the amounts shown on the Former Agency's statement of indebtedness. The Dissolution Act eliminates this requirement and provides that the ROPS supersedes the statement of indebtedness. See the caption "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule."

Due Diligence Reviews

In accordance with the requirements of the Dissolution Act, the Agency retained independent accountants to conduct two reviews, known as due diligence reviews (each, a "**DDR**"): one for the Housing Fund and the other for all of the other funds and accounts (the "**Other Funds**"). The purpose of the DDRs was to determine the unobligated balance (the "**Unobligated Balance**"), if any, of the Housing Fund and the Other Funds, as of June 30, 2012, so that such Unobligated Balance would be distributed to taxing agencies.

The DOF issued its final determinations regarding the Agency's DDR for the Other Funds and the Housing Fund on June 12, 2013 and August 14, 2013, respectively, having determined that the Agency's Unobligated Balance available for distribution to the taxing agencies was $4,585,213 for the Other Funds and $125,278 for the Housing Fund. The Agency has remitted such sums to the County Auditor-Controller and the DOF issued a "Finding of Completion" to the Agency on September 20, 2013. The Finding of Completion enables the Agency to proceed with certain actions permitted under the Dissolution Act.

THE PROJECT AREAS

General

The Former Agency was established in accordance with the Redevelopment Law and was activated by Ordinance No. 3320 adopted by the City Council on September 27, 1950, at which time the City Council declared itself to be the governing board of the Former Agency. The Former Agency was charged with redeveloping and upgrading blighted areas of the City.

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

As discussed under the caption "SECURITY FOR THE BONDS—Tax Increment Financing," the Bonds are secured by Tax Revenues from all eleven Project Areas. A summary of the Project Areas is set forth below.

Table 1
Project Area Summary

Project Area	*Acreage*	*Primary Land Use*	*Last Date to Receive Tax Increment*[1]	*Fiscal Year 2015-16 Assessed Value*	*Fiscal Year 2015-16 Total Tax Increment*	*Fiscal Year 2015-16 Tax Revenue*	*Percentage of Tax Revenue*[2]
Merged Downtown	430	Commercial/Residential/Retail	01/01/2032[3]	$2,563,786,691	$25,423,381	$11,466,764	41%
Alkali Flat	79	Residential/Commercial	02/09/2025	126,239,287	1,149,782	617,337	2
Army Depot	2,817	Residential	06/15/2041[4]	1,019,746,857	3,505,115	2,510,366	9
Del Paso Heights	1,071	Residential	05/11/2033	335,528,596	3,121,073	2,380,701	9
Franklin Boulevard	1,443	Commercial	12/13/2038	510,405,391	1,565,789	1,552,536	6
North Sacramento	1,186	Commercial/Industrial/Residential	06/30/2038	562,333,033	2,721,788	1,995,081	7
Oak Park	1,305	Residential	05/30/2026	532,885,374	4,801,456	4,145,563	15
Railyards	298	Industrial	05/13/2053	78,822,262	240,165	189,399	1
River District	1,368	Industrial/Commercial	07/30/2036[5]	452,504,563	1,708,808	1,295,133	5
65th Street	654	Industrial/Commercial	06/29/2049	282,490,132	1,311,654	652,859	2
Stockton Boulevard	925	Residential/Commercial	06/15/2042	404,131,522	1,893,471	1,164,323	4
TOTAL	11,576			$6,868,873,708	$47,442,482	$27,970,062	100%

(1) SB 107, which was adopted by the State Legislature on September 11, 2015 and currently awaits the Governor's signature, would amend the Dissolution Act to provide that time limits for receiving property tax revenues for each Project Area are not effective for purposes of paying the Agency's enforceable obligations. There can be no assurance that SB 107 will be signed by the Governor. See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for further information relating to SB 107.
(2) May not total 100% due to rounding.
(3) 07/20/2035 for Uptown Development Redevelopment Project 8, which represents approximately 58% of the gross tax increment revenues of the Merged Downtown Redevelopment Project Area.
(4) 06/29/2049 for Army Depot amendment area, which comprises approximately 54% of the total acreage of the Army Depot Redevelopment Project Area.
(5) 07/02/2041 for River District amendment area, which comprises approximately 5% of the total acreage of the River District Redevelopment Project Area.
Source: County Assessment Records; City.

Detailed information with respect to each Project Area is set forth below.

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

Table 2
Assessed Valuations by Land Uses (Fiscal Year 2015-16) for all Project Areas

Category of Value	*Number of Parcels*	*Total Assessed Value*	*Percentage of Total Value*[2]
Residential	18,101	$2,344,524,408	34.13%
Commercial	1,292	2,865,667,759	41.72
Industrial	1,276	989,096,155	14.40
Vacant Land	1,894	178,158,447	2.59
Other	1,459	71,034,363	1.03
Total Secured	**24,022**	**$6,448,481,132**	**93.88%**
Unsecured/State Assessed[1]	N/A	$ 420,392,576	6.12%
Total		**$6,868,873,708**	**100.00%**

(1) Non-unitary property assessed by the State Board of Equalization.
(2) May not total 100.00% due to rounding.
Source: County Assessment Records; City.

Historical taxable values for the Project Areas as a whole for the current and nine prior Fiscal Years are set forth in the below table.

Table 3
Historical Taxable Value of all Project Areas[1]

Fiscal Year	*Total Taxable Value*	*Percentage Change*	*Total Incremental Value*[2]
2006-07	$6,646,899,170	N/A	$4,336,725,023
2007-08	7,148,614,081	7.55%	4,838,439,934
2008-09	7,653,409,878	7.06	5,343,235,731
2009-10	7,285,101,996	(4.81)	4,974,927,849
2010-11	6,964,569,563	(4.40)	4,654,395,416
2011-12	6,714,916,080	(3.58)	4,404,741,933
2012-13	6,566,869,296	(2.20)	4,256,695,149
2013-14	6,577,043,257	0.15	4,266,869,110
2014-15	6,686,411,280	1.66	4,376,237,133
2015-16	6,868,873,708	2.73	4,558,699,561
Total Percentage Change		3.34%	
Average Percentage Change		0.37%	

(1) Excludes the taxable value of a portion of the Merged Downtown Redevelopment Project Area Capitol Mall Riverfront Redevelopment Project 4 (known as Project 4A – Amendment Area) that is below its base year value. See the caption "—The Merged Downtown Redevelopment Project Area."
(2) Taxable value above the aggregate base year values of $2,310,174,147.
Source: Fiscal Consultant.

Historical taxable values for each Project Area for the current and nine prior Fiscal Years are set forth in the below table.

Table 4
Historical Taxable Value by Project Area

Fiscal Year	*Downtown*	*Alkali Flat*	*Army Depot*	*Del Paso Heights*	*Franklin Boulevard*	*North Sacramento*	*Oak Park*
2006-07	$2,248,630,514	$120,268,346	$1,018,952,618	$355,780,530	$614,739,480	$566,435,427	$570,417,558
2007-08	2,352,309,671	127,360,715	1,158,029,453	411,498,616	646,875,734	615,331,838	638,672,007
2008-09	2,724,520,711	131,165,855	1,147,565,656	435,302,464	668,611,135	650,265,307	632,594,860
2009-10	2,874,251,821	137,146,006	973,270,741	361,154,074	621,318,582	600,575,803	500,004,339
2010-11	2,666,198,815	132,508,704	963,224,814	328,612,264	622,825,353	601,046,056	462,761,088
2011-12	2,574,741,285	124,884,594	942,703,962	302,488,200	598,407,556	565,314,506	446,277,937
2012-13	2,505,229,443	124,425,632	923,746,374	292,489,146	598,002,631	549,216,540	446,341,143
2013-14	2,435,070,345	116,351,073	990,183,171	308,288,402	598,997,127	537,973,493	484,303,210
2014-15	2,483,683,285	123,837,503	1,019,364,358	331,552,712	519,527,286	552,990,477	494,431,996
2015-16	2,563,786,691	126,239,287	1,019,746,857	335,528,596	510,405,391	562,333,033	532,885,374

Fiscal Year	*Railyards*	*River District*	*65th Street*	*Stockton Boulevard*	*Grand Total*	*Annual Percentage Change*
2006-07	$34,793,372	$430,159,531	$251,666,945	$435,054,849	$6,646,899,170	N/A
2007-08	4,237,723	443,484,218	266,544,229	484,269,877	7,148,614,081	7.55%
2008-09	10,740,542	483,934,701	269,797,056	498,911,591	7,653,409,878	7.06
2009-10	50,576,848	504,520,444	249,901,091	412,382,247	7,285,101,996	(4.81)
2010-11	72,704,097	451,786,057	268,069,199	394,833,116	6,964,569,563	(4.40)
2011-12	85,216,151	440,053,362	256,543,331	378,285,196	6,714,916,080	(3.58)
2012-13	89,510,141	434,824,014	246,913,977	356,170,255	6,566,869,296	(2.20)
2013-14	84,653,774	410,426,572	243,409,991	367,386,099	6,577,043,257	0.15
2014-15	81,218,346	443,897,499	249,313,316	386,594,502	6,686,411,280	1.66
2015-16	78,822,262	452,504,563	282,490,132	404,131,522	6,868,873,708	2.73

Source: Sacramento County Auditor-Controller.

The top ten taxpayers for all Project Areas in the current Fiscal Year are set forth in the below table. With the exception of the eighth largest taxpayer shown below, all of the top ten taxpayers own property within the Merged Downtown Redevelopment Project Area.

Table 5
Top Ten Taxpayers (Fiscal Year 2015-16)

Assessee	***Type of Use***	***Total Assessed Value***[(1)]	***% of Total Assessed Value***[(1)]	***% of Incremental Value***[(2)]
1) Hines Sacramento Wells Fargo Center	Wells Fargo – Office	$172,000,000	2.50%	3.77%
2) 621 Capitol Mall LLC	High Rise Office	127,877,952	1.86	2.81
3) 500 Capitol Mall LLC	High Rise Office	123,977,782	1.80	2.72
4) 300 Capitol Associates NF LP	300 Capitol Mall – Office	102,000,000	1.48	2.24
5) CIM 980 9th Street Sacramento LP	High Rise Office	101,009,658	1.47	2.22
6) CIM J Street Hotel Sacramento LP	Sheraton Grand Hotel	94,275,308	1.37	2.07
7) Capitol Regency LLC	Hyatt Hotel	75,226,201	1.10	1.65
8) California Almond Growers Exchange	Blue Diamond Almond	74,248,034	1.08	1.63
9) GSA Sacramento California LLC	High Rise Office	69,646,621	1.01	1.53
10) CA Association Hospitals Health Sys	Esquire Plaza	68,280,294	0.99	1.50
Total Valuation of Top 10		$1,008,541,850	14.68%	22.12%
Total Combined Project Values		$6,868,873,708		

(1) Includes the sum of secured assessed value for Fiscal Year 2015-16 based on ownership of locally-assessed property and unsecured assessed value for Fiscal Year 2014-15.
(2) Taxable value above the aggregate base year values of $2,310,174,147.
Source: Fiscal Consultant.

Specific information about each Project Area and its redevelopment plan is set forth below.

The Merged Downtown Sacramento Redevelopment Project Area

General. The Merged Downtown Sacramento Redevelopment Project Area ("**Merged Downtown**"), which contains a total of approximately 430 acres located in the core of downtown Sacramento, is the result of a merger of four project areas in 1986: (a) Capitol Mall Project 2A, which was formed in 1955; (b) Capitol Mall Extension Project 3, which was formed in 1960; (c) Capitol Mall Riverfront Redevelopment Project 4, which was formed in 1966; and (d) Uptown Development Redevelopment Project 8, which was formed in 1972. Merged Downtown is primarily composed of commercial office, residential and retail land uses. The land within Merged Downtown is substantially developed.

Major landowners in Merged Downtown are show in Table 5 under the caption "—General."

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Merged Downtown. See the "Financial and Time Limits" set forth in Appendix A for detailed historical information with respect to the below limits.

MERGED DOWNTOWN REDEVELOPMENT PROJECT AREA
Plan Limits[(1)]

Incur Debt	*Plan Term*	*Receive Tax Increment*	*Tax Increment Limit*[(2)]	*Bonded Debt Limit*
Eliminated	01/01/2022[(3)]	01/01/2032[(4)]	$2,278,000,000	$886,000,000

(1) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(2) The tax increment dollar limit shown applies to gross tax increment revenues.
(3) 07/20/2025 for Uptown Development Redevelopment Project 8, which represents approximately 58% of the gross tax increment revenues of Merged Downtown.
(4) 07/20/2035 for Uptown Development Redevelopment Project 8, which represents approximately 58% of the gross tax increment revenues of Merged Downtown.

Redevelopment Plan Limitations. The redevelopment plan for Merged Downtown establishes a gross tax increment limit of $2,278,000,000. In addition, the redevelopment plan for Merged Downtown establishes the final date to collect Tax Revenues as January 1, 2032 for the Capitol Mall Project 2A, the Capitol Mall Extension Project 3 and the Capitol Mall Riverfront Redevelopment Project 4 (representing approximately 42% of the gross tax increment revenues of Merged Downtown) and July 20, 2035 for the Uptown Development Redevelopment Project 8. The Former Agency and the Agency had cumulatively received approximately $536,689,000 in gross tax increment as of June 30, 2015.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 2% per annum beginning in Fiscal Year 2016-17. However, if assessed values were to grow at a future rate of 12% per annum, Merged Downtown would reach the cumulative tax increment limit in Fiscal Year 2035-36. Between Fiscal Years 2006-07 and 2014-15, assessed values in Merged Downtown grew by an average of approximately 1.25% per annum.

See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for a discussion of SB 107. If signed by the Governor, SB 107 would amend certain Redevelopment Law provisions relating to plan limits.

Tax Sharing Obligations.

No Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to Merged Downtown.

Statutory Pass-Through Amounts. All areas of Merged Downtown are subject to statutory tax sharing under AB 1290. Statutory Pass-Through Amounts are payable on a senior basis to the payment of debt service on the Bonds. See the captions "SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

The Alkali Flat Redevelopment Project Area

General. The Alkali Flat Redevelopment Project Area ("**Alkali Flat**"), which contains a total of approximately 79 acres, was originally formed in 1972 and is primarily composed of a mix of residential and commercial land uses. Alkali Flat is located immediately adjacent to downtown Sacramento, west of 12th Street, east of the Railyards Redevelopment Project Area and south of the River District Redevelopment Project Area. The land within Alkali Flat is substantially developed.

Major landowners in Alkali Flat include Hearst-Argyle Stations (a broadcasting company that represents approximately 16% of the total assessed valuation in Alkali Flat) and City Park Apartment Homes (a multifamily residential complex which represents approximately 14% of total assessed valuation in Alkali Flat).

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Alkali Flat. See the "Financial and Time Limits" set forth in Appendix A for detailed historical information with respect to the below limits.

ALKALI FLAT REDEVELOPMENT PROJECT AREA
Plan Limits[(1)]

Incur Debt	***Plan Term***	***Receive Tax Increment***	***Tax Increment Limit***[(2)]	***Bonded Debt Limit***
02/09/2012	02/09/2015	02/09/2025	$79,000,000	$24,000,000

(1) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(2) The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for Alkali Flat establishes a gross tax increment limit of $79,000,000. In addition, the redevelopment plan for Alkali Flat establishes the final date to collect Tax Revenues as February 9, 2025. The Former Agency and the Agency had cumulatively received approximately $26,807,000 in gross tax increment as of June 30, 2015.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 2% per annum beginning in Fiscal Year 2016-17. However, if assessed values were to grow at a future rate of 40% per annum, Alkali Flat would reach the cumulative tax increment limit in Fiscal Year 2024-25. Between Fiscal Years 2006-07 and 2014-15, assessed values in Alkali Flat grew by an average of approximately 0.37% per annum.

See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for a discussion of SB 107. If signed by the Governor, SB 107 would amend certain Redevelopment Law provisions relating to plan limits.

Tax Sharing Obligations.

No Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to Alkali Flat.

Statutory Pass-Through Amounts. Alkali Flat is subject to statutory tax sharing under AB 1290. Statutory Pass-Through Amounts are payable on a senior basis to the payment of debt service on the Bonds. See the captions "SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

The Army Depot Redevelopment Project Area

General. The Army Depot Redevelopment Project Area ("**Army Depot**"), which contains a total of approximately 2,817 acres, was originally formed in 1995 and is composed of a mix of residential, commercial and industrial land uses. Army Depot is located on a site of a former military base in the southeast area of the City near the County line. The site previously contained significant amounts of toxic materials, which the Army has represented (in the grant deed to the Former Agency relating to the site) have been fully remediated. See the caption "RISK FACTORS—Hazardous Substances" for a discussion of the risks associated with the presence of toxins on a Project Area site. Army Depot consists of an original area of 1,290 acres formed in 1995 and an amendment area of 1,527 acres formed in 2004. Army Depot is primarily composed of residential neighborhoods. The land within Army Depot is substantially developed.

Major landowners in Army Depot include R/G Hayward LLC (a commercial entity that represents approximately 1.6% of the total assessed valuation of Army Depot) and Engineered Polymer Solutions Inc. (an industrial entity that represents approximately 1.5% of the total assessed valuation of Army Depot).

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Army Depot. See the "Financial and Time Limits" set forth in Appendix A for detailed historical information with respect to the below limits.

ARMY DEPOT REDEVELOPMENT PROJECT AREA
Plan Limits[1]

Incur Debt	***Plan Term***	***Receive Tax Increment***	***Tax Increment Limit***[2]	***Bonded Debt Limit***
06/15/2015[3]	06/15/2026[4]	06/15/2041[5]	None	$167,000,000

(1) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(2) The tax increment dollar limit shown applies to gross tax increment revenues.
(3) 06/29/2024 for Army Depot amendment area, which comprises approximately 54% of the total acreage of Army Depot.
(4) 06/29/2034 for Army Depot amendment area, which comprises approximately 54% of the total acreage of Army Depot.
(5) 06/29/2049 for Army Depot amendment area, which comprises approximately 54% of the total acreage of Army Depot.

Redevelopment Plan Limitations. The redevelopment plan for Army Depot is not subject to a cumulative tax increment limit.

See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for a discussion of SB 107. If signed by the Governor, SB 107 would amend certain Redevelopment Law provisions relating to plan limits.

Tax Sharing Obligations.

No Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to Army Depot.

Statutory Pass-Through Amounts. All areas of Army Depot are subject to statutory tax sharing under AB 1290. Statutory Pass-Through Amounts are payable on a senior basis to the payment of debt service on the Bonds. See the captions "SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

The Del Paso Heights Redevelopment Project Area

General. The Del Paso Heights Redevelopment Project Area ("**Del Paso Heights**"), which contains a total of approximately 1,071 acres, was originally formed in 1970 and is primarily composed of residential land uses. Del Paso Heights is located in the northern part of the City and is bounded on the north by Interstate 80 and on the east by Marysville Boulevard. The land within Del Paso Heights is substantially developed.

Major landowners in Del Paso Heights include the Greater Sacramento Urban League (a social organization representing approximately 2% of the total assessed valuation of Del Paso Heights) and Research Properties (a commercial entity representing approximately 1.75% of the total assessed valuation of Del Paso Heights).

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Del Paso Heights. See the "Financial and Time Limits" set forth in Appendix A for detailed historical information with respect to the below limits.

DEL PASO HEIGHTS REDEVELOPMENT PROJECT AREA
Plan Limits[(1)]

Incur Debt	*Plan Term*	*Receive Tax Increment*	*Tax Increment Limit*[(2)]	*Bonded Debt Limit*
05/11/2010	05/22/2023	05/11/2033	$131,000,000	$41,000,000

(1) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(2) The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for Del Paso Heights establishes a gross tax increment limit of $131,000,000. In addition, the redevelopment plan for Del Paso Heights establishes the final date to collect Tax Revenues as May 11, 2033. The Former Agency and the Agency had cumulatively received approximately $55,735,000 in gross tax increment as of June 30, 2015.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 2% per annum beginning in Fiscal Year 2016-17. However, if assessed values were to grow at a future rate of 5% per annum, Del Paso Heights would reach the cumulative tax increment limit in Fiscal Year 2032-33. Between Fiscal Years 2006-07 and 2014-15, assessed values in Del Paso Heights declined by an average of approximately 1% per annum.

See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for a discussion of SB 107. If signed by the Governor, SB 107 would amend certain Redevelopment Law provisions relating to plan limits.

Tax Sharing Obligations.

Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to Del Paso Heights.

Statutory Pass-Through Amounts. All areas of Del Paso Heights are subject to statutory tax sharing under AB 1290. Statutory Pass-Through Amounts are payable on a senior basis to the payment of debt service on the Bonds. See the captions "SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

The Franklin Boulevard Redevelopment Project Area

General. The Franklin Boulevard Redevelopment Project Area ("**Franklin Boulevard**"), which contains a total of approximately 1,443 acres, was originally formed in 1993 and is primarily composed of commercial land uses. Franklin Boulevard is a joint City/County project area and is located in the southern portion of the City bounded on the east by Highway 99 and on the south to just south of 52nd Avenue. The land within Franklin Boulevard is substantially developed.

Major landowners in Franklin Boulevard include 6200 Franklin LLC (an asset-based investment firm that is redeveloping a former Campbell's Soup industrial facility, which represents approximately 7.7% of the total assessed valuation of Franklin Boulevard) and Western Village LP (a real estate development company that represents approximately 1.6% of the total assessed valuation of Franklin Boulevard).

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Franklin Boulevard. See the "Financial and Time Limits" set forth in Appendix A for detailed historical information with respect to the below limits.

FRANKLIN BOULEVARD REDEVELOPMENT PROJECT AREA
Plan Limits[(1)]

Incur Debt	***Plan Term***	***Receive Tax Increment***	***Tax Increment Limit***[(2)]	***Bonded Debt Limit***
None	12/13/2028	12/13/2038	$201,000,000	$43,000,000

(1) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(2) The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for Franklin Boulevard establishes a gross tax increment limit of $201,000,000. In addition, the redevelopment plan for Franklin Boulevard establishes the final date to collect Tax Revenues as December 13, 2038. The Former Agency and the Agency had cumulatively received approximately $30,352,000 in gross tax increment as of June 30, 2015.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 2% per annum beginning in Fiscal Year 2016-17. However, if assessed values were to grow at a future rate of 8% per annum, Franklin Boulevard would reach the cumulative tax increment limit in Fiscal Year 2035-36. Between Fiscal Years 2006-07 and 2014-15, assessed values in Franklin Boulevard declined by an average of approximately 2% per annum.

See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for a discussion of SB 107. If signed by the Governor, SB 107 would amend certain Redevelopment Law provisions relating to plan limits.

Tax Sharing Obligations.

Pass-Through Agreements. The Former Agency is a party to the following negotiated Pass-Through Agreements with respect to Franklin Boulevard: (a) a 1993 agreement with the Sacramento Yolo Mosquito and Vector Control District and the Redevelopment Agency of the County of Sacramento; (b) a 1993 agreement with the Southgate Recreation and Park District and the Redevelopment Agency of the County of Sacramento (the "**County RDA**"); (c) an agreement dated December 21, 1993 with the Los Rios Community College District and the County RDA; (d) an agreement dated December 21, 1993 with the Sacramento City Unified School and County RDA; and (e) an agreement dated December 21, 1993 with the Sacramento County Office of Education and the County RDA. All obligations under the Former Agency's negotiated Pass-Through Agreements applicable to Franklin Boulevard are payable on a subordinate basis to the Bonds.

Statutory Pass-Through Amounts. All areas of Franklin Boulevard are subject to statutory tax sharing under AB 1290. Statutory Pass-Through Amounts are payable on a senior basis to the payment of debt service on the Bonds. See the captions "SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

The North Sacramento Redevelopment Project Area

General. The North Sacramento Redevelopment Project Area ("**North Sacramento**"), which contains a total of approximately 1,186 acres, was originally formed in 1992 and is primarily composed of commercial and light industrial uses, with small amounts of residential development. North Sacramento is located around the commercial corridor of Del Paso Boulevard, which was the heart of the former city of North Sacramento. The land within North Sacramento is substantially developed.

Major landowners in North Sacramento include Westcore Delta LLC (a real estate development company representing approximately 6.5% of the total assessed valuation of North Sacramento and Seven Up Bottling Company, which represents approximately 6% of the total assessed valuation of North Sacramento.

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to North Sacramento. See the "Financial and Time Limits" set forth in Appendix A for detailed historical information with respect to the below limits.

NORTH SACRAMENTO REDEVELOPMENT PROJECT AREA
Plan Limits[(1)]

Incur Debt	***Plan Term***	***Receive Tax Increment***	***Tax Increment Limit***[(2)]	***Bonded Debt Limit***
06/30/2012	06/30/2028	06/30/2038	$268,000,000	$84,000,000

(1) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(2) The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for North Sacramento establishes a gross tax increment limit of $268,000,000. In addition, the redevelopment plan for North Sacramento establishes the final date to collect Tax Revenues as June 30, 2038. The Former Agency and the Agency had cumulatively received approximately $33,862,000 in gross tax increment as of June 30, 2015.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 2% per annum beginning in Fiscal Year 2016-17. However, if assessed values were to grow at a future rate of 9% per annum, North Sacramento would reach the cumulative tax increment limit in Fiscal Year 2035-36. Between Fiscal Years 2006-07 and 2014-15, assessed values in North Sacramento declined by an average of approximately 0.3% per annum.

See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for a discussion of SB 107. If signed by the Governor, SB 107 would amend certain Redevelopment Law provisions relating to plan limits.

Tax Sharing Obligations.

Pass-Through Agreements. The Former Agency is a party to the following negotiated Pass-Through Agreements with respect to North Sacramento: (a) an agreement dated June 16, 1992 with the Sacramento Yolo Mosquito and Vector Control District; (b) an agreement dated December 16, 1993 with the Sacramento County Superintendent of Schools; (c) an agreement dated December 17, 1993 with the North Sacramento Elementary School District; (e) an agreement dated December 17, 1993 with the Los Rios Community College District; and (e) an agreement dated December 20, 1993 with the Grant Joint Union High School District. All obligations under the Former Agency's negotiated Pass-Through Agreements applicable to North Sacramento are payable on a subordinate basis to the Bonds.

Statutory Pass-Through Amounts. All areas of North Sacramento are subject to statutory tax sharing under AB 1290. Statutory Pass-Through Amounts are payable on a senior basis to the payment of debt service on the Bonds. See the captions "SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

The Oak Park Redevelopment Project Area

General. The Oak Park Redevelopment Project Area ("**Oak Park**"), which contains a total of approximately 1,305 acres, was originally formed in 1973 and is primarily composed of residential land uses, with a small amount of commercial land uses. Oak Park is located east of downtown Sacramento and is bounded by the major commercial corridors of Alhambra Boulevard, Broadway and Stockton Boulevard. The land within Oak Park is substantially developed.

Major landowners in Oak Park include Rainbow Baking Company of Sacramento Valley, representing approximately 5.6% of the total assessed valuation of Oak Park, and Regents University, representing approximately 2% of the total assessed valuation of Oak Park.

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Oak Park. See the "Financial and Time Limits" set forth in Appendix A for detailed historical information with respect to the below limits.

OAK PARK REDEVELOPMENT PROJECT AREA
Plan Limits[(1)]

Incur Debt	***Plan Term***	***Receive Tax Increment***	***Tax Increment Limit***[(2)]	***Bonded Debt Limit***
05/30/2013	05/30/2016	05/30/2026	$172,000,000	$59,000,000

(1) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(2) The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for Oak Park establishes a gross tax increment limit of $172,000,000. In addition, the redevelopment plan for Oak Park establishes the final date to collect Tax Revenues as May 30, 2026. The Former Agency and the Agency had cumulatively received approximately $83,541,000 in gross tax increment as of June 30, 2015.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 2% per annum beginning in Fiscal Year 2016-17. However, if assessed values were to grow at a future rate of 13% per annum, Oak Park would reach the cumulative tax increment limit in Fiscal Year 2025-26. Between Fiscal Years 2006-07 and 2014-15, assessed values in Oak Park declined by an average of approximately 1.7% per annum.

See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for a discussion of SB 107. If signed by the Governor, SB 107 would amend certain Redevelopment Law provisions relating to plan limits.

Tax Sharing Obligations.

No Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to Oak Park.

Statutory Pass-Through Amounts. All areas of Oak Park are subject to statutory tax sharing under AB 1290. Statutory Pass-Through Amounts are payable on a senior basis to the payment of debt service on the Bonds. See the captions "SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

The Railyards Redevelopment Project Area

General. The Railyards Redevelopment Project Area ("**Railyards**"), which contains a total of approximately 298 acres, was originally formed in 2008. Railyards was originally part of the River District Redevelopment Project Area (discussed below under the caption "—The River District Redevelopment Project Area"), but was established as a separate redevelopment project area in 2008 in order to finance of the cost of certain infrastructure. Railyards is primarily composed of land that was the site of a former Union Pacific railyard. The Project Area includes industrial buildings that were previously used for rail operations, and vacant land. The site contained significant amounts of toxic materials, some of which have been remediated. The City and the Agency are unaware of the current plans, timeline or costs of remediation of the remaining toxic materials at the site, which is the responsibility of Union Pacific, and the City and the Agency are unable to make any representations with respect thereto. See the caption "RISK FACTORS—Hazardous Substances" for a discussion of the risks associated with the presence of toxins on a Project Area site. Railyards is located adjacent to downtown Sacramento just west of Alkali Flat and near Interstate 5. The majority of the land within Railyards is undeveloped.

Major landowners in Railyards include Sacramento Development LLC (a lender holding company representing approximately 39% of the total assessed valuation of Railyards) and CCAA Partners LLC (a business services company representing approximately 14% of the total assessed valuation of Railyards).

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Railyards. See the "Financial and Time Limits" set forth in Appendix A for detailed historical information with respect to the below limits.

RAILYARDS REDEVELOPMENT PROJECT AREA
Plan Limits[(1)]

Incur Debt	*Plan Term*	*Receive Tax Increment*	*Tax Increment Limit*[(2)]	*Bonded Debt Limit*
05/13/2028	05/13/2038	05/13/2053	None	$500,000,000

(1) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(2) The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for Railyards is not subject to a cumulative tax increment limit.

See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for a discussion of SB 107. If signed by the Governor, SB 107 would amend certain Redevelopment Law provisions relating to plan limits.

Tax Sharing Obligations.

No Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to Railyards.

Statutory Pass-Through Amounts. All areas of Railyards are subject to statutory tax sharing under AB 1290. Statutory Pass-Through Amounts are payable on a senior basis to the payment of debt service on the Bonds. See the captions "SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

The River District Redevelopment Project Area

General. The River District Redevelopment Project Area ("**River District**"), which contains a total of approximately 1,368 acres, was originally formed in 1990 and is primarily composed of a mix of residential, commercial and industrial land uses. In 2008, a portion of River District was reconstituted as a separate redevelopment project area. See the caption "—The Railyards Redevelopment Project Area." River District is located north of Railyards and Alkali Flat and is bisected by Richards Boulevard.

River District was previously known as the Richards Redevelopment Project Area. River District consists of an original area of 1,310 acres formed in 1990 and an amendment area of 58 acres formed in 1996. River District is primarily composed of commercial and industrial land uses. The land within River District is substantially developed.

Major landowners in River District include California Almond Growers (described in Table 5 under the caption "—General") and Grove River District LLC (a real estate development company representing approximately 8% of the total assessed valuation of River District.

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to River District. See the "Financial and Time Limits" set forth in Appendix A for detailed historical information with respect to the below limits.

RIVER DISTRICT REDEVELOPMENT PROJECT AREA
Plan Limits[1]

Incur Debt	*Plan Term*	*Receive Tax Increment*	*Tax Increment Limit*[2]	*Bonded Debt Limit*
None[3]	07/17/2026[4]	07/30/2036[5]	$535,000,000[6]	$187,000,000

(1) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(2) The tax increment dollar limit shown applies to gross tax increment revenues.
(3) 07/02/2016 for River District amendment area, which comprises approximately 5% of the total acreage of River District.
(4) 07/02/2026 for River District amendment area, which comprises approximately 5% of the total acreage of River District.
(5) 07/02/2041 for River District amendment area, which comprises approximately 5% of the total acreage of River District.
(6) Not applicable to River District amendment area.

Redevelopment Plan Limitations. The redevelopment plan for River District establishes a gross tax increment limit of $535,000,000. In addition, the redevelopment plan for River District establishes the final date to collect Tax Revenues as July 30, 2036 for the original area and July 2, 2041 for the amendment area. The Former Agency and the Agency had cumulatively received approximately $15,828,000 in gross tax increment as of June 30, 2015.

See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for a discussion of SB 107. If signed by the Governor, SB 107 would amend certain Redevelopment Law provisions relating to plan limits.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 2% per annum beginning in Fiscal Year 2016-17. However, if assessed values were to grow at a future rate of 13% per annum, River District would reach the cumulative tax increment limit in Fiscal Year 2035-36. Between Fiscal Years 2006-07 and 2014-15, assessed values in River District grew by an average of approximately 0.39% per annum.

Tax Sharing Obligations.

Pass-Through Agreements. The Former Agency is a party to the following negotiated Pass-Through Agreement with respect to River District: an agreement dated October 5, 1993 with the North Sacramento School District, the Grant Joint Union High School District, the Sacramento City Unified School District, the Los Rios Community College District and the Sacramento County Superintendent of Schools. All obligations under the Former Agency's negotiated Pass-Through Agreement applicable to River District are payable on a subordinate basis to the Bonds.

Statutory Pass-Through Amounts. All areas of River District are subject to statutory tax sharing under AB 1290. Statutory Pass-Through Amounts are payable on a senior basis to the payment of debt service on the Bonds. See the captions "SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

The 65th Street Redevelopment Project Area

General. The 65th Street Redevelopment Project Area ("**65th Street**"), which contains a total of approximately 654 acres, was originally formed in 2004 and is primarily composed of commercial and industrial land uses. 65th Street is located in the eastern part of the City and is bounded by the commercial corridors of Power Inn to the east and Folsom Boulevard to the north. The majority of the land within 65th Street is developed.

Major landowners in 65th Street include HRA Element LLC (a real estate investment company representing approximately 15% of the total assessed valuation of 65th Street) and Target Corporation, representing approximately 11% of the total assessed valuation of 65th Street.

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to 65th Street. See the "Financial and Time Limits" set forth in Appendix A for detailed historical information with respect to the below limits.

65TH STREET REDEVELOPMENT PROJECT AREA
Plan Limits[(1)]

Incur Debt	***Plan Term***	***Receive Tax Increment***	***Tax Increment Limit***[(2)]	***Bonded Debt Limit***
06/29/2024	06/29/2034	06/29/2049	None	$50,000,000

(1) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(2) The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for 65th Street is not subject to a cumulative tax increment limit.

See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for a discussion of SB 107. If signed by the Governor, SB 107 would amend certain Redevelopment Law provisions relating to plan limits.

Tax Sharing Obligations.

No Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to 65th Street.

Statutory Pass-Through Amounts. 65th Street is subject to statutory tax sharing under AB 1290. Statutory Pass-Through Amounts are payable on a senior basis to the payment of debt service on the Bonds. See the captions "SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

The Stockton Boulevard Redevelopment Project Area

General. The Stockton Boulevard Redevelopment Project Area ("**Stockton Boulevard**"), which contains a total of approximately 925 acres, was originally formed in 1994 and is primarily composed of residential land uses, with areas of commercial development along major streets. Stockton Boulevard is a joint City/County project area and is located in the southern portion of the City bounded on the north by 14th Avenue and on the south 52nd Avenue. The land within Stockton Boulevard is substantially developed.

Major landowners in Stockton Boulevard include Stockton Plaza Partners, LLC (a real estate development company representing approximately 3% of the total assessed valuation of Stockton Boulevard) and EKG Investors (a real estate development company representing approximately 3% of the total assessed valuation of Stockton Boulevard).

Redevelopment Plan. The following table sets forth the redevelopment plan limits applicable to Stockton Boulevard. See the "Financial and Time Limits" set forth in Appendix A for detailed historical information with respect to the below limits.

STOCKTON BOULEVARD REDEVELOPMENT PROJECT AREA
Plan Limits[1]

Incur Debt	*Plan Term*	*Receive Tax Increment*	*Tax Increment Limit*[2]	*Bonded Debt Limit*
06/15/2014	06/15/2027	06/15/2042	None	$43,000,000

(1) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(2) The tax increment dollar limit shown applies to gross tax increment revenues.

Redevelopment Plan Limitations. The redevelopment plan for Stockton Boulevard is not subject to a cumulative tax increment limit.

See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for a discussion of SB 107. If signed by the Governor, SB 107 would amend certain Redevelopment Law provisions relating to plan limits.

Tax Sharing Obligations.

No Pass-Through Agreements. There are no negotiated Pass-Through Agreements applicable to Stockton Boulevard.

Statutory Pass-Through Amounts. Stockton Boulevard is subject to statutory tax sharing under AB 1290. See the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits." Statutory Pass-Through Amounts are payable on a senior basis to the payment of debt service on the Bonds. See the captions "SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

TAX REVENUES

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

Projected Tax Revenues

The Agency has retained the Fiscal Consultant to provide projections of taxable valuation and Tax Revenues from developments in the Project Areas. The below projections reflect the existing redevelopment plan limitations for the Project Areas described under the caption "THE PROJECT AREAS." Table 7 below assumes approximately 2% growth per annum in tax increment revenues beginning in Fiscal Year 2016-17 through the maturity of the Bonds.

Growth has also been assumed for new development activity that is currently under construction and recent changes of ownership. Current development activity includes a new entertainment and sports complex under construction in Merged Downtown. The complex will consist of a 779,000 square foot, 17,500 seat capacity indoor arena and practice court facility that will house the Sacramento Kings basketball franchise. The complex is scheduled to open in September 2016. See Section F of Appendix A for further information with respect to the complex and other development activity. See also the caption "RISK FACTORS—Development Risks" for a discussion of the risks associated with new developments.

At assumed growth rates of 2% per annum, none of the Project Areas are projected to reach their cumulative tax increment limits before maturity of the Bonds. However, the time limits to receive tax increment revenues will elapse before the maturity of the Bonds for certain Project Areas or sub-areas. See the caption "THE PROJECT AREAS."

If all pending assessed valuation appeals in the Project Areas are granted and assessed valuations reduced by the historical average percentage (17%) reduction of the full amount that the appellants seek (approximately $186.6 million), taxable values in the Project Areas would be reduced by approximately $31.7 million. Table 7 below assumes such reductions in taxable values for the Fiscal Year 2016-17 tax roll. See the caption "PROPERTY TAXATION IN CALIFORNIA—Proposition 8."

The Agency believes that the assumptions (set forth in the footnotes below and in Appendix A) upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur. See the caption "RISK FACTORS." Therefore, the actual Tax Revenues received during the forecast period may vary from the projections and the variations may be material. A summary of the projected total taxable valuation and Tax Revenues for all Project Areas is set forth in the below table:

Table 6
Estimated Fiscal Year 2015-16 Tax Increment[1]

	Merged Downtown	*Alkali Flat*	*Army Depot*	*Del Paso Heights*	*Franklin Boulevard*	*North Sacramento*	*Oak Park*	*Railyards*	*River District*	*65th Street*	*Stockton Boulevard*	*Total*[7]
Secured												
Land and Improvements	$ 2,474,529,234	$ 150,217,592	$ 925,168,714	$ 360,233,193	$ 519,713,489	$ 548,865,140	$ 800,816,848	$ 71,307,350	$ 400,457,690	$ 318,285,285	$ 443,524,698	$ 7,013,119,233
Personal Property	28,792,520	3,198,993	3,614,567	377,412	2,331,063	10,351,571	145,247	0	20,933,603	8,495,855	453,978	78,694,809
Gross Secured	2,503,321,754	153,416,585	928,783,281	360,610,605	522,044,552	559,216,711	800,962,095	71,307,350	421,391,293	326,781,140	443,978,676	7,091,814,042
Less: Exemptions	63,103,815	29,920,591	18,553,381	37,652,741	42,108,251	32,761,498	291,553,261	3,391,900	10,846,988	58,076,597	55,363,887	643,332,910
Total Secured	2,440,217,939	123,495,994	910,229,900	322,957,864	479,936,301	526,455,213	509,408,834	67,915,450	410,544,305	268,704,543	388,614,789	6,448,481,132
SBE Total Value	73,348	0	942,865	1,392	0	0	0	0	4,779,048	49,005	0	5,845,658
Unsecured												
Land and Improvements	52,676,799	1,634,636	63,825,488	1,598,922	17,170,742	13,207,490	29,004,645	7,685,175	21,701,177	6,352,462	7,904,566	222,762,102
Personal Property	77,485,173	1,565,035	46,265,770	11,070,757	15,493,527	23,024,782	28,108,851	4,350,288	16,054,182	11,585,117	8,542,160	243,545,642
Gross Unsecured	130,161,972	3,199,671	110,091,258	12,669,679	32,664,269	36,232,272	57,113,496	12,035,463	37,755,359	17,937,579	16,446,726	466,307,744
Less: Exemptions	6,666,568	456,378	1,517,166	100,339	2,195,179	354,452	33,636,956	1,128,651	574,149	4,200,995	929,993	51,760,826
Total Unsecured	123,495,404	2,743,293	108,574,092	12,569,340	30,469,090	35,877,820	23,476,540	10,906,812	37,181,210	13,736,584	15,516,733	414,546,918
Total Values[2]	**$ 2,563,786,691**	**$ 126,239,287**	**$1,019,746,857**	**$ 335,528,596**	**$ 510,405,391**	**$ 562,333,033**	**$ 532,885,374**	**$ 78,822,262**	**$ 452,504,563**	**$ 282,490,132**	**$ 404,131,522**	**$ 6,868,873,708**
Less: Base Year Value	190,821,456	13,594,172	669,726,850	27,058,638	354,324,447	290,861,186	60,326,228	54,805,723	281,976,802	151,473,728	215,204,917	2,310,174,147
Incremental Value	**$ 2,372,965,235**	**$ 112,645,115**	**$ 350,020,007**	**$ 308,469,958**	**$ 156,080,944**	**$ 271,471,847**	**$ 472,559,146**	**$ 24,016,539**	**$ 170,527,761**	**$ 131,016,404**	**$ 188,926,605**	**$ 4,558,699,561**
Tax Increment Revenue[3]	23,729,652	1,126,451	3,500,200	3,084,700	1,559,020	2,714,718	4,725,591	240,165	1,705,278	1,310,164	1,889,266	45,585,207
Unitary Revenue[4]	1,693,729	23,331	4,915	36,373	6,769	7,070	75,865	0	3,530	1,490	4,205	1,857,277
Total Tax Increment Revenues	**$ 25,423,381**	**$ 1,149,782**	**$ 3,505,115**	**$ 3,121,073**	**$ 1,565,789**	**$ 2,721,788**	**$ 4,801,456**	**$ 240,165**	**$ 1,708,808**	**$ 1,311,654**	**$ 1,893,471**	**$ 47,442,484**
Adjustments / Liens on Revenue												
Property Tax Administrative Charge[5]	361,666	16,357	49,862	44,399	13,253	38,719	68,304	3,416	24,399	18,659	26,936	665,971
Estimated Refunds	367,000	0	0	0	0	104,000	0	0	0	74,663	0	545,663
Statutory Tax Sharing Payments[6]	1,520,009	56,056	701,023	388,628	0	0	587,590	47,350	161,057	262,331	407,886	4,131,929
Senior Bond Obligations	11,395,000	0	243,864	0	0	583,988	0	0	228,219	303,142	294,326	13,048,539
Other Senior Obligations	312,942	460,033	0	307,344	0	0	0	0	0	0	0	1,080,319
Tax Revenues	**$ 11,466,764**	**$ 617,337**	**$ 2,510,366**	**$ 2,380,701**	**$ 1,552,536**	**$ 1,995,081**	**$ 4,145,563**	**$ 189,399**	**$ 1,295,133**	**$ 652,859**	**$ 1,164,323**	**$ 27,970,062**
% of Total Tax Revenues	41%	2%	9%	9%	6%	7%	15%	1%	5%	2%	4%	100%

(1) Based on Fiscal Year 2015-16 taxable value information in County records.
(2) Excludes the taxable value of a portion of the Merged Downtown Redevelopment Project Area Capitol Mall Riverfront Redevelopment Project 4 (known as Project 4A – Amendment Area) that is below its base year value. See the caption "THE PROJECT AREAS—The Merged Downtown Redevelopment Project Area."
(3) Calculated based on the application of the 1% *ad valorem* tax rate. See the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIIIA of the State Constitution."
(4) Based on estimated Fiscal Year 2014-15 unitary revenue provided by the County.
(5) Estimated at 1.42% of total Tax Revenues. See the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs."
(6) Reflects Statutory Pass-Through Amounts. See the caption "SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing."
(7) Totals may not add due to rounding.
Source: Fiscal Consultant.

As described under the caption "THE PROJECT AREAS," the final date to collect tax increment revenues for certain Project Areas or portions thereof will occur prior to the maturity of the Bonds.

Table 7
Projected Tax Revenues (2% Growth/New Development Assumption in Tax Increment Revenues)
(Dollars in Thousands)

Fiscal Year	*Real Property*[1]	*New Development*[2]	*Other Property*[3]	*Total Value*	*Incremental Value Over Base*	*Tax Increment*[4]	*Unitary Revenue*[5]	*Total Tax Increment Revenue*	*Property Tax Administrative Fee*[6]	*Estimated Refunds*	*Statutory Pass-Through Amounts*[7]	*Senior Bond Obligations*[8]	*Other Senior Obligations*[8]	*Tax Revenues*
2015-16	$6,592,548	$ N/A	$276,325	$6,868,874	$4,558,521	$ 45,585	$ 1,857	$ 47,442	$ 666	$ 546	$ 4,132	$ 13,049	$ 1,080	$ 27,970
2016-17	6,680,699	253,166	276,325	6,957,024	4,899,837	48,998	1,857	50,856	714	0	5,286	13,048	1,037	30,770
2017-18	7,038,338	230,931	276,325	7,314,664	5,235,241	52,352	1,857	54,210	762	0	6,484	1,676	1,042	44,246
2018-19	7,414,654	0	276,325	7,690,980	5,380,627	53,806	1,857	55,664	782	0	6,923	11,695	945	35,319
2019-20	7,562,948	0	276,325	7,839,273	5,528,920	55,289	1,857	57,146	802	0	7,391	1,933	948	46,072
2020-21	7,714,207	0	276,325	7,990,532	5,680,179	56,802	1,857	58,659	823	0	7,869	19,383	953	29,631
2021-22	7,868,491	0	276,325	8,144,816	5,834,463	58,345	1,857	60,202	845	0	8,364	19,538	957	30,498
2022-23	8,025,860	0	276,325	8,302,186	5,991,833	59,918	1,857	61,776	866	0	8,870	18,614	961	32,465
2023-24	8,186,378	0	276,325	8,462,703	6,152,350	61,523	1,857	63,381	889	0	9,419	18,363	966	33,744
2024-25[9]	8,207,733	0	272,018	8,479,750	6,182,991	61,830	1,834	63,664	892	0	9,866	20,671	487	31,748
2025-26[9]	7,730,318	0	277,400	8,007,719	5,771,286	57,713	1,758	59,471	832	0	9,480	18,361	313	30,485
2026-27	7,884,925	0	277,400	8,162,325	5,925,893	59,259	1,758	61,017	853	0	10,032	18,365	313	31,454
2027-28	8,042,623	0	277,400	8,320,024	6,083,591	60,836	1,758	62,594	875	0	10,594	18,360	313	32,451
2028-29	8,203,476	0	277,400	8,480,876	6,244,444	62,444	1,758	64,203	897	0	11,171	18,360	313	33,462
2029-30	8,367,545	0	277,400	8,644,946	6,408,513	64,085	1,758	65,843	919	0	11,760	18,361	313	34,489
2030-31	8,534,896	0	277,400	8,812,297	6,575,864	65,759	1,758	67,517	943	0	12,361	15,980	313	37,920
2031-32[9]	6,982,585	0	240,812	7,223,397	5,023,974	50,240	1,758	51,998	721	0	9,152	8,361	313	33,450
2032-33[9]	6,668,555	0	229,463	6,898,018	4,725,653	47,257	1,722	48,978	677	0	8,833	8,121	0	31,346
2033-34	6,801,926	0	229,463	7,031,389	4,859,024	48,590	1,722	50,312	696	0	9,277	7,330	0	33,009
2034-35	6,937,965	0	229,463	7,167,428	4,995,063	49,951	1,722	51,672	714	0	9,730	1,532	0	39,697
2035-36[9]	4,617,773	0	166,367	4,784,140	2,765,587	27,656	28	27,684	372	0	6,308	1,129	0	19,875

(1) Reflects assessed valuations for Fiscal Year 2015-16, increasing by 2% per annum thereafter. The values for Fiscal Year 2016-17 have also been reduced for pending tax valuation appeals. See Table 5 in Appendix A for information with respect to pending appeals.
(2) See Table 9 in Appendix A for information with respect to pending developments.
(3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
(4) Based on the application of 1% *ad valorem* tax rates to the total incremental taxable value. See the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIIIA of the State Constitution."
(5) Reflects unitary revenues for Fiscal Year 2014-15, as reported by the County, declining beginning in Fiscal Year 2024-25.
(6) Estimated at 1.42% of total tax increment revenues. See the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs."
(7) Reflects Statutory Pass-Through Amounts. See the caption "SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing."
(8) Reflects debt service on Senior Obligations after the refunding of the Defeased Obligations. See the captions "REFUNDING PLAN" and "SECURITY FOR THE BONDS—Senior Obligations."
(9) Final Fiscal Year to collect tax increment: (i) Alkali Flat – Fiscal Year 2023-24; (ii) Oak Park – Fiscal Year 2024-25; (iii) Merged Downtown (except Uptown Development Redevelopment Project) – Fiscal Year 2030-31; (iv) Merged Downtown Uptown Development Redevelopment Project 8 – Fiscal Year 2034-35; and (v) Del Paso Heights – Fiscal Year 2031-32. See the caption "RISK FACTORS—State Budget Issues—Other Legislation" for a discussion of SB 107, which if enacted would amend the Dissolution Act to provide that the time limits for receiving property tax revenues by the Agency are not effective for purposes of paying the Agency's enforceable obligations.

Source: Fiscal Consultant.

Table 8
Projected Tax Revenues (2% Growth/New Development Assumption in Tax Increment Revenues) by Project Area
(Dollars in Thousands)

Fiscal Year	*Merged Downtown*	*Alkali Flat*	*Army Depot*	*Del Paso Heights*	*Franklin Boulevard*	*North Sacramento*	*Oak Park*	*Railyards*	*River District*	*65th Street*	*Stockton Boulevard*	*Total*[1]
2015-16	$ 11,467	$ 617	$ 2,510	$ 2,381	$ 1,553	$ 1,995	$ 4,146	$ 189	$ 1,295	$ 653	$ 1,164	$ 27,970
2016-17	13,601	626	2,659	2,424	1,644	2,150	4,203	173	1,347	735	1,208	30,770
2017-18	26,759	621	2,785	2,476	1,644	2,147	4,203	184	1,422	767	1,236	44,246
2018-19	17,209	636	2,917	2,529	1,744	2,239	4,271	196	1,495	800	1,283	35,319
2019-20	27,614	651	3,048	2,298	1,846	2,321	4,340	205	1,564	829	1,356	46,072
2020-21	12,186	666	3,183	1,868	1,950	2,400	3,260	214	1,635	864	1,405	29,631
2021-22	12,581	681	3,318	1,924	2,056	2,481	3,332	224	1,697	900	1,304	30,498
2022-23	12,984	697	3,459	1,732	2,165	2,570	4,555	233	1,762	932	1,377	32,465
2023-24	13,395	712	3,593	2,036	2,255	2,655	4,630	243	1,830	965	1,431	33,744
2024-25	13,814	0	3,725	2,082	2,348	2,743	2,396	253	1,896	1,005	1,485	31,748
2025-26	14,418	0	3,860	2,130	2,434	2,833	0	263	1,964	1,041	1,541	30,485
2026-27	14,856	0	3,999	2,179	2,518	2,920	0	273	2,035	1,078	1,596	31,454
2027-28	15,303	0	4,141	2,229	2,604	3,015	0	284	2,106	1,116	1,652	32,451
2028-29	15,759	0	4,286	2,280	2,692	3,108	0	295	2,178	1,156	1,709	33,462
2029-30	16,224	0	4,430	2,331	2,782	3,209	0	306	2,249	1,192	1,767	34,489
2030-31	18,308	0	4,578	3,154	2,873	3,307	0	317	2,322	1,235	1,827	37,920
2031-32	13,258	0	4,729	3,198	2,966	3,408	0	328	2,397	1,279	1,887	33,450
2032-33	13,573	0	4,884	0	3,061	3,511	0	340	2,474	1,320	2,184	31,346
2033-34	14,682	0	5,043	0	3,158	3,613	0	352	2,553	1,362	2,246	33,009
2034-35	20,801	0	5,203	0	3,256	3,723	0	364	2,632	1,406	2,311	39,697
2035-36	0	0	5,367	0	3,357	4,052	0	376	2,713	1,452	2,558	19,875
Cumulative Total[1]	$ 318,793	$ 5,908	$ 81,718	$ 39,252	$ 50,907	$ 60,400	$ 39,335	$ 5,611	$ 41,567	$ 22,084	$ 34,526	$ 700,102
Percent of Total[1]	46%	1%	12%	6%	7%	9%	6%	1%	6%	3%	5%	100%

[1] Totals may not add due to rounding.
Source: Fiscal Consultant.

Debt Service Coverage

Set forth below is the estimated debt service coverage for the Bonds using Fiscal Year 2015-16 Tax Revenues assuming approximately 2% growth per annum in tax increment revenues beginning in Fiscal Year 2016-17 through maturity.

Table 9
Estimated All-In Debt Service Coverage (Senior Obligations and Bonds)
(Dollars in Thousands)

Fiscal Year	*Tax Increment Revenues Before Senior Obligations*	*Senior Bond Obligations*	*Other Senior Obligations*	*Tax Revenues*	*2015 Bonds*	*All-In Coverage*[1]
2015-16	$ 42,099	$ 13,049	$ 1,080	$ 27,970	$ 14,068	1.49x
2016-17	44,855	13,048	1,037	30,770	14,185	1.59x
2017-18	46,964	1,676	1,042	44,246	22,413	1.87x
2018-19	47,959	11,695	945	35,319	13,347	1.85x
2019-20	48,953	1,933	948	46,072	22,166	1.95x
2020-21	49,967	19,383	953	29,631	4,287	2.03x
2021-22	50,993	19,538	957	30,498	4,085	2.07x
2022-23	52,039	18,614	961	32,465	4,267	2.18x
2023-24	53,073	18,363	966	33,744	4,459	2.23x
2024-25	52,906	20,671	487	31,748	2,414	2.24x
2025-26	49,159	18,361	313	30,485	2,408	2.33x
2026-27	50,132	18,365	313	31,454	2,413	2.38x
2027-28	51,125	18,360	313	32,451	2,596	2.40x
2028-29	52,135	18,360	313	33,462	2,596	2.45x
2029-30	53,164	18,361	313	34,489	2,188	2.55x
2030-31	54,213	15,980	313	37,920	3,035	2.80x
2031-32	42,125	8,361	313	33,450	3,876	3.36x
2032-33	39,468	8,121	0	31,346	3,559	3.38x
2033-34	40,339	7,330	0	33,009	3,720	3.65x
2034-35	41,228	1,532	0	39,697	525	20.05x
2035-36	21,004	1,129	0	19,875	530	12.66x
TOTAL	$983,900	$272,230	$11,567	$700,101	$133,137	

[1] Tax Increment Revenues Before Senior Obligations divided by the sum of debt service on Senior Bond Obligations, Other Senior Obligations, and 2015 Bonds.
Sources: Agency; Stifel, Nicolaus & Company, Incorporated.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

The various legal opinions to be delivered concurrently with the issuance of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

Plan Limits

Merged Downtown, Alkali Flat, Del Paso Heights, Franklin Boulevard, North Sacramento, Oak Park and River District are subject to time period limits on the receipt of tax increment revenues. For certain areas within such Project Areas, the last date to receive tax increment revenues occurs before the maturity of the Bonds. Bonds that mature after such date will not be secured by tax increment revenues derived from areas within such Project Areas for which the time period to receive tax increment revenues has passed.

Additionally, certain Project Areas (or sub-areas therein) have cumulative limits on the amount of tax increment revenues that can be allocated to the Agency under the respective redevelopment plans. Based on the inflationary assumptions used, the Fiscal Consultant does not project that any of the cumulative tax increment limits will be reached before the final maturity of the Bonds. However, as described under the caption "THE PROJECT AREAS," certain cumulative tax increment limits may be reached if growth rates are in excess of those assumed by the Fiscal Consultant.

See the captions "THE PROJECT AREAS—The Merged Downtown Redevelopment Project Area—General," "THE PROJECT AREAS—The Alkali Flat Redevelopment Project Area—General," "THE PROJECT AREAS—The Del Paso Heights Redevelopment Project Area—General," "THE PROJECT AREAS—The Franklin Boulevard Redevelopment Project Area—General," "THE PROJECT AREAS—The North Sacramento Redevelopment Project Area—General," "THE PROJECT AREAS—The Oak Park Redevelopment Project Area—General" and "THE PROJECT AREAS—The River District Redevelopment Project Area—General."

The Agency currently estimates that it will have sufficient tax increment revenues to pay the principal of and interest on the Bonds. However, there can be no assurance that the actual amount of tax increment revenues received will be as set forth in the Agency's projections. See the caption "TAX REVENUES" and Appendix A.

Reduction in Taxable Value

Tax Revenues allocated to the RPTTF are determined by the amount of incremental taxable value in the Project Areas and the current rate or rates at which property in the Project Areas is taxed. The reduction of taxable values of property in the Project Areas caused by economic factors beyond the Agency's control, such as relocation out of the Project Areas by one or more major 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, flood, drought, windstorm, wildfire or other natural disaster, could cause a reduction in the Tax Revenues that provide for the repayment of and secure the Bonds. Such reduction in Tax Revenues could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the Bonds.

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

In addition to the other limitations on and required application under the Dissolution Act of Tax Revenues on deposit in the RPTTF, as described in this Official Statement, the State electorate or State Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Tax Revenues allocated to the RPTTF and available to the Agency. Although the federal and State Constitutions include clauses generally prohibiting the State Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or State 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 Bonds.

Risks to Real Estate Market

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

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

Reduction in Inflation Rate

Article XIIIA of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the rate of inflation, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIIIA was approved, the annual adjustment for inflation has fallen below the 2% limitation several times, and in Fiscal Year 2010-11 the inflationary value adjustment was negative for the first time at -0.237%. In Fiscal Year 2011-12, the inflationary value adjustment was 0.753%, which also is below the 2% limitation.

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

Development Risks

Although the majority of the Project Areas are substantially developed, there remain undeveloped areas within certain Project Areas, particularly within the Railyards and 65th Street Redevelopment Project Areas. See Table 2 under the caption "THE PROJECT AREAS—General" and the captions "THE PROJECT AREAS—The Railyards Redevelopment Project Area—General" and "THE PROJECT AREAS—The 65th Street Redevelopment Project Area—General." Section F of Appendix A also includes a discussion of the entertainment and sports complex under construction in Merged Downtown and other significant new developments that are currently under construction within the Project Areas.

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

The projected Tax Revenues set forth in the Fiscal Consultant Report and under the caption "TAX REVENUES" include projections of Tax Revenues from developments that are currently under construction, but do not assume other future development within the Project Areas.

Levy and Collection of Taxes

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

Likewise, delinquencies in the payment of property taxes by the owners of land in the Project Areas, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Agency's ability to make timely payments on the Bonds. As discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Delinquencies," under its current policies, the County Auditor-Controller distributes 100% of secured tax increment revenues allocated to each redevelopment successor agency in the County without regard to delinquencies in the payment of property taxes. However, there can be no assurance that such policies will not be changed in the future. Any reduction in Tax Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the Agency's ability to pay the principal of and interest on the Bonds.

State Budget Issues

AB X1 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its fiscal years 2011-12 and 2012-13, respectively, as efforts to address structural deficits in the State general fund budget. In general terms, these bills implemented a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (then projected savings of $1.5 billion). There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Tax Revenues.

Budget for State Fiscal Year 2015-16. Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the DOF, http://www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Legislative Analyst's Office (the "**LAO**") at http://www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, http://www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and the City can take no responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

On June 24, 2015, the Governor signed into law the State budget for fiscal year 2015-16 (the "**2015-16 Budget**"). The following information is drawn from the DOF's summary of the 2015-16 Budget, as well as a summary prepared by the LAO. The City can take no responsibility for the accuracy, completeness or timeliness of information in such summaries.

For fiscal year 2014-15, the 2015-16 Budget projects total State general fund revenues of approximately $111.3 billion and total State general fund expenditures of approximately $114.5 billion. The 2015-16 Budget projects that the State will end fiscal year 2014-15 with a general fund ending balance of approximately $2.4 billion and total reserves of approximately $3 billion (including approximately $1.5 billion in the traditional general reserve and approximately $1.6 billion in the Budget Stabilization Account (the "**BSA**"), the State's basic reserve fund). For fiscal year 2015-16, the 2015-16 Budget projects total State general fund revenues of approximately $115 billion and total expenditures of approximately $115.4 billion, leaving the State with a year-end general fund balance of approximately $2 billion. The 2015-16 Budget projects total year-end reserves of approximately $4.6 billion, including approximately $1.1 billion in the traditional general fund reserve and approximately $3.5 billion in the BSA.

As a result of the elimination of redevelopment agencies, the 2015-16 Budget anticipates that in State fiscal years 2014-15 and 2015-16 combined, cities will receive approximately $580 million, counties will receive approximately $660 million, and special districts will receive approximately $200 million.

The Governor's Budget Summary for the Proposed Budget (the "**2015-16 Proposed Budget Summary**"), which was released in January 2015, cautioned that, since 2000, the State's short periods of balanced budgets have been followed by massive budget shortfalls. The 2015-16 Proposed Budget Summary also noted that commitments made by the State in the past two years are already straining the State's finances. Under a projection of current policies, the 2015-16 Proposed Budget Summary anticipated that the State would begin to spend more than it receives in annual revenues by State fiscal year 2018-19, by an amount of approximately $1 billion. The Agency cannot predict whether the State will take steps, in response to a future budget shortfall, which would result in a reduction in the amount of Tax Revenues available to the Agency. The State budget will be affected by national and State economic conditions and other factors over which the Agency will have no control. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the City.

For additional information regarding the 2015-16 Budget, see the DOF website at www.dof.ca.gov. The information presented on such website is not incorporated herein by reference.

Other Legislation. With respect to redevelopment, the Governor proposed a redevelopment trailer bill when the fiscal year 2015-16 budget was proposed. On September 11, 2015, a version of the bill was adopted by the State Legislature as SB 107 and delivered to the Governor for signature. As of the time of posting of this Official Statement, SB 107 had not yet been signed by the Governor. SB 107 includes the following amendments to the Dissolution Act, among others: (1) redevelopment successor agencies that enter into a written agreement with the DOF to remit unencumbered cash to the county auditor-controller will receive a Finding of Completion, which provides successor agencies with additional fiscal tools and reduced State oversight; (2) successor agencies that have a "Last and Final" ROPS (as discussed below) may expend a portion of proceeds of bonds issued in 2011, which proceeds are currently frozen; (3) pension or State Water Project override revenues that are not pledged to or not needed for redevelopment bond debt service will be returned to the entity that levies the override; (4) agreements relating to State highway improvements and money loaned to successor agencies to pay costs associated with redevelopment dissolution litigation will be considered enforceable obligations; and (5) reentered agreements entered into after the passage of AB 1484 are unenforceable unless entered into for the purpose of providing administrative support. SB 107 would also (a) delay the assumption of the oversight board's functions by a county oversight board until July 1, 2018; (b) require the preparation of a ROPS process once a year beginning with the ROPS Period that commences on July 1, 2016 (rather than twice a year under current law); (c) establish an optional "Last and Final" ROPS process beginning in September 2015; and (d) clarify that former tax increment caps and plan limits do not apply for the purposes of paying approved enforceable obligations.

If SB 107 is signed by the Governor, the "Last and Final" ROPS procedure would be available only to successor agencies that have a Finding of Completion and DOF concurrence as to the items that qualify for payment, among other conditions. The Last and Final ROPS would be binding on all parties and the successor agency would no longer submit a periodic ROPS. The county auditor-controller would 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. SB 107 provides that a Last and Final ROPS could only be amended twice, and only with DOF and county auditor-controller approval. If SB 107 is signed by the Governor and the Agency elects to prepare a Last and Final ROPS that is subsequently amended twice, it is possible that the Last and Final ROPS would not provide sufficient moneys to make unexpected or unscheduled reserve deposits or payments due to BAM or other bond insurers on Agency enforceable obligations. The Agency has covenanted in the Indenture not to approve or submit for approval by the Oversight Board or the DOF a ROPS covering multiple ROPS Periods or any Last and Final ROPS without BAM's consent. See Appendix B under the caption "COVENANTS OF THE SUCCESSOR AGENCY—Compliance with the Dissolution Law."

There can be no assurance that SB 107 will be signed by the Governor or, if signed by the Governor, that the Agency would elect to submit a Last and Final ROPS. Further, there can be no assurance that additional legislation will not be enacted in the future that may affect successor agencies or tax increment revenues, including Tax Revenues.

The full text of each bill cited above may be obtained from the "Official California Legislative Information" website maintained by the Legislative Counsel of the State of California in accordance with State law, at the following web link: http://www.leginfo.ca.gov/bilinfo.html.

Certain litigation is challenging some of the terms of the Dissolution Act, and it is anticipated that there will be additional future legislation in this area. The Agency cannot predict what measures may be proposed or implemented for the current fiscal year or in the future.

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

Recognized Obligation Payment Schedule

The Dissolution Act provides that, commencing on the date that the first ROPS is valid thereunder, only those obligations listed in the ROPS may be paid by the Agency from the funds specified in the ROPS. Before each ROPS Period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a ROPS in which enforceable obligations (as described under the caption "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule") of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be distributed from the RPTTF by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective ROPS obtained in sufficient time before the January 2 or June 1 distribution dates, as applicable. See the captions "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Recognized Obligation Payment Schedule." If the Agency were to fail to file a ROPS with respect to a ROPS Period, the availability of Tax Revenues to the Agency could be adversely affected for such period.

Under current law, on and after July 1, 2016, the oversight board's functions will be assumed by a county oversight board established by Section 34179(j) of Dissolution Act. If signed by the Governor, SB 107 (discussed under the caption "—State Budget Issues—Other Legislation) would delay the assumption of the oversight board's functions by a county oversight board until July 1, 2018. There can be no assurance that SB 107 will be signed by the Governor.

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

Typically, under the RPTTF distribution provisions of the Dissolution Act, county auditor-controllers distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act:

(a) *First*, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (as described under the caption "SECURITY FOR THE BONDS—Tax Increment Financing") and no later than each January 2 and June 1, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments that such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including pass-through payments required by any senior Pass-Through Agreements (of which the Agency has none) and Statutory Pass-Through Amounts.

(b) *Second*, on each January 2 and June 1, to the Agency for payments listed in its ROPS, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the ROPS.

(c) *Third*, on each January 2 and June 1, to the Agency for the administrative cost allowance, as defined in the Dissolution Act.

(d) *Fourth*, on each January 2 and June 1, to taxing entities any moneys remaining in the RPTTF after the payments and transfers authorized by clauses (a) through (c), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in such fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

If the Agency does not submit an Oversight Board-approved ROPS within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations, *and* if the DOF does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, then amounts in the RPTTF for such ROPS Period would be distributed to taxing entities in accordance with clause (d) above. However, the Agency has covenanted to take all actions required under the Dissolution Act to include on its ROPS for each ROPS Period all payments expected to be made to the Trustee in order to satisfy the requirements of the Indenture, including any amounts required to pay principal and interest payments due on the Outstanding Bonds, any deficiency in the Reserve Account of the Tax Increment Fund to the full amount of the Reserve Account Requirement, and any Compliance Costs (as such term is defined in Appendix B) so as to enable the County Auditor-Controller to distribute from the RPTTF to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1, amounts required for the Agency to pay principal of, and interest on, the Bonds and to meet all of its other obligations coming due in the respective ROPS Period. These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and the DOF, the amounts to be held by the Agency as a reserve until the next ROPS Period, as contemplated by Section 34171(d)(1)(A) of the Dissolution Act, that are necessary to provide for the payment of principal and interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due in the following ROPS Period. In the event that the Dissolution Act is amended to provide for the filing of ROPS on an annual basis, the Agency will be obligated to include in each such ROPS the aggregate amount of principal of and interest on the Bonds. The Agency will include in its ROPS the amounts described in the Indenture to be transmitted to the Trustee for the applicable ROPS Period. The Agency will submit an Oversight Board-approved ROPS to the County Auditor-Controller and the DOF at least 90 days before each ROPS Period. See Appendix B.

AB 1484 also adds new provisions to the Dissolution Act implementing certain penalties if the Agency does not timely submit a ROPS. Specifically, a ROPS must be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller no later than 90 days before the date of the next ROPS Period. If the Agency does not submit an Oversight Board-approved ROPS by such deadline, the City will be subject to a civil penalty equal to $10,000 per day for every day that the schedule is not submitted to the DOF. Additionally, the Agency's administrative cost allowance is reduced by 25% if the Agency does not submit an Oversight Board-approved ROPS by the 80th day before the date of the next ROPS Period.

Santa Ana Unified School District Case

The California Court of Appeal, Fourth District (the "**Court of Appeal**") has rendered a decision in *Santa Ana Unified School District vs. Orange County Development Agency* (the "**Santa Ana USD Case**") which involves the allocation of tax increment revenues in accordance with Section 33676(a) of the Redevelopment Law as it existed before the passage of AB 1290 (which is discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits"). Generally, before AB 1290, Section 33676(a) provided that, before the adoption of a redevelopment plan (or an amendment adding territory to a project area), under certain conditions, "any affected taxing agency may elect, and every school and community college district shall elect, to be allocated all or any portion of the tax revenues" derived based on an annual adjustment of the base year assessed value of real properties in the project area (or the added territory). The words "every school and community college district shall elect" were added by a 1984 amendment. The amount of property taxes that a taxing entity may receive under the former Section 33676(a) is derived by increasing the base year value of taxable real property in the project area (or the added territory) by an inflationary factor of not greater than 2% per year (the "**2% Allocation**"). In effect, the 2% Allocation reduced the tax increment revenues that a redevelopment agency received from the project area (or, if applicable, an added area to the project area).

In the Santa Ana USD Case, the redevelopment plan at issue was adopted in 1986. In 1996, the Santa Ana Unified School District ("**Santa Ana USD**") adopted a resolution electing to be paid its share of the 2% Allocation. The Orange County Development Agency took the position that Santa Ana USD was not entitled to the 2% Allocation because the election to receive such allocation should have been made before the adoption of the redevelopment plan for the project area. In turn, Santa Ana USD argued that the mandatory nature of the words "shall elect" in the statute made the allocation mandatory with respect to a school district. The lower court ruled in favor of Santa Ana USD. In an opinion published on June 29, 2001, the Court of Appeal affirmed. As a result, Santa Ana USD received the award it had requested, i.e., its share of the 2% Allocation from 1996, the year that Santa Ana USD made the Section 33676 election. The State Supreme Court denied review of the Santa Ana USD Case on September 19, 2001. The case affects redevelopment agencies, such as the Agency, which amended or added territory between the years 1983 to 1994. For the Agency, the affected Project Areas are Franklin Boulevard, North Sacramento and River District. See the caption "THE PROJECT AREAS—The Franklin Boulevard Redevelopment Project Area," THE PROJECT AREAS—The North Sacramento Redevelopment Project Area" and "THE PROJECT AREAS—The River District Redevelopment Project Area." The Agency has entered into Pass-Through Agreements (in each case on a subordinate basis to payment of the Bonds) with the relevant school districts for each of these Project Areas and therefore does not believe that it will be impacted by the ruling in the Santa Ana USD Case in the future.

Bankruptcy and Foreclosure

The payment of the property taxes from which Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940 discussed below) or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings because federal bankruptcy laws may provide for an automatic stay of foreclosure and sale of tax sale proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds. Moreover, if the value of the subject property is less than the lien of property taxes, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws, payment of property taxes may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over property taxes in a bankruptcy proceeding even though they would not have priority outside of a bankruptcy proceeding.

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

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

As discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Delinquencies," under its current policies, the County Auditor-Controller distributes 100% of tax increment revenues allocated to each redevelopment successor agency without regard to delinquencies in the payment of property taxes. However, there can be no assurance that such policies will not be changed in the future.

Estimated Revenues

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

Hazardous Substances

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

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

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

As described under the captions "THE PROJECT AREAS—The Army Depot Redevelopment Project Area—General" and "THE PROJECT AREAS—The Railyards Redevelopment Project Area—General," the Army Depot sites contained, and the Railyards site contains, hazardous substances. The City and the Agency are unaware of the current plans, timeline or costs of remediation of the remaining toxic materials at the Railyards site, which is the responsibility of Union Pacific, and the City and the Agency are unable to make any representations with respect thereto. There can be no assurance that the presence of hazardous substances, or the discovery thereof after the issuance of the Bonds, will not have an effect on property values in the Project Areas.

Natural Disasters

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

The City, like most communities in California, is in an area of unpredictable seismic activity, and therefore, is subject to potentially destructive earthquakes. Faults capable of producing earthquakes strong enough to damage surface structures underlie much of the State in a manner that puts the State at some risk of earthquake damage. The occurrence of severe seismic activity in the City could result in substantial damage to property located in the Project Areas, and could lead to successful appeals for reduction in assessed values of such property. Such a reduction could result in a decrease in Tax Revenues.

The City has undertaken measures which include building inspection and enforcement of building codes.

The Federal Emergency Management Agency produces Flood Insurance Rate Maps that show which portions of the City are in a 100-year floodplain. A 100-year floodplain is an area expected to be inundated during a flood event of the magnitude for which there is a 1-in-100 probability of occurrence in any year. None of the Project Areas are in the 100-year floodplain. However, in the event of a flood within the Project Areas that causes damage to properties, there could be a reduction in the value of the properties therein, which could cause a decrease in Tax Revenues.

Changes in the Law

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

Investment Risk

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

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

Secondary Market

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

No Validation Proceeding Undertaken

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

The Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the Bonds. The Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the Bonds and specifying the related deadline for any challenge to the Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5, must be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such challenge period expired with respect to the Bonds and the Oversight Board Resolution on July 10, 2015.

It is possible that the definition of Tax Revenues could be affected by changes in law or judicial decisions relating to the dissolution of redevelopment agencies. The Indenture provides that if, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 of the Redevelopment Law are invalidated by judicial decision, then "Tax Revenues" will include all tax increment revenues allocated to the payment of indebtedness in accordance with Section 33670 of the Redevelopment 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 State Constitution; excluding moneys required to pay Senior Obligations payable during such period. Additionally, any action by a court to invalidate provisions of the Dissolution Act required for the timely payment of principal of, and interest on, the Bonds could be subject to issues regarding unconstitutional impairment of contracts and unconstitutional taking without just compensation. The Agency believes that the aforementioned considerations would provide some protections against the adverse consequences upon the Agency and the availability of Tax Revenues for the payment of debt service on the Bonds in the event of successful challenges to the Dissolution Act or portions thereof. However, the Agency provides no assurance that any other lawsuit challenging the Dissolution Act or portions thereof will not result in an outcome that may have a detrimental effect on the Agency's ability to timely pay debt service on the Bonds.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2015A Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the 2015A Bonds might be affected as a result of such an audit of the 2015A Bonds (or by an audit of similar municipal obligations).

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2015A Bonds, the City and the Agency have covenanted in the Indenture and the Tax Certificate relating to the 2015A Bonds not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the 2015A Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the 2015A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance, as a result of acts or omissions of the City or the Agency subsequent to the issuance of the 2015A Bonds in violation of such covenants with respect to the 2015A Bonds. Should such an event of taxability occur, the 2015A Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or unless earlier redeemed under the redemption provisions of the Indenture.

Bonds Are Limited Obligations

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

Limitations on Remedies

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

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

Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the Agency, may become subject to the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the federal Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against governmental entities in the State. See the caption "—Bankruptcy and Foreclosure."

Risks Associated with Bond Insurance

In the event that the Agency defaults in the payment of principal of or interest on the Insured Bonds when due, the owners of the Insured Bonds will have a claim under the Policy for such payments. See the caption "BOND INSURANCE." In the event that BAM becomes obligated to make payments with respect to the Insured Bonds, no assurance can be given that such event will not adversely affect the market for the Bonds. In the event that BAM is unable to make payment of principal of and interest on the Insured Bonds when due under the Policy, the Insured Bonds will be payable solely from Tax Revenues and amounts held in certain funds and accounts established under the Indenture, as described under the caption "SECURITY FOR THE BONDS."

The long-term rating on the Insured Bonds is dependent in part on the financial strength of BAM and its claims-paying ability. BAM's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. If the long-term ratings of BAM are lowered, such event could adversely affect the market for the Bonds. See the caption "RATINGS."

Neither the Agency nor the Underwriters have made an independent investigation of the claims-paying ability of BAM and no assurance or representation regarding the financial strength or projected financial strength of BAM is being made by the Agency or the Underwriters in this Official Statement. Therefore, when making an investment decision with respect to the Bonds, potential investors should carefully consider the ability of the Agency to pay principal and interest on the Bonds, assuming that the Policy is not available for that purpose, and the claims-paying ability of BAM through final maturity of the Insured Bonds.

So long as the Policy remains in effect and BAM is not in default of its obligations thereunder, BAM has certain notice, consent and other rights under the Indenture and will have the right to control all remedies for default under the Indenture. BAM is not required to obtain the consent of the Owners with respect to the exercise of remedies. See Appendix B.

TAX MATTERS

2015A Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2015A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "**Code**") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2015A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth as Appendix C hereto.

To the extent the issue price of any maturity of the 2015A Bonds is less than the amount to be paid at maturity of such 2015A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2015A Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2015A Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2015A Bonds is the first price at which a substantial amount of such maturity of the 2015A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2015A Bonds accrues daily over the term to maturity of such 2015A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2015A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2015A Bonds. Beneficial Owners of the 2015A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2015A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2015A Bonds in the original offering to the public at the first price at which a substantial amount of such 2015A Bonds is sold to the public.

2015A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("**Premium Bonds**") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2015A Bonds. The Agency has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2015A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2015A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2015A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2015A Bonds may adversely affect the value of, or the tax status of interest on, the 2015A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2015A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2015A Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2015A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the 2015A Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2015A Bonds. Prospective purchasers of the 2015A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

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

Bond Counsel's engagement with respect to the 2015A Bonds ends with the issuance of the 2015A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Agency or the Beneficial Owners regarding the tax-exempt status of the 2015A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Agency and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Agency legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2015A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2015A Bonds, and may cause the Agency or the Beneficial Owners to incur significant expense.

2015B Bonds

In the opinion of Bond Counsel, interest on the 2015B Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the 2015B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2015B Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix C hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the 2015B Bonds that acquire their 2015B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their 2015B Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (a) alternative minimum tax consequences, (b) the net investment income tax imposed under Section 1411 of the Code, or (c) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the 2015B Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their 2015B Bonds in the initial public offering for the issue price that is applicable to such 2015B Bonds (i.e., the price at which a substantial amount of the 2015B Bonds are sold to the public) and who will hold their 2015B Bonds as "capital assets" within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the 2015B Bonds other than investors that are U.S. Holders.

As used herein, "U.S. Holder" means a beneficial owner of a 2015B Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds 2015B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding 2015B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the 2015B Bonds (including their status as U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the 2015B Bonds in light of their particular circumstances.

U.S. Holders.

Interest. Interest on the 2015B Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the 2015B Bonds is less than the amount to be paid at maturity of such 2015B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2015B Bonds), the difference may constitute original issue discount ("**OID**"). U.S. Holders of 2015B Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

2015B Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a 2015B Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such 2015B Bond.

Sale or Other Taxable Disposition of the 2015B Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including through an offer by the Agency) or other disposition of a 2015B Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a 2015B Bond will recognize gain or loss equal to the difference between (a) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the 2015B Bond, which will be taxed in the manner described above) and (b) the U.S. Holder's adjusted U.S. federal income tax basis in the 2015B Bond (generally, the purchase price paid by the U.S. Holder for the 2015B Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such 2015B Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the 2015B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. Holder's holding period for the 2015B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

If the Agency defeases any 2015B Bond, such 2015B Bond may be deemed to be retired and "reissued" for federal income tax purposes as a result of the defeasance. In that event, in general, the beneficial owner of the 2015B Bond will recognize taxable gain or loss equal to the difference between the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the beneficial owner's adjusted U.S. federal income tax basis in the 2015B Bond.

Information Reporting and Backup Withholding. Payments on the 2015B Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the 2015B Bonds may be subject to backup withholding at the current rate of 28% with respect to "reportable payments," which include interest paid on the 2015B Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2015B Bonds. The payor will be required to deduct and withhold the prescribed amounts if (a) the payee fails to furnish a U.S. taxpayer identification number ("**TIN**") to the payor in the manner required, (b) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (c) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (d) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Foreign Account Tax Compliance Act ("FATCA").

Sections 1471 through 1474 of the Code, impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the 2015B Bonds and sales proceeds of 2015B Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and will apply to (a) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2016 and (b) certain "pass-thru" payments no earlier than January 1, 2017. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of 2015B Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of 2015B Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

CONCLUDING INFORMATION

Underwriting

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "**Representative**"), as representative of itself and Morgan Stanley & Co. LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Siebert Brandford Shank & Co., L.L.C. (collectively, the "**Underwriters**") in accordance with a Bond Purchase Agreement, dated September 10, 2015 (the "**Purchase Agreement**"), between the Representative and the Agency. The Underwriters have agreed to purchase the Bonds at a price of

$109,728,700.59 (being the aggregate principal amount thereof, plus a net original issue premium of $6,274,805.55 and less an Underwriters' discount of $596,104.96). The Purchase Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

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

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an Underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Siebert Brandford Shank & Co., L.L.C. ("**Siebert Brandford Shank**") has entered into an agreement with Credit Suisse Securities (USA) for the retail distribution of certain securities offerings, at the original issue prices. Under that agreement, if applicable to the Bonds, Credit Suisse Securities (USA) will purchase Bonds at the original issue price less the selling concession with respect to any Bonds that Credit Suisse Securities (USA) sells. Siebert Brandford Shank will share a portion of its underwriting compensation with Credit Suisse Securities (USA).

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

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

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

Financial Advisor

The Agency has retained First Southwest Company, LLC ("**FirstSouthwest**"), as financial advisor in connection with the issuance and sale of the Bonds. Although FirstSouthwest has assisted in the preparation of the Official Statement, FirstSouthwest is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement or any of the other legal documents, and further FirstSouthwest does not assume any responsibility for the information, covenants and representations with respect to the federal income tax status of the Bonds, or the possible impact of any current, pending or future actions taken by any legislative or judicial bodies or rating agencies.

Legal Matters

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Agency. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix C hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. In addition, certain legal matters will be passed on for the Underwriters by Jones Hall, A Professional Law Corporation, San Francisco, California, as Underwriters' Counsel, for the Agency by the Sacramento City Attorney, as counsel to the Agency, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, as Disclosure Counsel, and for the Trustee by its counsel. Certain legal matters will be passed on for BAM by its counsel.

Litigation

To the actual knowledge of the Agency, as of the date of this Official Statement the Agency has not been served with process in, or overtly threatened with, any litigation or administrative action that in any way seeks (a) to restrain or enjoin the issuance, execution, or delivery of the Bonds or the Indenture; or (b) to contest the validity of the Bonds or the Indenture or of any Agency proceeding with respect to the Bonds or the Indenture.

Legality for Investment in California

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

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

Ratings

S&P has assigned an underlying rating of "A" to the Bonds. S&P has also assigned the Insured Bonds the rating of "AA" based upon the delivery of the Policy by BAM at the time of issuance of the Insured Bonds. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds. The ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained from S&P.

The Agency makes no representation as to BAM's creditworthiness and no representation that BAM's credit rating will be maintained in the future. S&P has previously taken action to downgrade the ratings of certain municipal bond insurers and has published various releases outlining the processes that S&P intends to follow in evaluating the ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade or a downgrade. Potential investors are directed to S&P for additional information on S&P's evaluations of the financial guaranty industry and individual financial guarantors, including BAM. See the caption "BOND INSURANCE" for further information relating to BAM.

Continuing Disclosure

The Agency has covenanted in a Continuing Disclosure Certificate (the "**Continuing Disclosure Certificate**") for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Agency by April 1 following the end of the Agency's Fiscal Year (currently its Fiscal Year ends on June 30) (the "**Annual Report**"), commencing with the report for the Fiscal Year ending June 30, 2015, and to provide notices of the occurrence of certain enumerated events.

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

The Agency has not previously entered into a continuing-disclosure undertaking. The City Council is the legislative body of the City and has served as the governing board of the Agency since 2012. In that role, information regarding the City's compliance with its continuing disclosure undertakings is provided below. The City has previously entered into a number of continuing-disclosure undertakings under Rule 15c2-12 in connection with the issuance of long-term obligations and has provided annual financial information and event notices in accordance with those undertakings. During the past five years, the City substantially complied with the requirements of its continuing-disclosure undertakings with certain minor or technical exceptions. For example, in certain continuing-disclosure filings, the City provided links to the City's website where documents could be downloaded rather than submit the documents as part of the filing itself; with respect to certain bonds of the SCFA involving the SHRA, and also with respect to bonds of the SHRA itself, the posting of the SHRA's audited financial statements occurred after the due date, and certain filings related to the SCFA's bonds and the SHRA's bonds did not expressly include all of the required information (including, in one instance, unaudited financial statements). In addition, certain filings were made after the required filing dates. On one occasion, the City inadvertently failed to file a notice of an insurer-related rating change. The Agency believes that it has established processes to ensure that in the future it will make its continuing disclosure filings as required.

Miscellaneous

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

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

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

REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

By: /s/Russell T. Fehr
Russell T. Fehr, City Treasurer

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APPENDIX A

FISCAL CONSULTANT REPORT

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FISCAL CONSULTANT REPORT

Successor Agency to the Redevelopment Agency
of the City of Sacramento

September 2015

Section A - Introduction

The Successor Agency to the Redevelopment Agency of the City of Sacramento (Agency) is considering the issuance of Tax Allocation Refunding Bonds (Bonds). The Bonds will be secured by a pledge of a portion of the tax increment revenues that is deposited into the Redevelopment Property Tax Trust Fund (RPTTF or Trust Fund) from the following Redevelopment Project Areas: Merged Downtown; Alkali Flat; Del Paso Heights; Oak Park; River District; North Sacramento; Stockton Boulevard; Franklin Boulevard; Army Depot; 65th Street; and the Railyards. The pledge of tax increment on the Bonds will be subordinate to certain existing obligations as defined in the Indenture.

The purpose of this Fiscal Consultant Report (Report) is to provide in depth information about the tax increment revenues to be used to support repayment of the Bonds. The Report includes the following sections that address various aspects of the revenue streams:

A. **Introduction**: This section provides an overview of the Report and its purpose.
B. **Redevelopment Dissolution Act**: Includes a discussion of the Redevelopment Dissolution Act bills that are contained in AB 26 and AB 1484 (jointly the Dissolution Act).
C. **General Information**: Provides information on the Project Areas, including a general description of the Redevelopment Plans and the financial and time limits of each of the Project Areas. A brief description of the systems and procedures used by Sacramento County for the allocation of tax increment is also included in this section.
D. **Taxable Values and Historical Revenues**: Information in this section includes a description of the categories of taxable values, the Top Ten Assessees in the Project Area and the historical trends in values and revenues.
E. **Assessment Appeals**: The findings from a review of the records of the Sacramento County Assessor's Office are included in this section.
F. **Estimate of Current and Future Revenues**: This part of the report includes the tax increment projections for the Project Areas.
G. **Adjustments and Liens on Revenue**: This section provides information on and the estimated impact of adjustments and liens on the revenue stream.

The value and revenue estimates contained in this Report are based upon information and data which we believe to be reasonable and accurate. The assessment practices and county allocation procedures discussed in this Report are based on information provided by representatives of Sacramento County. Assessment practices and allocation procedures are set, in part, administratively and can be changed. Nothing came to our attention during this review to indicate changes are imminent. To a certain extent, the estimates of revenue are based on assumptions that are subject to a degree of uncertainty and variation and therefore we do not represent them as results that will actually be achieved. However, they have been conscientiously prepared on the basis of our experience in the field of financial analysis for redevelopment agencies.

Section B – Redevelopment Dissolution Act

In December 2011, the California Supreme Court issued its opinion in the case of *California Redevelopment Association, et al., v. Matosantos, et al.* The Court upheld the right of the state to dissolve redevelopment agencies pursuant to AB 26, which along with subsequent amendments pursuant to AB 1484 and other legislation, is referred to herein as the Dissolution Act. Based on modified time lines approved by the Court, all redevelopment agencies, including the Redevelopment Agency of the City of Sacramento (Former Agency) were dissolved effective February 1, 2012. The City of Sacramento has assumed the role of Successor Agency and is charged with winding down the affairs of the Former Agency and to make payments due on enforceable obligations, as defined in the Dissolution Act.

Under the Dissolution Act, tax increment is no longer deemed to flow to the Successor Agency. Rather, all funds are considered property taxes. The requirement to deposit a portion of the tax increment into a low and moderate income housing fund is no longer required. The Dissolution Act allows the Agency to issue refunding bonds so long as the refunding results in debt service savings. The Agency is authorized to pledge the property tax revenues that were formerly tax increment revenues to secure repayment of the refunded bonds.

The County Auditor-Controller is required to determine the amount of property taxes that would have been allocated to each redevelopment agency had the agency not been dissolved. All former tax increment monies go into the RPTTF which is controlled by the County Auditor-Controller. References in this report to tax increment mean property taxes that are deposited to the RPTTF.

The money in the RPTTF is used as follows:

1. Allocate to the County property tax administrative fees and other costs needed to implement the Dissolution Act.
2. Pay all pass-through payments to the taxing entities. The various Project Areas have obligations to make payments required from negotiated agreements pursuant to former Section 33401 of the Community Redevelopment Law (CRL) and also statutory payments per Section 33607.5 and 33607.7 of the CRL. The negotiated pass-through payments are subordinate to debt service on the Bonds, but the Dissolution Act has reordered this obligation so that it gets paid first. The Dissolution Act does provide that if there are insufficient funds to meet bond debt service payments, then the subordinate pass through

payments may be used to close any shortfalls. The Agency has not used this provision of the Dissolution Act to meet debt service payments in the past.
3. Pay obligations required per the Recognized Obligation Payment Schedule (ROPS), including debt service on the Bonds.
4. Pay the administrative allowance, which goes to the Successor Agency to be used to wind down the affairs of the Former Agency.
5. Distribute the balance to the taxing entities pursuant to Section 34183 and 34188 of the Dissolution Act.

The allocations from the Trust Fund take place in two six month installments in January and June of each year. The Successor Agency prepares a forward looking ROPS to cover the subsequent six month period. Once approved by the Oversight Board and DOF, the County Auditor-Controller releases the Trust Fund revenues to pay for the obligations on the ROPS. By way of illustration, funds released in January 2015 generally reflect property taxes that were collected through December 2014. The approved ROPS will cover costs that are paid during the period from January through June 2015. Any excess Trust Fund revenue not needed to meet the various obligations shown in items one through four above would be reallocated to the taxing entities. The six month allocation system in the Dissolution Act can cause a problem in meeting debt service payments unless an agency carefully manages its ROPS, since semi-annual debt service payment on the Bonds are uneven. Interest payments are due in the spring of each year and principal and interest payments are due in the fall.

As part of the Governor's budget for 2015-16, SB 107 has been passed by the Legislature. Among other changes, the bill would convert the ROPS to an annual process beginning July 1, 2016. As of the date of this report, SB 107 had not been signed by the Governor.

Section C - General Information

The Project Areas

The RPTTF includes deposits from eleven Project Areas that were adopted at various times between September 1955 (Project 2-A from the Merged Downtown Project Area) and May 2008 (the Railyards Project Area) . The Project Areas have been amended numerous times over the years. The chart that is included after the financial tables at the end of the Report includes a summary of the various amendments that have been processed to the Plans since the Merged Downtown Project Area was merged together in 1986. The Merged Downtown Project Area consists of Constituent Project Areas 2A, 3, 4 (including the amended portion referred to as 4A) and 8 and is the largest generator of tax increment.

A list of the eleven Project Areas and their relevant time and financial limits are shown below.

Financial and Time Limits

Project	Original Adoption	Acreage	Debt Repayment	15-16 Tax Inc.	% of Total	Tax Inc. Limit
Merged Downtown		430		$25,423,381	54%	$2,278,000,000
2A	9/13/1955		1/1/2032			
3	6/16/1960		1/1/2032			
4	8/25/1966		1/1/2032			
4A	6/17/1986		1/1/2032			
8	7/20/1972		7/20/2035			
Alkali Flat	2/10/1972	79	2/9/2025	1,149,782	2%	79,000,000
Del Paso Heights	5/12/1970	1,071	5/11/2033	3,121,073	7%	131,000,000
Oak Park	5/30/1970	1,305	5/30/2026	4,801,456	10%	172,000,000
River District	7/17/1990	1,368	7/30/2036	1,708,808	4%	535,000,000
River District – Amd.*	7/2/1996		7/2/2041			None Required
North Sacramento	6/30/1992	1,186	6/30/2038	2,721,788	6%	268,000,000
Franklin	12/14/1993	1,443	12/13/2038	1,565,789	3%	201,000,000
Stockton	5/17/1994	925	6/15/2042	1,893,471	4%	None Required
Army Depot	6/15/1995	1,290	6/15/2041	3,505,115	7%	None Required
Army Depot Amd.*	6/29/2004	1,527	6/29/2049			None Required
65th Street	6/29/2004	654	6/29/2049	1,311,654	3%	None Required
Railyards	5/1/2008	298	5/13/2053	240,165	1%	None Required
Total Tax Increment				47,442,484	100%	

* Total FY 15-16 Tax Increment Combined with Original Area

The combined Project Areas encompass over 11,000 acres. The Merged Downtown Project Area is located in the central business district of the City and contains tourist, commercial office, residential, and retail land uses and is adjacent to the state Capitol and other state office buildings. The other Project Areas are a mix of residential, commercial and industrial uses.

As shown above, those Redevelopment Plans that were adopted prior to January 1, 1994 contain a cumulative limit on the amount of tax increment the Agency can be allocated from each of those Project Areas. It is unclear whether, under the Dissolution Act, the tax increment limit is still in existence. Section 34182 (c) (1) of the Dissolution Act states that the amount of revenue previously received by redevelopment agencies prior to dissolution are deemed property tax revenues, which would support the idea that tax increment limits no longer exist, since there is no longer any tax increment being distributed to agencies. It is also unclear, if the limit is still in effect, what counts towards the limit, whether all former tax increment or only that portion which is received by the Agency to pay for enforceable obligations. If it is assumed that all tax increment continues to be subject to the limit, then the Agency has received the amounts shown in the table below for each of the Project Areas through 2014-15. The table also shows the growth that would be needed to reach the tax increment limit in each Project Area before the Bonds mature, assuming the cumulative limit is based on total tax increment. If signed by the Governor, SB 107 would clarify that statutorily required tax increment limits, and financial time limits, no longer apply to successor agencies for purposes of repaying bonded debt obligations.

Status Under Tax Increment Limit

	Estimated Amt. Received Through FY 14-15	Annual Growth Needed To Reach Limit *
Merged Downtown	$536,689,000	12%
Alkali Flat	26,807,000	40%
Del Paso Heights	55,735,000	5%
Oak Park	83,541,000	13%
River District	15,828,000	13%
North Sacramento	33,862,000	9%
Franklin	30,352,000	8%

*Prior to maturity of the bonds.

The table below shows a land use breakdown by assessed value as of 2015-16 for the Project Areas.

LAND USE CATEGORY SUMMARY 2015-16

	Parcels	Taxable Value	Percent of Total
Residential	18,101	$2,344,524,408	34.13%
Commercial	1,292	2,865,667,759	41.72%
Industrial	1,276	989,096,155	14.40%
Vacant Land	1,894	178,158,447	2.59%
Other	1,459	71,034,363	1.03%
Total Secured	24,022	6,448,481,132	93.88%
Unsecured / State Assessed		420,392,576	6.12%
Grand Total		**6,868,873,708**	**100.00%**

Property Tax Allocation Procedures

The method by which a county allocates property taxes and tax increment revenues can have a significant impact on the receipt of such revenues. Incorrectly allocated revenues can result in a redevelopment project area receiving erroneous amounts of revenue. In addition, the method a county uses to allocate delinquent taxes, roll corrections and property tax refunds will impact the amount of tax increment received. For these reasons, Sacramento County's procedures for the allocation of property taxes and tax increment were evaluated.

Sacramento County calculates tax increment to redevelopment project areas by applying the 1 percent tax rate to secured and unsecured incremental taxable value. The County also allocates unitary revenue on the basis of the total unitary revenue in a project area, without reductions for base year revenues. The allocation of unitary revenue is based on revenues received in 1987-88, adjusted by the actual growth or decline in unitary revenues on a countywide basis.

Tax increment generated from the secured tax roll is allocated based on 100 percent of the County calculated levy. The method is often referred to as the Teeter Plan. Under the Teeter Plan, taxing entities and redevelopment projects are shielded from the impact of delinquent property taxes. The County does adjust secured tax increment payments for roll corrections, such as refunds of property taxes due to successfully appealed assessments when such refunds exceed $10,000 per property. Tax increment generated from the application of the one percent tax rate to the unsecured incremental value of a project area is based on the actual collections of unsecured revenues on a county-wide basis.

As provided for in the Dissolution Act, the County also calculates and allocates all tax sharing payments to the taxing entities. Subsequent sections of this Report include a discussion of the impact of the County's allocation practices on each Project Areas tax increment revenues, to the extent applicable.

Section D – Taxable Values and Historical Revenues

Taxable Values

Property is valued as of January 1 of each year. Property which is subject to taxation is valued at 100 percent of it full cash value. Locally assessed property is appraised by the county assessor's office. The State Board of Equalization (SBE) values state assessed property.

Real property consists of land and improvements and can either appear on the secured or the unsecured roll. The secured roll includes property on which the property tax levied becomes a lien on the property to secure payment of taxes. Unsecured property does not become a lien on such property, but may become a lien on other property of the taxpayer.

Locally assessed real property is subject to the provisions of Article XIII A of the California Constitution, commonly referred to as Proposition 13. Under Proposition 13, property is valued based either on its value in 1975-76 or if newly constructed or sold after this date, then on the full cash value of the property at that time. Property values may only increase annually by an inflation factor of up to 2 percent annually. The Proposition 13 value of property is sometimes referred to as the factored base year value. Pursuant to Section 51 (b) of the Revenue and Taxation Code, assessors must enroll the lesser of the market value or the factored base year value of property.

Personal property values can be classified as either secured or unsecured property. Personal property is not subject to the provisions of Proposition 13. Such property is annually appraised at the full cash value of the property. Absent new acquisitions, the full cash value of personal property tends to decline over time as a result of depreciation. Fixtures, while categorized as real property and subject to the restrictions of Proposition 13, are also subject to declining values through depreciation.

State-assessed property is also not subject to the provisions of Proposition 13. Such property is valued by the SBE based on the full cash value of the property. State-assessed property is categorized as secured property and is either unitary or non-unitary property. Since 1987-88, unitary property has been reported on a county-wide basis, with unitary revenues allocated to taxing entities and redevelopment projects pursuant to a formula contained in the Revenue & Taxation Code. Starting in 2007-08, unitary railroad value has been reported on a county-wide basis with the resulting revenues allocated under a formula contained in state law. State-assessed non unitary values are reported at the local tax rate area level.

Project Area Value Trends

Table 1 shows the historical taxable values of the Project Areas since 2006-07, which was the fiscal year after substantial territory was added to the Army Depot Project Area. Table 1.1 shows the historical taxable values by individual Project Area since 2005-06, with the Army Depot Project Area shown separately. Taxable values have grown from $6.647 billion in 2006-07 to over $6.868 billion in 2015-16. The total percentage change was 3.34 percent over the period. The average annual percentage growth in values was 0.37 percent.

Secured values dropped between 2009-10 and 2012-13 by over $631 million. The decline in values was in part due to residential Proposition 8 reductions (see Section E for a discussion of Proposition 8). The County made across the board reductions pursuant to Proposition 8 to residential property that reduced value by approximately $121 million in 2009-10. When combined with reductions from 2008-09 of $148 million, the total Proposition 8 residential reductions totaled $269 million. Residential sales also decreased value by approximately $187 million. Non-residential property also went down significantly, either due to assessment appeals or based on the County Assessor's evaluation that the market value of the property had declined under Proposition 8. In total, non-residential property decreased by a combined $607 million. Of this, approximately $411.7 million was due to Propositon 8 reductions or appeals, and the balance of $196 million was due to the sale of property. Almost half of these reductions occurred in the Merged Downtown Project Area. Certain tax-exempt property owners also did not file their exemptions in 2009-10, but then filed them in 2012-13, which reduced value by $12.9 million. Other residential sales and non-residential increases offset these reductions. The table below summarizes the major changes.

Decreases 2009-10 to 2012-13

	Residential	Non-Residential	Total
Prop 8 Reductions	($120,656,000)	($411,728,000)	($532,384,000)
Sales	(187,442,000)	(195,920,000)	(383,362,000)
Exemptions	(12,932,000)	0	(12,932,000)
Offsetting Increases	90,480,383	206,635,617	297,116,000
Total	(230,549,617)	(401,012,383)	(631,562,000)

Between 2012-13 and 2014-15, secured values increased by $97 million. A portion of the residential Proposition 8 reductions were reversed and added $263.7 million, although other residential parcels were added to the Proposition 8 list and offset increases to the roll by $46.5 million. The table below shows the other major changes that caused the valuation changes. The largest single reduction was for the sale of the Campbell Soup plant, which reduced secured values by $101 million of the $171.4 million non-residential reduction.

Secured Value Increases 2012-13 to 2014-15

	Residential	Non-Residential	Total
Prop 8 Reversals	$263,756,000	$0	$263,756,000
Residential CPI	16,127,000	0	16,127,000
Sales	88,999,000	0	88,999,000
Exemption	(28,136,000)	0	(28,136,000)
Proposition 8 Reductions	(46,536,000)	0	(46,536,000)
Residential Sales	(25,504,000)	0	(25,504,000)
Sales / Other		(171,380,000)	(171,380,000)
Total	268,706,000	(171,380,000)	97,326,000

Taxable values increased by 2.73 percent from 2014-15 to 2015-16. Secured values rose by $222.6 million. Most of this increased occurred in the residential sector, which increased by $164 million. We suspect that a good portion of the increase was due to continued Proposition 8 reversals.

Top Ten Assessees

The Top Ten Assessees in the Project Area are summarized on Table 2. The total taxable value for the Top Ten Assessees represents 14.69 percent of the total value of the Project Areas and 22.12 percent of the incremental value of the combined Project Areas. The values shown on Table 2 reflect secured values for 2015-16 and unsecured values from 2014-15. None of the Top Ten have outstanding assessment appeals.

Historical Tax Increment Revenues

Table 3 provides information on the historical receipt of tax increment revenues in the Project Areas. The initial County levy is compared to the actual receipt of tax increment (exclusive of supplemental revenues) to determine collection trends. As shown on Table 3, actual receipts of tax increment for the Project Area have averaged 94.42 percent of the levy in the past five fiscal years. A major part of the reason that receipts have been less than the levy in certain fiscal years was the impact of property tax refunds from successful assessment appeals.

Supplemental property tax receipts are also shown on Table 3. Supplemental taxes are a function of new construction or changes of ownership since the last property tax lien date. Although supplemental property taxes typically increase the tax increment of a Project Area, supplemental taxes can be negative when market values are declining. This occurred in fiscal years 2010-11 through 2012-13. When supplemental property taxes are included, the Project Areas have averaged 94.67 percent of the levy.

Table 4 shows the actual amount of tax increment generated in the Project Areas between 2009-10 and 2014-15 net of certain senior liens, include property tax administrative fees and statutory tax sharing payments.

Section E – Assessment Appeals

Taxpayers may appeal their property tax assessments. The value of locally assessed property is appealed to the local county assessor, while the value of state assessed property is appealed to the SBE. Both real and personal property assessments can be appealed. Personal property appeals are filed based on disputes over the full cash value of the property.

Under California law, there are two types of appeals for the value of real property. A base year appeal involves the Proposition 13 value of property. If an assessee is successful with a base year appeal, the value of the property is permanently reduced. In the future, the value can only be increased by an inflation factor of up to 2 percent annually. Appeals can also be filed pursuant to Section 51 (b) of the Revenue and Taxation Code. Under this section of the Code, also referred to as Proposition 8 appeals, the value of property can be reduced due to damage, destruction, removal of property or other factors that cause a decline in value, including a reduction in the market value of property. Values can be reduced under Proposition 8 either based on a formal appeal or they can be set by the county assessor. When the circumstance that caused the decline is reversed the value of the property can be increased up to the factored base year value of the property.

Assessment Appeals Activity

Due to the impact that assessment appeals can have on the taxable values and tax increment revenues of a project area, a review of recently resolved and open appeals was conducted. The table below shows the outcome of resolved appeals between 2008-09 and 2012-13. The information has been provided to indicate the potential impact from open appeals. All of the impacts from successful appeals shown in the table below have been incorporated into the 2014-15 tax roll.

Prior Resolved Appeals – Analysis of Impacts	
Total Number of Filed Appeals	655
Number of Appeals Denied	133
Number of Resolved Appeals with Reductions	453
Number of Appeals Outstanding	69
% of Appeals Resulting in Reductions to AV	77%
Assessed Value Reductions from Resolved Appeals	$127,632,199
Average Percent Reduction to Assessed Value	21.93%
Overall Success Factor	**16.95%**

Table 5 shows the open appeals in the Project Areas. The applicants have requested value reductions totaling $186.6 million. In order to determine the potential future impact of the appeals, we have assumed an overall success factor ratio based on the recent historic success factors shown above of 17 percent for all open appeals. This could, in total, reduce future taxable values by $31.7 million. We have assumed that these reductions would impact the 2016-17 tax roll, and have reduced taxable values for purposes of the tax increment projections shown on Tables 7 and 8 by this amount. If the appeals are successful, they will also trigger refunds of prior year taxes paid. The County policy is to reduce Project Area tax increment for those refunds where assessed value reductions exceed $1.0 million. Since some of the outstanding appeals go back to 2010-11, there could be multiple year refunds. We have reduced the tax increment projections shown on Tables 7 and 8 in 2015-16 for the potential reductions from refunds.

Sacramento County allocates smaller refunds related to appeals to each Project Area on the basis of the Project's AB 8 apportionment factor applied to all refunds countywide (the AB 8 apportionment factor represents a project area's tax increment revenue in relation to total countywide property taxes). Refunds from appeals that occur outside the Project Area could negatively affect future tax increment revenues in the Project Area, but there is no methodology to quantifying these impacts with any degree of precision.

Proposition 8 Reductions and Reversals

A number of counties in California, including Sacramento County, have processed temporary assessed value reductions for certain properties (Proposition 8 reductions) where the assessed values exceeded the current market value of properties as of the January 1 lien date without prompting from individual taxpayers. Typically, the properties to be reviewed by the various counties for these "automatic" reductions were single family homes and condominiums which transferred ownership between 2003 and December 31, 2010. These Proposition 8 reductions were triggered because residential property values decreased in many areas of the state during that time period, including in Sacramento.

We have reviewed information on all Proposition 8 residential value changes between fiscal years 2008-09 and 2014-15 to determine how many parcels went down in value in the Project Area during that period, and also how many have received reversals. The results of our analysis are shown below.

Proposition 8 Residential Impacts	
Decreases – 2008-09 Through 2012-13	
Number of Residential Parcels	6,366
Total Value Decline	($269,076,156)
Additional Decreases - 2012-13 to 2014-15	
Number of Residential Parcels	647
Total Value Decline	($46,536,426)
Increases - Through 2014-15	
Number of Residential Parcels	7,234
Total Value Increase	$263,756,308
Remaining Value Under Proposition 8	(51,856,274)

As shown on the table above, 6,366 residential parcels (inclusive of both single and multifamily parcels) had been reduced below their Proposition 13 adjusted base year value as of fiscal year 2012-13 tax roll, with a value reduction of $269 million.

Between 2012-13 and 2014-15, an additional 647 parcels were reduced by $46.5 million. Proposition 8 value reductions are temporary, and once the market value of property goes back up, the value for the parcels under Proposition 8 status can increase up to their Proposition 13 base, including the compounded 2 percent Proposition 13 inflation adjustment. Beginning in 2013-14, and continuing through 2014-15, the County has reversed many of the prior Proposition 8 reductions and increased value by $263.8 million. The total number of reversals is actually greater than the reductions shown in the table above, most likely because certain property sold during the intervening period and were then reduced pursuant to Proposition 8. Such parcel changes are difficult to track.

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. The table below shows the recent trends for calendar year 2014 and for 2015 through the end of April.

2014 Sales:	
Total Sales	612
Aggregate Sales Price	$ 112,449,373
Aggregate Tax Roll Value	$78,200,399
Percent Increase Between Sales Price and Tax Roll Value	44%
2015 Sales (through April):	
Total Sales	213
Aggregate Sales Price	$ 103,895,500
Aggregate Tax Roll Value	$70,210,148
Percent Increase Between Sales Price and Tax Roll Value	48%

The table shows that sales values were 44 percent higher than tax roll values in 2014, and for 2015 (through April) they are 48 percent higher. Given that sales prices are exceeding tax roll values by a substantial margin, and the County has reversed most of the prior residential Proposition 8 reductions, we have assumed that there would be no further Proposition 8 reductions in fiscal year 2015-16 or future fiscal years for purposes of the tax increment projections shown in Section F.

Section F - Estimate of Current and Future Tax Increment Revenue

County auditor-controllers are required to calculate the funds that flow to the RPTTF as if the redevelopment agency still existed. Given this, the RPTTF, or tax increment revenues, continue to be calculated by first subtracting the base year value of a project area from the current year taxable value in order to determine the incremental taxable value of the project area. The 1 percent tax rate is then applied to the incremental taxable value in order to determine tax increment revenues. In the aftermath of the Dissolution Act, the County no longer allocates any tax increment from tax rates in excess of 1 percent to the Agency.

Unitary revenues are allocated to a project area based on a formula contained in the Revenue & Taxation Code. Generally, the Agency receives unitary revenues for its project areas on the basis of amounts that were received in the prior fiscal year. The prior year allocations are adjusted annually based on changes in unitary revenue on a countywide basis.

The Agency also receives supplemental property taxes for the Project Area on an annual basis. Due to the difficulty of estimating supplemental revenues, we have not included such revenues in the estimates shown on Tables 6 through 8. Supplemental property taxes typically increase the receipt of tax increment.

Current Year Revenues

An estimate of the current year (2015-16) tax increment revenues is shown on Table 6 and includes a breakdown of the revenue on an individual Project Area basis. The values utilized are based on actual values reported by Sacramento County. Tax increment generated from the application of the 1 percent tax rate to incremental taxable value for 2015-16 is estimated at $45.6 million. Unitary revenues are estimated to equal $1.9 million for the Project Areas.

Projected Revenues

A combined projection of tax increment revenues is shown on Tables 7 and 8, with separate projections of Tax Revenue by individual Project Area shown on Tables 7.1 and 8.1. The 2015-16 value of real and other property for the Project Areas is based on information from the records of Sacramento County. Real property consists of locally reported secured and unsecured land and improvement values. The other property category includes personal property and state assessed values.

The future level of real and other property values has been estimated on Tables 7 and 8. For purposes of the projections on Table 7, we have increased real property values by 2 percent per year starting in 2016-17. The 2 percent factor is the maximum inflation factor that county assessors can use to increase real property values. In certain fiscal years the inflation factor has been less than 2 percent. Should inflation not reach 2 percent in the future, tax increment could be lower than that shown on Table 7.

Future year tax increment revenues on Table 7 have also been increased for changes of ownership and new developments that are currently under construction. Table 9 shows a summary of what has been included, which are further described below:

1. <u>Changes of Ownership</u>: There have been two major changes of ownership that have occurred in 2015 that are projected to increase taxable values by $32.4 million in 2016-17.

2. Entertainment and Sports Complex: A new entertainment and sports complex is under constructions in downtown Sacramento. It will consist of a 779,000 square foot, 17,500 seat capacity indoor arena and practice court facility that will house the Sacramento Kings basketball franchise. The project is scheduled to open in September 2016 and add taxable value to the 2016-17 and 2017-18 tax rolls.
3. 700 K Street: This mixed use project is under construction. It includes 122 residential units plus approximately 10,000 square feet of roof garden and other space. A portion of the existing site will undergo rehabilitation. We have estimated that the development will add value to the 2016-17 and 2017-18 tax rolls.

Taxable values have also been reduced for the impact of assessment appeals. For 2016-17, we have reduced the value of real property shown on Tables 7 and 8 by $31.7 million for appeals. City property acquisitions for the Entertainment and Sports Complex have already reduced the tax roll for 2015-16.

Section G – Adjustments and Liens on Tax Increment

The tax increment revenues of the Project Area are subject to certain adjustments and liens, as described in this section. The adjustments and liens must be paid prior to the payment of debt service on the Loans.

Adjustments to Revenue

The one adjustment shown on Tables 6 through 8 is for property tax administrative fees collected by Sacramento County. State law allows counties to charge taxing entities, including redevelopment agencies, for the cost of administering the property tax collection system. In addition, the Dissolution Act allows counties to recover their costs in implementing the redevelopment Dissolution Act. Both portions of the fees have been estimated and included based on amount reported by Sacramento County.

Former Housing Set-Aside

Prior to the Dissolution Act, the Former Agency was required to deposit not less than 20 percent of the tax increment generated in the Project Area into a special fund to be used for qualified low and moderate income housing programs. The Dissolution Act no longer requires such a deposit. The Agency has no obligations payable from the formerly required low and moderate income housing fund, other than those included in the Senior Bond Obligations, and so no reductions have been made to the tax increment projections.

Statutory Tax Sharing Payments

Pursuant to 1994 legislation (AB 1290), the Agency is required to make payments to the affected taxing entities from the Project Areas. The Dissolution Act requires the

County Auditor-Controller to remit these payments to the taxing entities from the RPTTF prior to paying the Successor Agency's ROPS obligations. The payments are calculated somewhat differently for the parts of the Project Area that were adopted prior to AB 1290 (Pre-AB 1290) and the Project Areas that were adopted after AB 1290 (Post-AB 1290).

The payments for the Pre-AB 1290 Project Areas are required because the financial and time limitations for the various Redevelopment Plans have been amended since AB 1290 was enacted. Payments of the pass through payments are only due on increases in assessed values 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. The table below shows shows the AB 1290 AV Base Year by tiers, which represents the date after which the Agency owed pass through payments on any tax increment increases.

	Tier 1	*Tier 2*	*Tier 3*
	AV Base Year	**AV Base Year**	**AV Base Year (1)**
Pre-AB 1290 Project Areas Subject to Section 33607.7 Due to Amendment			
Merged Downtown	2003-04	2013-14	2033-34
Alkali Flat	2001-02	2011-12	NA
Del Paso Heights	1999-2000	2009-10	2029-30
Oak Park	2002-03	2012-13	NA
River District Original	2010-11	2020-21	NA
North Sacramento	2011-12	2021-22	NA
Franklin	2013-14	2023-24	NA
Post AB 1290 Project Areas Subject to Section 33607.5 At Adoption			
Stockton Blvd.	1993-94	2004-05	2024-25
Army Depot	1994-95	2008-09	2028-29
River District - Amendment	1995-96	2016-17	2036-37
Army Depot Amendment	2003-04	2014-15	2034-35
65th Street	2003-04	2014-15	2034-35
Railyards	2007-08	2018-19	2038-39

(1) Many of the Pre-AB 1290 Project Areas will no longer eligible to receive tax increment when this tier is triggered.

The tax sharing payments for all Project Areas are based on a three tier formula, and payments are made after the Agency's deposit to its housing set-aside. Although the Agency is no longer required to make a housing set-aside deposit, the Dissolution Act specifically states that the AB 1290 payments are to be calculated as if the housing deposit were still being made. The table below shows the calculation methodology.

Tier	Payment Required
Tier 1	Pre-AB 1290 Projects: 20% of the gross tax increment attributable to increases above the AB 1290 AV Base assessed values during the remaining term the Agency receives tax increment. Post-AB 1290 Projects: 20% of total tax increment during the entire term the Agency receives tax increment.
Tier 2	Pre-AB 1290 Projects: Beginning in the 11th year after the AB 1290 AV Base Year was determined, an additional payment equal to 16.8% of the gross tax increment attributable to growth above levels in the 19th year after the AB 1290 AV Base was determined. Post-AB 1290 Projects: Beginning in the 11th year, an additional payment equal to 16.8% of the tax increment attributable to growth above year 10 levels.
Tier 3	Pre-AB 1290 Projects: Beginning in the 31st year after the AB 1290 AV Base Year was determined, an additional payment equal to 11.2% of the gross tax increment attributable to growth above levels in the 30th year after the AB 1290 AV Base was determined. Only Project 8 of the Merged Downtown Project Area and the Del Paso Heights Project Area will be subject to the Tier 3 payments since the other Project Areas will no longer receive tax increment in the year in which this tier is triggered. Post-AB 1290 Projects: Beginning in the 31st year, an additional payment equal to 11.2% of the tax increment attributable to growth above year 30 levels.

We have reviewed information on Sacramento County's calculations of the statutory tax sharing obligation for 2014-15. Based on our analysis, we believe that the County's calculations are understated by approximately $692,000 for 2014-15 for the following reasons:

- For the Merged Downtown, Alkali Flat, Del Paso Height and Oak Park Project Areas, the County is deducting the incremental revenue of each Project Area from the adjusted base year revenue to determine the Tier 1 revenue that is subject to tax sharing. The CRL requires that the calculation be done by deducting the total assessed value in each Project Area from the adjusted base year value. This has the impact of double counting the base year value of these Project Areas and understating the required payment.
- For the Alkali Flat and Del Paso Heights Project Areas, the County is using the wrong Tier 2 base year value.

For purposes of the projections on Tables 6 through 8, we have used our calculation of the statutory tax sharing payments that are due to the taxing entities.

Other Senior Obligations

Merged Downtown Project: In February of 1999, the Former Agency entered into a Cooperative Agreement with the City of Sacramento to make debt service payments from Merged Downtown tax increment on a loan from the California Department of Boating and Waterways. Payments on the loan end in August 2018. In July of 2006 the Former Agency entered into an agreement with Rubicon Partners that requires the payment of net tax increment generated from the site of the Citizen Hotel that was constructed in the Merged Downtown Project Area which the developers have constructed. The payments end in 2024-25. In October of 2006, the Former Agency entered into a similar agreement with Old Sac Properties which requires the payment of net tax increment from the Orleans Hotel, which is located in the Merged Downtown Project Area. Payments under that agreement end in 2015-16. Each of these obligations have been included on Tables 6 through 8.

Del Paso Height Project: On August 11, 1998, the Former Agency entered into a Pledge, Assignment and Security Agreement with the Secretary of Housing and Urban Development (HUD). Under the Agreement, the Agency pledged the tax increment revenues generated from the Del Paso Nuevo area (which is a part of the Del Paso Project Area) to HUD. The agreement has no provision for subordination in it. The Del Paso Nuevo area is generally bounded by South Avenue to the north, Altos Avenue to the east, Arcade Creek to the south and Norwood Avenue to the west. For 2014-15, we estimate the tax increment revenues from the area at $380,676 and have included this obligation on Tables 6 through 8.

Alkali Flat Project: In August of 2005, the Former Agency entered into an agreement to borrow money from HUD's Brownfield's Economic Development Initiative for the Globe Mills Reuse development in the Alkali Flat Project Area. In 2006, the City Council approved the use of tax increment from the Alkali Flat Project Area to repay the HUD obligation. No provision for subordination was included in the City Council resolution. Debt service on that obligation has been shown on Tables 6 through 8.

Army Depot: In February 2006, the Former Agency entered into a Master Project Agreement (MPA) to provide annual funding to U.S. National Leasing LLC (USNL), which operates Depot Park, the former site of the Army Depot. Funding under the MPA is limited to the net tax increment (tax increment net of property tax administrative fees and tax sharing payments) generated from those parcels that are located in Depot Park, which we estimate generated approximately $250,000 annually as of 2014-15. In order to receive funding under the MPA, USNL can undertake eligible improvements and then may receive a rebate up to the amount of the annual net tax increment pursuant to a Funding Agreement. USNL is not currently undertaking any projects and the Agency has not paid any tax increment revenues under the MPA since approximately 2012. The Dissolution Act prohibits the Agency from entering into new agreements and, accordingly, the Agency does not expect to make payments to USNL under the MPA. Given this, we have not reduced Tax Revenues on Tables 6 through 8 for this obligation.

Senior Existing Obligations

Tables 6 through 8 shows debt service on the Existing Obligations, as defined in the Indenture, which include:

- The non-callable portion of the 2003 Del Paso Agreement relating to the 2003A TABs that are capital appreciation bonds,
- The non-callable portions of the 2005 Merged Downtown Loan Agreement and the 2005 Oak Park Loan Agreement relating to the 2005A TABs that are capital appreciation bonds,
- The taxable portions of the 2006 65th Street Advance Agreement, the 2006 Army Depot Advance Agreement, the 2006 North Sacramento Advance Agreement and the 2006 Richards Boulevard Advance Agreement relating to the 2006B CIRB, and
- The 2006 Stockton Boulevard Advance Agreement relating to the 2006E CIRBs.

Subordinate Tax Sharing Payments

The Agency has agreements that were entered into pursuant to former Section 33401 of the CRL that are subordinate to bond debt service.

River District Project Area: The Agency has an agreement with the North Sacramento School District, the Grant Union High School District, the Sacramento City Unified School District, the Los Rios Community College District and the Sacramento County Superintendent of Schools (School Districts). The agreement calls for the Agency to make tax-sharing payments to the School Districts equal to 40 percent of each District's share of revenue. The total share for the School Districts is set in the agreement at 28.896 percent.

North Sacramento Project Area: The Agency has agreements with the North Sacramento School District, the Grant Union High School District, the Los Rios Community College District and the Sacramento County Superintendent of Schools (School Districts) that contain identical provisions. The agreements call for the Agency to make tax-sharing payments to the School Districts equal to 30 percent of their share through 2016-17. Beginning in 2017-18 the payments go to 40 percent of the School Districts share. The total share for the School Districts is set in the agreement at 23.18 percent. The Agency also has an agreement with the Sacramento Yolo Mosquito and Vector Control District to pay the District its share of tax increment. The Districts share is set in the agreement at 0.72 percent.

Franklin Project Area: The Agency has tax sharing agreements with the Sacramento City Unified School District, the County Superintendent of Schools, the Los Rios Community College District, the Southgate Recreation and Park District and the Mosquito Abatement District. The agreements call for the Agency to pay each district their share of payments that are calculated pursuant to Section 33607.5 of the CRL, as described above under the section on Statutory Tax Sharing payments.

Table 1
Sacramento Successor Agency
Combined Project Areas

HISTORICAL TAXABLE VALUE (1)

Fiscal Year	Locally-Assessed Secured Value	Unsecured Value	State-Assessed Value	Total Taxable Value	Percentage Change	Total Incremental Value (2)
2006-07	$6,177,901,120	$425,312,645	$43,685,405	$6,646,899,170	N/A	$4,336,725,023
2007-08	6,674,727,526	465,261,419	8,625,136	7,148,614,081	7.55%	4,838,439,934
2008-09	7,149,382,316	498,517,737	5,509,825	7,653,409,878	7.06%	5,343,235,731
2009-10	6,760,366,510	519,314,099	5,421,387	7,285,101,996	-4.81%	4,974,927,849
2010-11	6,487,362,837	470,750,137	6,456,589	6,964,569,563	-4.40%	4,654,395,416
2011-12	6,271,797,632	436,508,858	6,609,590	6,714,916,080	-3.58%	4,404,741,933
2012-13	6,128,804,173	430,800,517	7,264,606	6,566,869,296	-2.20%	4,256,695,149
2013-14	6,123,797,497	447,695,387	5,550,373	6,577,043,257	0.15%	4,266,869,110
2014-15	6,225,921,839	454,643,783	5,845,658	6,686,411,280	1.66%	4,376,237,133
2015-16	6,448,481,132	414,546,918	5,845,658	6,868,873,708	2.73%	4,558,699,561

Total Percentage Change	3.34%
Average Percentage Change	0.37%

(1) Excludes the taxable value of Merged Downtown Project 4a - Amendment, which is below it's base year value.
(2) Taxable Value above base year value of $2,310,174,147.

Table 1.1
Sacramento Successor Agency
Combined Project Areas

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Downtown	$2,098,062,349	$2,248,630,514	$2,352,309,671	$2,724,520,711	$2,874,251,821	$2,666,198,815	$2,574,741,285	$2,505,229,443	$2,435,070,345	$2,483,683,285	$2,563,786,691
Alkali Flat	110,626,514	120,268,346	127,360,715	131,165,855	137,146,006	132,508,704	124,884,594	124,425,632	116,351,073	123,837,503	126,239,287
Del Paso	276,953,984	355,780,530	411,498,616	435,302,464	361,154,074	328,612,264	302,488,200	292,489,146	308,288,402	331,552,712	335,528,596
Oak Park	461,611,124	570,417,558	638,672,007	632,594,860	500,004,339	462,761,088	446,277,937	446,341,143	484,303,210	494,431,996	532,885,374
North Sacramento	509,849,546	566,435,427	615,331,838	650,265,307	600,575,803	601,046,056	565,314,506	549,216,540	537,973,493	552,990,477	562,333,033
River District	422,798,786	430,159,531	443,484,218	483,934,701	504,520,444	451,786,057	440,053,362	434,824,014	410,426,572	443,897,499	452,504,563
Franklin	557,601,800	614,739,480	646,875,734	668,611,135	621,318,582	622,825,353	598,407,556	598,002,631	598,997,127	519,527,286	510,405,391
Stockton	389,535,443	435,054,849	484,269,877	498,911,591	412,382,247	394,833,116	378,285,196	356,170,255	367,386,099	386,594,502	404,131,522
65th Street	204,429,305	251,666,945	266,544,229	269,797,056	249,901,091	268,069,199	256,543,331	246,913,977	243,409,991	249,313,316	282,490,132
Railyards	34,950,560	34,793,372	4,237,723	10,740,542	50,576,848	72,704,097	85,216,151	89,510,141	84,653,774	81,218,346	78,822,262
Sub-total	5,066,419,411	5,627,946,552	5,990,584,628	6,505,844,222	6,311,831,255	6,001,344,749	5,772,212,118	5,643,122,922	5,586,860,086	5,667,046,922	5,849,126,851
Percent Change		11.08%	6.44%	8.60%	-2.98%	-4.92%	-3.82%	-2.24%	-1.00%	1.44%	3.21%
Army Depot	500,194,428	1,018,952,618	1,158,029,453	1,147,565,656	973,270,741	963,224,814	942,703,962	923,746,374	990,183,171	1,019,364,358	1,019,746,857
Grand Total	**5,566,613,839**	**6,646,899,170**	**7,148,614,081**	**7,653,409,878**	**7,285,101,996**	**6,964,569,563**	**6,714,916,080**	**6,566,869,296**	**6,577,043,257**	**6,686,411,280**	**6,868,873,708**
Annual Percent Change		19.41%	7.55%	7.06%	-4.81%	-4.40%	-3.58%	-2.20%	0.15%	1.66%	2.73%

Source: Sacramento County Auditor-Controller

Table 2
Sacramento Successor Agency
Combined Project Areas

TEN MAJOR PROPERTY TAX ASSESSEES

Assessee	Project	Type of Use	2015-16 Secured Value (1)	2014-15 Unsecured Value	Total	%of Total Value (1)	%of Incremental Value (2)
1) Hine Sacramento Wells Fargo Center	Downtown	Wells Fargo - Office	$172,000,000	$0	$172,000,000	2.50%	3.77%
2) 621 Capitol Mall LLC	Downtown	High Rise Office	127,877,952	0	127,877,952	1.86%	2.81%
3) 500 Capitol Mall LLC	Downtown	High Rise Office	123,977,782	0	123,977,782	1.80%	2.72%
4) 300 Capitol Associates NF LP	Downtown	300 Capitol Mall - Office	102,000,000	0	102,000,000	1.48%	2.24%
5) CIM 980 9th Street Sacramento LP	Downtown	High Rise Office	100,959,001	50,657	101,009,658	1.47%	2.22%
6) CIM J Street Hotel Sacramento LP	Downtown	Sheraton Grand Hotel	94,246,182	29,126	94,275,308	1.37%	2.07%
7) Capitol Regency LLC	Downtown	Hyatt Hotel	75,226,201	0	75,226,201	1.10%	1.65%
8) California Almond Growers Exchange	River District	Blue Diamond Almond	74,123,680	124,354	74,248,034	1.08%	1.63%
9) GSA Sacramento California LLC	Downtown	High Rise Office	69,646,621	0	69,646,621	1.01%	1.53%
10) CA Association Hospitals Health Sys	Downtown	Esquire Plaza	67,360,444	919,850	68,280,294	0.99%	1.50%
Total Valuation of Top 10			**1,007,417,863**	**1,123,987**	**1,008,541,850**	**14.68%**	**22.12%**
Total Combined Project Values - 2015-16			6,454,326,790	414,546,918	6,868,873,708		

(1) Based on ownership of locally-assessed property.
(2) Total value less base year value of $2,310,174,147.

Table 3

Sacramento Successor Agency

Combined Project Areas

LEVY TO RECEIPTS SUMMARY (1)

Fiscal Year	Levy per County (2)	Tax Increment Receipts Less Supplementals	% of Levy Received	Interest & Supplementals	Total Tax Increment Receipts	% of Levy Received
2009-10	$50,687,133	$50,738,413	100.10%	$682,337	$51,420,750	101.45%
2010-11	48,168,817	43,852,523	91.04%	(393,018)	43,459,505	90.22%
2011-12	45,855,527	42,659,552	93.03%	(143,984)	42,515,568	92.72%
2012-13 (3)	44,373,775	41,662,400	93.89%	(197,638)	41,464,762	93.44%
2013-14 (3)	44,506,361	42,524,384	95.55%	162,403	42,686,787	95.91%
2014-15 (3)	45,602,026	42,182,442	92.50%	590,441	42,772,883	93.80%
Average Receipts to Levy %			**94.42%**			**94.67%**

(1) Receipts per Agency records prior to reduction for property tax admin. Fees and pass through payments.

(2) Intial levy reported by Sacramento County.

(3) Receipts per Sacramento County including true up amounts.

Table 4
Sacramento Successor Agency
Combined Project Areas

HISTORICAL TAX REVENUE

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Tax Increment	$48,838,333	$42,028,691	$40,995,178	$39,851,438	$40,652,599	$40,300,124
Unitary	1,900,080	1,823,832	1,808,358	1,810,962	1,871,785	1,882,318
Supplemental	641,190	(356,461)	(138,976)	(216,822)	144,727	570,300
Interest / Other	41,147	(36,557)	(5,008)	19,184	17,676	20,141
Total (1)	51,420,750	43,459,505	42,659,552	41,464,762	42,686,787	42,772,883
Reductions for Liens: (2)						
Property Tax Administrative Charge	780,742	727,849	795,699	746,147	715,241	680,897
Statutory Tax Sharing Payments	3,308,023	2,983,455	2,605,664	2,228,153	2,510,837	3,391,447
Total Liens	4,088,765	3,711,304	3,401,363	2,974,300	3,226,078	4,072,344
Tax Increment Revenue	**47,331,985**	**39,748,201**	**39,258,189**	**38,490,462**	**39,460,709**	**38,700,539**

(1) Actual revenues as reported by the Agency and Sacramento County.
(2) Does not include other Existing Obligations or Other Senior Obligations.

Table 5
Sacramento Successor Agency
Combined Project Areas

ANALYSIS OF PENDING APPEALS

APN	Assessee	2014-15 Tax Roll Value	Applicant's Opinion	Requested Valuation Reduction	Based On 17% Reduction: Estimated Resolved Valuation	Based On 17% Reduction: Estimated Valuation Reduction	(1) Estimated Refund
006-0102-017 & 19	GPT Properties	$42,119,723	$12,634,000	$29,485,723	$37,107,150	$5,012,573	$50,126
006-0026-018	Chase Merritt Sacramento	34,680,000	12,821,000	21,859,000	30,963,970	3,716,030	74,321
006-0106-005	GCFC 2005	26,640,400	-	26,640,400	22,111,532	4,528,868	181,155
015-0031-051	Target Corporation	23,484,773	1,525,000	21,959,773	19,751,612	3,733,161	74,663
006-0133-022	Sacramento Hotel Partners	22,600,000	4,400,000	18,200,000	19,506,000	3,094,000	61,880
275-0310-001	Costco	17,626,488	15,000,000	2,626,488	17,179,985	446,503	-
275-0240-072	Westcore Delta	14,113,787	12,191,060	1,922,727	13,786,923	326,864	-
006-0054-024	Fund IX Park Plaza	12,356,280	11,000,000	1,356,280	12,125,712	230,568	-
013-0244-027	Earthgrains Baking Company	11,783,253	7,369,859	4,413,394	11,032,976	750,277	-
022-0280-038 & 039	Stockton Plaza Partners	10,065,000	8,997,341	1,067,659	9,883,498	181,502	-
001-0200-025	10240 Systems Parkway	8,843,400	5,500,000	3,343,400	8,275,022	568,378	-
002-0076-009	Hearst Argyle Stations	8,058,758	5,600,000	2,458,758	7,640,769	417,989	-
265-280-044	Seven Up Bottling Company	7,854,000	-	7,854,000	6,518,820	1,335,180	53,407
275-0310-037	Sent Expo Point LLC	7,485,000	-	7,485,000	6,212,550	1,272,450	50,898
275-0310-021	2006 Tcherkoyan Family	5,845,000	3,507,000	2,338,000	5,447,540	397,460	-
275-0054-029 & 030	Walgreen Company	5,652,018	2,826,000	2,826,018	5,171,595	480,423	-
014-0163-066	US Bank National Assoc	5,324,062	1,597,000	3,727,062	4,690,461	633,601	-
001-0070-049	Detmer Family Limited	4,598,000	2,300,000	2,298,000	4,207,340	390,660	-
037-0301-004	Brittany Arms LLC	4,547,400	3,900,000	647,400	4,437,342	110,058	-
001-0181-025	350 Bercut LLC	3,176,355	1,500,000	1,676,355	2,891,375	284,980	-
039-0011-014	Chateau Lang Apartments	3,031,600	2,600,000	431,600	2,958,228	73,372	-
	Minor Appeals (2)	44,663,053	22,650,580	22,012,473	40,920,933	3,742,120	-
	TOTAL ESTIMATED IMPACT	**$324,548,350**	**$137,918,840**	**$186,629,510**	**$292,821,333**	**$31,727,017**	**$546,449**

(1) Estimate Refunds for individual appeals with assessed value reductions over $1.0 million.
(2) Reflects 34 appeals with assessed value of under $3 million.

Table 6
Redevelopment Agency of the City of Sacramento
Merged Downtown Redevelopment Project Area

ESTIMATE OF INCREMENTAL TAX REVENUE
FOR FISCAL YEAR 2015-16 (1)

	Downtown	Alkali Flat	Del Paso	Oak Park	North Sacramento	River District	Franklin	Stockton	Army Depot	65th St.	Railyards	Total
Secured												
Land and Improvements	$2,474,529,234	$150,217,592	$360,233,193	$800,816,848	$548,865,140	$400,457,690	$519,713,489	$443,524,698	$925,168,714	$318,285,285	$71,307,350	$7,013,119,233
Personal Property	28,792,520	3,198,993	377,412	145,247	10,351,571	20,933,603	2,331,063	453,978	3,614,567	8,495,855	0	78,694,809
Gross Secured	2,503,321,754	153,416,585	360,610,605	800,962,095	559,216,711	421,391,293	522,044,552	443,978,676	928,783,281	326,781,140	71,307,350	7,091,814,042
Less: Exemptions	63,103,815	29,920,591	37,652,741	291,553,261	32,761,498	$10,846,988	42,108,251	55,363,887	18,553,381	58,076,597	3,391,900	643,332,910
Total Secured	2,440,217,939	123,495,994	322,957,864	509,408,834	526,455,213	410,544,305	479,936,301	388,614,789	910,229,900	268,704,543	67,915,450	6,448,481,132
SBE Total Value	73,348	0	1,392	0	0	4,779,048	0	0	942,865	49,005	0	5,845,658
Unsecured												
Land and Improvements	52,676,799	1,634,636	1,598,922	29,004,645	13,207,490	21,701,177	17,170,742	7,904,566	63,825,488	6,352,462	7,685,175	222,762,102
Personal Property	77,485,173	1,565,035	11,070,757	28,108,851	23,024,782	16,054,182	15,493,527	8,542,160	46,265,770	11,585,117	4,350,288	243,545,642
Gross Unsecured	130,161,972	3,199,671	12,669,679	57,113,496	36,232,272	37,755,359	32,664,269	16,446,726	110,091,258	17,937,579	12,035,463	466,307,744
Less: Exemptions	6,666,568	456,378	100,339	33,636,956	354,452	574,149	2,195,179	929,993	1,517,166	4,200,995	1,128,651	51,760,826
Total Unsecured	123,495,404	2,743,293	12,569,340	23,476,540	35,877,820	37,181,210	30,469,090	15,516,733	108,574,092	13,736,584	10,906,812	414,546,918
Total Values (2)	**$2,563,786,691**	**$126,239,287**	**$335,528,596**	**$532,885,374**	**$562,333,033**	**$452,504,563**	**$510,405,391**	**$404,131,522**	**$1,019,746,857**	**$282,490,132**	**$78,822,262**	**$6,868,873,708**
Less: Base Year Value	190,821,456	13,594,172	27,058,638	60,326,228	290,861,186	281,976,802	354,324,447	215,204,917	669,726,850	151,473,728	54,805,723	2,310,174,147
Incremental Value	**$2,372,965,235**	**$112,645,115**	**$308,469,958**	**$472,559,146**	**$271,471,847**	**$170,527,761**	**$156,080,944**	**$188,926,605**	**$350,020,007**	**$131,016,404**	**$24,016,539**	**$4,558,699,561**
Tax Increment Revenue (3)	23,729,652	1,126,451	3,084,700	4,725,591	2,714,718	1,705,278	1,559,020	1,889,266	3,500,200	1,310,164	240,165	45,585,207
Unitary Revenue (4)	1,693,729	23,331	36,373	75,865	7,070	3,530	6,769	4,205	4,915	1,490	0	1,857,277
Total Tax Increment Revenues	**25,423,381**	**1,149,782**	**3,121,073**	**4,801,456**	**2,721,788**	**1,708,808**	**1,565,789**	**1,893,471**	**3,505,115**	**1,311,654**	**240,165**	**47,442,484**
Adjustments / Liens on Revenue												
Property Tax Administrative Charge (5)	361,666	16,357	44,399	68,304	38,719	24,399	13,253	26,936	49,862	18,659	3,416	665,971
Estimated Refunds	367,000	0	0	0	104,000	0	0	0	0	74,663	0	545,663
Statutory Tax Sharing Payments (6)	1,520,009	56,056	388,628	587,590	0	161,057	0	407,886	701,023	262,331	47,350	4,131,929
Existing Obligations	11,395,000	0	0	0	583,988	228,219	0	294,326	243,864	303,142	0	13,048,539
Other Senior Obligations	312,942	460,033	307,344	0	0	0	0	0	0	0	0	1,080,319
Tax Revenue	**11,466,764**	**617,337**	**2,380,701**	**4,145,563**	**1,995,081**	**1,295,133**	**1,552,536**	**1,164,323**	**2,510,366**	**652,859**	**189,399**	**27,970,062**
% of Total	**41%**	**2%**	**9%**	**15%**	**7%**	**5%**	**6%**	**4%**	**9%**	**2%**	**1%**	**100%**
Negotiated Tax Sharing Payments (7)	0	0	0	0	208,327	141,372	104,170	0	0	0	0	453,869
Net Tax Increment Revenue	**11,466,764**	**617,337**	**2,380,701**	**4,145,563**	**1,786,754**	**1,153,761**	**1,448,366**	**1,164,323**	**2,510,366**	**652,859**	**189,399**	**27,516,193**

(1) Based on taxable value information from the records of Sacramento County.
(2) Because the total assessed value of Project 4 Amendment Area is below the base year value, such values have been excluded.
(3) Calculated based on the application of the 1% tax rate.
(4) Based on estimated unitary revenue per the County for 14-15.
(5) Estimated at 1.42 percent of Total Tax Increment Revenues.
(6) Tax sharing payments per the provisions of AB 1290.
(7) Payments under individual negotiated agreements in the North Sacramento Franklin and River District Project Area that are subordinate to debt service.

Table 7
Sacramento Successor Agency
Combined Project Areas

PROJECTION OF INCREMENTAL TAX REVENUE - 2% GROWTH
(000's Omitted)

Fiscal Year	Real (1) Property	(2) New Development	Other (3) Property	Total Value	Incremental Value Over Base	Tax (4) Increment	Unitary (5) Revenue	Total Tax Increment Revenue	Property Tax (6) Admin Fee	Estimated Refunds	AB 1290 Tax (7) Sharing	Senior Existing (8) Obligaitons	(9) Other Senior Obligations	Tax Revenues	(10) Subordinate Tax Sharing Payments	Net Tax Increment Revenue
2015 - 2016	$6,592,548	N/A	$276,325	$6,868,874	$4,558,521	$45,585	$1,857	$47,442	$666	$546	$4,132	$13,049	$1,080	$27,970	$454	$27,516
2016 - 2017	6,680,699	253,166	276,325	6,957,024	4,899,837	48,998	1,857	50,856	714	0	5,286	13,048	1,037	30,770	475	30,295
2017 - 2018	7,038,338	230,931	276,325	7,314,664	5,235,241	52,352	1,857	54,210	762	0	6,484	1,676	1,042	44,246	482	43,763
2018 - 2019	7,414,654	0	276,325	7,690,980	5,380,627	53,806	1,857	55,664	782	0	6,923	11,695	945	35,319	577	34,742
2019 - 2020	7,562,948	0	276,325	7,839,273	5,528,920	55,289	1,857	57,146	802	0	7,391	1,933	948	46,072	609	45,463
2020 - 2021	7,714,207	0	276,325	7,990,532	5,680,179	56,802	1,857	58,659	823	0	7,869	19,383	953	29,631	642	28,990
2021 - 2022	7,868,491	0	276,325	8,144,816	5,834,463	58,345	1,857	60,202	845	0	8,364	19,538	957	30,498	675	29,823
2022 - 2023	8,025,860	0	276,325	8,302,186	5,991,833	59,918	1,857	61,776	866	0	8,870	18,614	961	32,465	708	31,756
2023 - 2024	8,186,378	0	276,325	8,462,703	6,152,350	61,523	1,857	63,381	889	0	9,419	18,363	966	33,744	743	33,002
2024 - 2025 (11)	8,207,733	0	272,018	8,479,750	6,182,991	61,830	1,834	63,664	892	0	9,866	20,671	487	31,748	778	30,970
2025 - 2026 (11)	7,730,318	0	277,400	8,007,719	5,771,286	57,713	1,758	59,471	832	0	9,480	18,361	313	30,485	814	29,671
2026 - 2027	7,884,925	0	277,400	8,162,325	5,925,893	59,259	1,758	61,017	853	0	10,032	18,365	313	31,454	854	30,600
2027 - 2028	8,042,623	0	277,400	8,320,024	6,083,591	60,836	1,758	62,594	875	0	10,594	18,360	313	32,451	896	31,556
2028 - 2029	8,203,476	0	277,400	8,480,876	6,244,444	62,444	1,758	64,203	897	0	11,171	18,360	313	33,462	938	32,524
2029 - 2030	8,367,545	0	277,400	8,644,946	6,408,513	64,085	1,758	65,843	919	0	11,760	18,361	313	34,489	981	33,508
2030 - 2031	8,534,896	0	277,400	8,812,297	6,575,864	65,759	1,758	67,517	943	0	12,361	15,980	313	37,920	1,025	36,895
2031 - 2032 (11)	6,982,585	0	240,812	7,223,397	5,023,974	50,240	1,758	51,998	721	0	9,152	8,361	313	33,450	1,070	32,380
2032 - 2033 (11)	6,668,555	0	229,463	6,898,018	4,725,653	47,257	1,722	48,978	677	0	8,833	8,121	0	31,346	1,116	30,231
2033 - 2034	6,801,926	0	229,463	7,031,389	4,859,024	48,590	1,722	50,312	696	0	9,277	7,330	0	33,009	1,162	31,847
2034 - 2035	6,937,965	0	229,463	7,167,428	4,995,063	49,951	1,722	51,672	714	0	9,730	1,532	0	39,697	1,210	38,486
2035 - 2036 (11)	4,617,773	0	166,367	4,784,140	2,765,587	27,656	28	27,684	372	0	6,308	1,129	0	19,875	1,259	18,616
Cumulative Total						**1,148,239**	**36,049**	**1,184,288**	**16,538**	**546**	**183,302**	**272,229**	**11,571**	**700,102**	**17,467**	**682,635**

(1) Real Property for 2016-17 increased by 2 percent per year.
The values for 2016-17 have also been reduced for pending appeals.
(2) See Table 9, "Schedule of New Development and Changes of Ownership".
(3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
(4) Based on the application of 1% tax rates to the total incremental taxable value.
(5) Reflects County reported unitary revenue for 2014-15.
(6) Property tax administration fees are based on 1.42 percent of tax increment.
(7) Tax sharing payments per the provisions of AB 1290.
(8) Senior obligations as defined in the Indenture after refunding per Stifel.
(9) Reflect Del Paso Nuevo agreement, Section 108 loan payments for Globe Mills development,
payments under agreements with Rubicon Partners and Old Sac Properties, and a Boating and Waterways Loan.
(10) Tax sharing payments per negotiated agreements. These are subordinate to debt service.
(11) Final date to collect tax increment: Alkali Flat - 2023-24; Oak Park - 24-25; Downtown except Project 8 -30-31;
Project 8- 34-35; Del Paso- 31-32.

Table 7.1
Sacramento Successor Agency
Combined Project Areas

PROJECTION OF TAX REVENUE - 2% GROWTH PLUS NEW DEVELOPMENT
BY PROJECT AREA
(000's Omitted)

Fiscal Year	Downtown	Alkali Flat	Del Paso	Oak Park	North Sacramento	River District	Franklin	Stockton	Army Depot	65th St.	Railyards	Total
2015 - 2016	$11,467	617	$2,381	$4,146	$1,995	$1,295	$1,553	$1,164	$2,510	$653	$189	$27,970
2016 - 2017	13,601	626	2,424	4,203	$2,150	1,347	1,644	1,208	2,659	735	173	30,770
2017 - 2018	26,759	621	2,476	4,203	$2,147	1,422	1,644	1,236	2,785	767	184	44,246
2018 - 2019	17,209	636	2,529	4,271	$2,239	1,495	1,744	1,283	2,917	800	196	35,319
2019 - 2020	27,614	651	2,298	4,340	$2,321	1,564	1,846	1,356	3,048	829	205	46,072
2020 - 2021	12,186	666	1,868	3,260	$2,400	1,635	1,950	1,405	3,183	864	214	29,631
2021 - 2022	12,581	681	1,924	3,332	$2,481	1,697	2,056	1,304	3,318	900	224	30,498
2022 - 2023	12,984	697	1,732	4,555	$2,570	1,762	2,165	1,377	3,459	932	233	32,465
2023 - 2024	13,395	712	2,036	4,630	$2,655	1,830	2,255	1,431	3,593	965	243	33,744
2024 - 2025	13,814	0	2,082	2,396	$2,743	1,896	2,348	1,485	3,725	1,005	253	31,748
2025 - 2026	14,418	0	2,130	0	$2,833	1,964	2,434	1,541	3,860	1,041	263	30,485
2026 - 2027	14,856	0	2,179	0	$2,920	2,035	2,518	1,596	3,999	1,078	273	31,454
2027 - 2028	15,303	0	2,229	0	$3,015	2,106	2,604	1,652	4,141	1,116	284	32,451
2028 - 2029	15,759	0	2,280	0	$3,108	2,178	2,692	1,709	4,286	1,156	295	33,462
2029 - 2030	16,224	0	2,331	0	$3,209	2,249	2,782	1,767	4,430	1,192	306	34,489
2030 - 2031	18,308	0	3,154	0	$3,307	2,322	2,873	1,827	4,578	1,235	317	37,920
2031 - 2032	13,258	0	3,198	0	$3,408	2,397	2,966	1,887	4,729	1,279	328	33,450
2032 - 2033	13,573	0	0	0	$3,511	2,474	3,061	2,184	4,884	1,320	340	31,346
2033 - 2034	14,682	0	0	0	$3,613	2,553	3,158	2,246	5,043	1,362	352	33,009
2034 - 2035	20,801	0	0	0	$3,723	2,632	3,256	2,311	5,203	1,406	364	39,697
2035 - 2036	0	0	0	0	$4,052	2,713	3,357	2,558	5,367	1,452	376	19,875
Cumulative Total	**318,793**	**5,908**	**39,252**	**39,335**	**60,400**	**41,567**	**50,907**	**34,526**	**81,718**	**22,084**	**5,611**	**700,102**
	46%	1%	6%	6%	9%	6%	7%	5%	12%	3%	1%	

Table 8
Sacramento Successor Agency
Combined Project Areas

PROJECTION OF INCREMENTAL TAX REVENUE - 0% GROWTH
(000's Omitted)

Fiscal Year	Real (1) Property	(2) New Developmen	Other (3) Property	Total Value	Incremental Value Over Base	Tax (4) Increment	Unitary (5) Revenue	Total Tax Increment Revenue	Property Tax (6) Admin Fee	Estimated Refunds	AB 1290 Tax (7) Sharing	Senior Existing (8) Obligaitons	(9) Other Senior Obligations	Tax Revenues	(10) Subordinate Tax Sharing Payments	Net Tax Increment Revenue
2015 - 2016	$6,592,548	N/A	$276,325	$6,868,874	$4,558,521	$45,585	$1,857	$47,442	$666	$546	$4,132	$13,049	$1,080	$27,970	$454	$27,516
2016 - 2017	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	13,048	1,037	28,325	447	27,878
2017 - 2018	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	1,676	1,042	39,692	447	39,245
2018 - 2019	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	11,695	945	29,772	509	29,263
2019 - 2020	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	1,933	948	39,530	509	39,022
2020 - 2021	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	19,383	953	22,075	509	21,566
2021 - 2022	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	19,538	957	21,916	509	21,407
2022 - 2023	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	18,614	961	22,836	509	22,328
2023 - 2024	6,560,821	0	276,325	6,837,147	4,526,794	45,268	1,857	47,125	661	0	4,053	18,363	966	23,082	509	22,574
2024 - 2025 (11)	6,439,308	0	272,018	6,711,325	4,414,566	44,146	1,834	45,980	645	0	3,996	20,671	487	20,180	509	19,671
2025 - 2026 (11)	5,902,471	0	277,400	6,179,872	3,943,439	39,434	1,758	41,192	577	0	3,414	18,361	313	18,527	509	18,018
2026 - 2027	5,902,471	0	277,400	6,179,872	3,943,439	39,434	1,758	41,192	577	0	3,414	18,365	313	18,523	509	18,015
2027 - 2028	5,902,471	0	277,400	6,179,872	3,943,439	39,434	1,758	41,192	577	0	3,414	18,360	313	18,528	509	18,019
2028 - 2029	5,902,471	0	277,400	6,179,872	3,943,439	39,434	1,758	41,192	577	0	3,414	18,360	313	18,528	509	18,019
2029 - 2030	5,902,471	0	277,400	6,179,872	3,943,439	39,434	1,758	41,192	577	0	3,414	18,361	313	18,527	509	18,018
2030 - 2031	5,902,471	0	277,400	6,179,872	3,943,439	39,434	1,758	41,192	577	0	3,414	15,980	313	20,908	509	20,399
2031 - 2032 (11)	4,850,073	0	240,812	5,090,885	2,891,462	28,915	1,758	30,673	427	0	2,642	8,361	313	18,929	509	18,420
2032 - 2033 (11)	4,526,071	0	229,463	4,755,534	2,583,169	25,832	1,722	27,553	383	0	2,253	8,121	0	16,796	509	16,287
2033 - 2034	4,526,071	0	229,463	4,755,534	2,583,169	25,832	1,722	27,553	383	0	2,253	7,330	0	17,587	509	17,078
2034 - 2035	4,526,071	0	229,463	4,755,534	2,583,169	25,832	1,722	27,553	383	0	2,253	1,532	0	23,385	509	22,876
2035 - 2036 (11)	3,131,496	0	166,367	3,297,863	1,279,311	12,793	28	12,821	173	0	1,569	1,129	0	9,950	509	9,441
Cumulative Total						**807,683**	**36,049**	**843,733**	**11,815**	**546**	**72,005**	**272,229**	**11,571**	**475,566**	**10,505**	**465,061**

(1) Real Property held constant for 2016-17 and future fiscal years except for reductions for pending appeals.
(2) No new development included in this projection.
(3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
(4) Based on the application of 1% tax rates to the total incremental taxable value.
(5) Reflects County reported unitary revenue for 2014-15.
(6) Property tax administration fees are based on 1.42 percent of tax increment.
(7) Tax sharing payments per the provisions of AB 1290.
(8) Senior obligations as defined in the Indenture after refunding per Stifel.
(9) Reflect Del Paso Nuevo agreement, Section 108 loan payments for Globe Mills development, payments under agreements with Rubicon Partners and Old Sac Properties, and a Boating and Waterways Loan.
(10) Tax sharing payments per negotiated agreements. These are subordinate to debt service.
(11) Final date to collect tax increment: Alkali Flat - 2023-24; Oak Park - 24-25; Downtown except Project 8 -30-31; Project 8- 34-35; Del Paso- 31-32.

Table 8.1
Sacramento Successor Agency
Combined Project Areas

PROJECTION OF TAX REVENUE - 0% GROWTH
BY PROJECT AREA
(000's Omitted)

Fiscal Year	Downtown	Alkali Flat	Del Paso	Oak Park	North Sacramento	River District	Franklin	Stockton	Army Depot	65th St.	Railyards	Total
2015 - 2016	$11,467	617	$2,381	$4,146	$1,995	$1,295	$1,553	$1,164	$2,510	$653	$189	$27,970
2016 - 2017	11,780	610	2,373	4,137	2,050	1,272	1,550	1,161	2,507	696	189	28,325
2017 - 2018	23,173	606	2,373	4,137	2,047	1,272	1,550	1,142	2,506	697	189	39,692
2018 - 2019	13,249	604	2,373	4,137	2,049	1,274	1,550	1,141	2,509	698	189	29,772
2019 - 2020	23,272	602	2,088	4,137	2,052	1,274	1,550	1,165	2,508	694	189	39,530
2020 - 2021	7,455	600	1,603	2,987	2,050	1,274	1,550	1,164	2,509	695	189	22,075
2021 - 2022	7,453	597	1,603	2,987	2,049	1,272	1,550	1,012	2,506	698	189	21,916
2022 - 2023	7,451	595	1,353	4,137	2,053	1,273	1,550	1,033	2,507	695	189	22,836
2023 - 2024	7,449	592	1,603	4,137	2,053	1,274	1,550	1,033	2,509	693	189	23,082
2024 - 2025	7,447	0	1,603	1,827	2,053	1,273	1,550	1,033	2,508	697	189	20,180
2025 - 2026	7,621	0	1,603	0	2,054	1,273	1,550	1,034	2,507	696	189	18,527
2026 - 2027	7,621	0	1,603	0	2,051	1,273	1,550	1,034	2,507	695	189	18,523
2027 - 2028	7,621	0	1,603	0	2,053	1,273	1,550	1,035	2,508	695	189	18,528
2028 - 2029	7,621	0	1,603	0	2,051	1,274	1,550	1,035	2,509	696	189	18,528
2029 - 2030	7,621	0	1,603	0	2,055	1,273	1,550	1,036	2,507	693	189	18,527
2030 - 2031	9,231	0	2,373	0	2,055	1,272	1,550	1,036	2,507	695	189	20,908
2031 - 2032	7,248	0	2,373	0	2,055	1,272	1,550	1,037	2,507	698	189	18,929
2032 - 2033	7,251	0	0	0	2,057	1,273	1,550	1,272	2,507	696	189	16,796
2033 - 2034	8,043	0	0	0	2,054	1,274	1,550	1,273	2,509	696	189	17,587
2034 - 2035	13,838	0	0	0	2,058	1,273	1,550	1,273	2,508	696	189	23,385
2035 - 2036	0	0	0	0	2,277	1,273	1,550	1,455	2,508	697	189	9,950
Cumulative Total	**203,912**	**5,424**	**32,116**	**36,766**	**43,269**	**26,753**	**32,547**	**23,570**	**52,664**	**14,567**	**3,977**	**475,566**

Table 9
Redevelopment Agency of the City of Sacramento
Merged Downtown Redevelopment Project Area

SCHEDULE OF NEW DEVELOPMENT AND CHANGES OF OWNERSHIP

Development Type	Square Footage	Residential Units	Value Estimate 000's Omitted	2016-17	2017-18
Changes of Ownership - 2015	N/A	N/A	$32,435	$0	$32,435
Sports and Entertainment Complex (1)	779,000		400,661	200,331	200,331
700 K Street Development (2)		122	51,000	20,400	30,600
Total	**779,000**	**122**	**$484,097**	**$220,731**	**$263,366**

(1) Total value less existing value on the site.
(2) New construction portion only.

Financial and Time Limits

Amendment Definitions:
AB 1290 - required amendment in 1994 to conform time limits to AB 1290
SB 211 (Easy) - removal of debt incurrence limit by simple ordinance, usually triggers statutory tax sharing.
ERAF 1 - one year extension to plan effectiveness and debt repayment time limit for ERAF payment.
ERAF 2 - one year extension to plan effectiveness and debt repayment time limit for ERAF payment.
SB 211 (Hard) - ten year extension to plan effectiveness and debt repayment with blight findings required.
ERAF 3 - one year extension to plan effectiveness and debt repayment time limit for ERAF payment.

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Merged Downtown					Merged for financial purposes in 1986 by Ordinance 86-064
2A	9/13/1955	Deleted	1/1/22	1/1/32	
3	7/19/1956		1/1/22	1/1/32	
4	4/27/1961		1/1/22	1/1/32	
4A			1/1/22	1/1/32	
8	7/20/1972		7/20/25	7/20/35	

Combined Financial Limits

Bond Limit	$886,000,000
Tax Increment Limit	$2,278,000,000

Major Amendments:	Ordinance No.	Date	Notes
Merger Amendment	Ordinance No. 86-063; 064; 065; 066; 067	6/17/1986	
AB 1290	94-046	10/4/1994	
SB 211 (Easy)	03-048	9/23/2003	Triggered AB 1290 Payments
ERAF 1	03-067	11/13/2003	
ERAF 2	05-005	2/08/2005	
SB 211 (Hard)	05-022	3/15/2005	Extended limits by 10 years and increased TI and bond limit
ERAF 3	05-074	9/27/05	

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Alkili Flat	2/10/1972	2/9/2012	2/9/2015	2/9/2025	These limits are from info provided by the Agency and include ERAF extensions. The Agency removed debt limit per SB 211 amendment in January 2011.

Financial Limits

Bond Limit	$24,000,000
Tax Increment Limit	$79,000,000

Major Amendments:	Ordinance No.	Date

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Del Paso Heights	5/12/1970	5/11/2010	5/11/2023	5/11/2033	
Financial Limits					
Bond Limit		$41,000,000			
Tax Increment Limit		$131,000,000			
Major Amendments:	Ordinance No.	Date			
Adoption	No. 2884	5/12/1970			
AB 1290	94-046	10/4/1994			
ERAF 1	03-066	11/13/2003			
SB 211 (Hard)	03-029	6/24/2003			Triggered AB 1290 pass through ; extended limits by 10 years and increased TI and Bond limit
ERAF 2	05-028	4/05/2005			
ERAF 3	05-079	10/6/2005			

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Oak Park	5/30/1970	5/30/2013	5/30/2016	5/30/2026	
Financial Limits					
Bond Limit		$59,000,000			
Tax Increment Limit		$172,000,000			
Major Amendments:	Ordinance No.	Date			
Adoption	No. 3278	5/30/1970			
AB 1290	94-046	10/4/1994			
Time Limit Amd	88-042	10/20/1998			Extended debt limit and increased TI and bond caps; Triggered AB 1290 pass through
ERAF 1	03-072	11/13/2003			
ERAF 2	05-029	4/05/2005			
ERAF 3	Ordinance missing from my file				

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Richards (River Dist)	7/17/1990	Deleted	7/17/2026	7/30/2036	
Amd - Blue Diamond	7/2/1996	7/2/2016	7/2/2026	7/2/2041	
Financial Limits					
Bond Limit		$187,000,000			
Tax Increment Limit		$535,000,000			Only Richards Original is subject to this - limit is net of Section 33401 pass through payments and housing on those

Major Amendments:	Ordinance No.	Date	
Adoption	No. 90-037	7/17/1990	
AB 1290	94-046	10/4/1994	
Added Area	96-038	2/2/1996	Added Blue Diamond Area
ERAF 1	03-073	11/13/2003	
Eminent Domain	04-050	9/28/2004	
SB 211	07-003	1/9/2007	
Splitting Railyards	08-022	5/13/2008	

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
North Sacramento	6/30/1992	6/30/2012	6/30/2028	6/30/2038	
<u>Financial Limits</u>					
Bond Limit		$84,000,000			
Tax Increment Limit		$268,000,000			Limit is net of Section 33401 pass through and housing on those

Major Amendments:	Ordinance No.	Date
Adoption	No. 92-028	6/30/1992
AB 1290	94-046	10/4/1994
ERAF 1	03-071	11/13/2003

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Stockton	5/17/1994	6/15/2014	6/15/2027	6/15/2042	
<u>Financial Limits</u>					
Bond Limit		$43,000,000			
Tax Increment Limit		none required			

Major Amendments:	Ordinance No.	Date
Adoption (City)	94-017	5/17/1994
Adoption (County)	1434	5/17/1994
ERAF 1	03-075	11/13/2003
ERAF 2	05-030	4/05/2005
ERAF 3	05-081	10/6/2005

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Franklin	12/14/1993	Deleted 12/14/2013	12/13/2028	12/13/2038	
<u>Financial Limits</u>					
Bond Limit		$43,000,000			
Tax Increment Limit		$201,000,000			Limit is net of Section 33401 pass through and housing on those

Major Amendments:	Ordinance No.	Date
Adoption (City)	93-071	12/14/1993
Adoption (County)		
AB 1290	94-046	10/4/1994
ERAF 1	2003-074	11/13/2003
ERAF 2		
ERAF 3		
SB 211	2011-004	1/25/2011

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Army Depot	6/15/1995	6/15/2015	6/15/2026	6/15/2041	
Amendment Area	6/29/2004	6/29/2024	6/29/2034	6/29/2049	
<u>Financial Limits</u>					
Bond Limit		$167 Million			
Tax Increment Limit		none required			

Major Amendments:	Ordinance No.	Date
Adoption (City)	95-034	6/27/95
Deleting Area	98-043	10/20/98
ERAF 1	03-065	11/13/2003
Adding Amendment	04-030	6/29/2004

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
65th Street	6/29/2004	6/29/2024	6/29/2034	6/29/2049	

Financial Limits

Bond Limit		$50 million
Tax Increment Limit		none required

Major Amendments:	Ordinance No.	Date
Adoption (City)	2004-032	6/29/2004

Project	Date Established	Debt Establishment	Plan Effectiveness	Debt Repayment	Notes
Railyards	5/13/2008	5/13/2028	5/13/2038	5/13/2053	

Financial Limits

Bond Limit		$500 M
Tax Increment Limit		none required

Major Amendments:	Ordinance No.	Date
Adoption (City)	08-023	5/13/2008

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APPENDIX B

SUMMARY OF THE INDENTURE

The following summary discussion of selected provisions of the Indenture is made subject to all of the provisions of the Indenture. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Bonds are referred to the complete text of the Indenture, a copy of which is available upon request sent to the Trustee.

DEFINITIONS

"Additional Bonds" means all tax-allocation bonds of the Successor Agency authorized and executed pursuant to the Indenture and issued and delivered in accordance with the Indenture.

"Annual Debt Service" means, for each Bond Year, the sum of (A) the interest due on the Outstanding Bonds in the Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking-fund redemptions), and (B) the scheduled principal amount of the Outstanding Bonds due in the Bond Year (including any mandatory sinking-fund redemptions due in the Bond Year).

"Average Annual Debt Service" means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

"BAM" means Build America Mutual Assurance Company, or any successor thereto.

"Bond Counsel" means counsel of recognized national standing in the field of law relating to municipal bonds.

"Bond Insurance Policy" and **"2015 Bond Insurance Policy"** have the following meanings: **"Bond Insurance Policy"** means, as the context suggests, each of the insurance policies or the applicable insurance policy including, without limitation, the 2015 Bond Insurance Policy, issued by the Bond Insurer guaranteeing the scheduled payment of principal of, and the interest when due on, the applicable Series of Bonds. **"2015 Bond Insurance Policy"** means the Municipal Bond Insurance Policy guaranteeing the scheduled payment of principal of, and the interest when due on, the Insured Series 2015 Bonds issued by the 2015 Bond Insurer and dated October 14, 2015.

"Bond Insurer" and **"2015 Bond Insurer"** have the following meanings: **"Bond Insurer"** means the issuer or issuers of a policy or policies of municipal bond insurance obtained by the Successor Agency to insure the payment of principal of and interest on a Series of Bonds issued under the Indenture, when due otherwise than by acceleration, and which, in fact, are at any time insuring such Series of Bonds. **"2015 Bond Insurer"** means Build America Mutual Assurance Company, or any successor thereto, as insurer of the Insured Series 2015 Bonds and issuer of the 2015 Reserve Policy.

"Bond Register" means the registration books specified as such in the Indenture.

"Bond Year" means (A) with respect to the initial Bond Year, the period from the date the Bonds are originally delivered to and including the first succeeding December 1, and (B) thereafter, each twelve-month period from December 2 in any calendar year to and including December 1 in the following calendar year.

"Bonds" means the Series 2015 Bonds and all Additional Bonds.

"Business Day" means any day other than (A) a Saturday or Sunday, or (B) a day on which banks located in the city in which the Principal Corporate Trust Office of the Trustee is located are required or authorized to be closed, or (C) a day on which the New York Stock Exchange is closed.

"City" means the City of Sacramento, California, or any successor entity.

"Code" means the Internal Revenue Code of 1986, as amended, and any regulations of the United States Department of the Treasury issued thereunder.

"Compliance Costs" means those costs that (A) are incurred by the Successor Agency, the Trustee, any escrow bank, or the City in connection with their compliance with the Indenture, the Escrow Instructions, or the Continuing Disclosure Certificate and (B) are chargeable against the RPTTF as provided in the Indenture. These costs include but are not limited to legal fees and charges, fees and disbursements of consultants and professionals, rating-agency fees, amounts to reimburse the Bond Insurer for draws on the Bond Insurance Policy including, without limitation, Administrative Costs (as defined in the Indenture), any amount required under the Indenture to replenish the Reserve Account and to reimburse BAM in connection with the 2015 Bond Insurance Policy and the 2015 Reserve Policy, obligation prepayment costs, and all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code in accordance with the Indenture and the Tax Certificate.

"Consultant's Report" means a report that is signed by an Independent Financial Consultant or an Independent Redevelopment Consultant, as may be appropriate to the subject of the report, and includes the following:

(A) a statement that the Person or firm making or giving the report has read the pertinent provisions of the Indenture to which the report relates;

(B) a brief statement as to the nature and scope of the examination or investigation upon which the report is based; and

(C) a statement that, in the consultant's opinion, sufficient examination or investigation was made as is necessary to enable consultant to express an informed opinion with respect to the subject matter referred to in the report.

"Continuing Disclosure Certificate" means that Continuing Disclosure Certificate, dated as of October 14, 2015, executed and delivered by the Successor Agency, and relating to the Series 2015 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Corporate Trust Office" means such corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the Successor Agency, initially being the office located in San Francisco, California, except that, with respect to presentation of Bonds for registration, payment, redemption, transfer, or exchange, this term means the office of the Trustee in St. Paul, Minnesota, or such other office designated by the Trustee from time to time as its Corporate Trust Office.

"Costs of Issuance Fund" means the fund by that name established pursuant to the Indenture.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency and related to the authorization, execution, and delivery of the Indenture, the Bond Purchase Agreement, the Escrow Instructions, the Continuing Disclosure Certificate, and the sale of the Bonds, including but not limited to costs of preparation and reproduction of documents; costs of rating agencies and costs to provide information required by rating agencies; filing and recording fees; initial and administrative fees and charges of the Trustee; legal fees and charges; fees and disbursements of consultants and professionals; fees and expenses of the underwriter; fees and charges for preparation, execution, and safekeeping of the Bonds; fees of the Successor Agency; and any other cost, charge, or fee in connection with the original execution and delivery of the Bonds.

"County" means the County of Sacramento, a political subdivision of the State of California.

"County Auditor-Controller" means the Auditor-Controller of the County of Sacramento.

"Dissolution Law" means Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of the Law.

"DOF" means the State of California Department of Finance.

"Escrow Instructions" means the several Escrow Instructions in the form of written direction in a Written Request of the Successor Agency delivered at closing of a Series of Bonds.

"Event of Default" means any event of default specified as such in the Indenture.

"Existing Obligations" means the (A) the 1993 Merged Downtown Loan Agreement, (B) the non-callable portion of the 2003 Del Paso Loan Agreement relating to the 2003A TABs that are capital-appreciation bonds, (C) the non-callable portions of the 2005 Merged Downtown Loan Agreement and the 2005 Oak Park Loan Agreement relating to the 2005A TABs that are capital-appreciation bonds, (D) the 2005 North Sacramento I-Bank Loan Agreement, (E) the 2006 Stockton Boulevard I-Bank Loan Agreement, (F) the taxable portions of the 2006 65th Street Advance Repayment Agreement, the 2006 Army Depot Advance Repayment Agreement, the 2006 North Sacramento Advance Repayment Agreement, and the 2006 Richards Boulevard Advance Repayment Agreement relating to the 2006B CIRBs, and (G) the 2006 Stockton Boulevard Advance Repayment Agreement relating to the 2006E CIRBs.

"Federal Securities" means Permitted Investments described in clauses (A)(2), (A)(3), and (A)(4) of the definition thereof.

"Fiscal Year" means the period commencing on July 1 of each year after the date of the sale and delivery of the Bonds and terminating on the next succeeding June 30, or any other annual accounting period hereafter selected and designated by the Successor Agency as its Fiscal Year in accordance with the Law and with notice to the Trustee.

"Former Agency" means the dissolved Redevelopment Agency of the City of Sacramento created by the City Council of the City.

"Indenture" means the Indenture as originally executed or as it may from time to time be supplemented, modified, or amended by any Supplemental Indenture.

"Independent Financial Consultant" means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial-consulting field, appointed and paid by the Successor Agency, and who or each of whom—

(A) is in fact independent and not under the domination of the Successor Agency;

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

(C) is not connected with the Successor Agency as a council member, director, officer, or employee of the Successor Agency, but who may be regularly retained to make annual or other reports to the Successor Agency.

"Independent Redevelopment Consultant" means a consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relating to tax-allocation bond financing by California redevelopment agencies and their successor agencies, appointed and paid by the Successor Agency, and who or each of whom—

(A) is in fact independent and not under the domination of the Successor Agency;

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

(C) is not connected with the Successor Agency as a council member, director, officer, or employee of the Successor Agency, but who may be regularly retained to make annual or other reports to the Successor Agency.

"Insured Series 2015A Bonds" means the Redevelopment Agency Successor Agency of the City of Sacramento 2015 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) maturing on December 1 of the years 2021 through 2036, inclusive.

"Insured Series 2015B Bonds" means the Redevelopment Agency Successor Agency of the City of Sacramento 2015 Tax Allocation Refunding Bonds, Series B (Federally Taxable) maturing on maturing on December 1 of the years 2018 through 2020, inclusive.

"Insured Series 2015 Bonds" means the Insured Series 2015A Bonds and the Insured Series 2015B Bonds.

"Interest Account" means the account maintained within the Tax Increment Fund pursuant to the Indenture.

"Interest Payment Date" means any June 1 or December 1 on which interest on any Series of Bonds is scheduled to be paid, commencing June 1, 2016, with respect to the Series 2015 Bonds.

"Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate ("**Prime Rate**") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Series 2015 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

"Law" means the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the California Health and Safety Code, as amended), and all laws amendatory thereof or supplemental thereto including, without limitation, the Dissolution Law.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year, including the Bond Year in which the calculation is made.

"MSRB" means the Municipal Securities Rulemaking Board. 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.

"Officer's Certificate" means a certificate signed by the Chairperson of the Successor Agency, or by the City Treasurer or the Treasury Manager (Debt) on behalf of the Successor Agency, or by any other officer of the City acting for and in the name of the Successor Agency and duly authorized by the Successor Agency for that purpose.

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

(A) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation.

(B) Bonds paid or deemed to have been paid within the meaning of the Indenture.

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

"Oversight Board" means the Oversight Board for Redevelopment Agency Successor Agency duly constituted from time to time pursuant to Section 34179 of the Dissolution Law.

"Owner" whenever employed in the Indenture means the Person in whose name a Bond is registered.

"Permitted Investments" means any of the following:

(A) The following obligations may be used as investment securities for all purposes, including defeasance investments in refunding escrow accounts:

(1) Cash.
(2) Direct obligations of the Department of the Treasury of the United States of America.
(3) Obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America:
(a) Export-Import Bank
(b) Farm Credit System Financial Assistance Corporation
(c) Rural Economic Community Development Administration (formerly the Farmers Home Administration)
(d) General Services Administration
(e) U.S. Maritime Administration
(f) Small Business Administration
(g) Government National Mortgage Association (GNMA)
(h) U.S. Department of Housing & Urban Development (PHA's)
(i) Federal Housing Administration
(j) Federal Financing Bank

(4) Direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America:

(a) Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)

(b) Obligations of the Resolution Funding Corporation (REFCORP)

(c) Senior debt obligations of the Federal Home Loan Bank System

(d) Senior debt obligations of other government sponsored agencies approved by each Credit Enhancement Provider then providing Credit Enhancement for a Series of Bonds.

(B) The following obligations may be used as investment securities for all purposes other than defeasance investments in refunding escrow accounts:

(1) U.S. dollar denominated deposit accounts, federal funds, and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) that have a rating (ratings on holding companies are not considered as the rating of the banks) on their short-term certificates of deposit on the date of purchase of "A-1" or "A 1+" by Standard & Poor's and "P-1" by Moody's and mature no more than 365 days after the date of purchase.

(2) Commercial paper that is rated at the time of purchase in the single highest classification, "A-1" by Standard & Poor's or "P-1" by Moody's, and matures not more than 270 days after the date of purchase.

(3) Investments in a money market fund rated at the time of investment "AAAm" or "AAAm-G" or better by Standard & Poor's, including funds for which the Trustee or an affiliate provides investment advice or other services.

(4) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state, which are not callable at the option of the obligor before maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and—

(a) which are rated at the time of purchase, based on an irrevocable escrow account or fund (the **"escrow"**), in the highest rating category of Standard & Poor's and Moody's or any successors thereto; or

(b) (i) which are fully secured as to principal and interest and prepayment premium, if any, by an escrow consisting only of cash or obligations described in paragraph A(2) of this definition, which escrow may be applied only to the payment of such principal of and interest and prepayment premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified prepayment date or dates pursuant to such irrevocable instructions, as appropriate; and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and prepayment premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(5) General obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state with a rating, at the time of purchase, of "Baa1/BBB+" or higher by both Moody's and Standard & Poor's.

(6) Any investment agreement with a financial institution or insurance company that has at the date of execution thereof an outstanding issue of unsecured, uninsured, and unguaranteed debt obligations or a claims-paying ability rated (or the parent company or guarantor of which is rated) in either of the two highest long-term Rating Categories by Moody's and Standard & Poor's.

(7) The Local Agency Investment Fund managed by the Treasurer of the State of California, as referred to in Section 16429.1 of the California Government Code, but only to the extent the investment is registered in the name of the Trustee.

(8) Shares in a common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53601 of Title 5 Division 2, Chapter 4 of the California Government Code, as it may be amended.

(9) Investments in the City of Sacramento Investment Pool A.

(10) Any other forms of investments that relate solely to a Series of Bonds, as specified in a Supplemental Indenture providing for the issuance of the Series of Bonds.

"Person" means an individual, corporation, firm, association, limited liability company, partnership, trust, or other entity or group of entities, including a governmental entity or political subdivision thereof.

"Plan Limit" means the redevelopment plan limit specified in the applicable Redevelopment Plan.

"Pledge Statute" means California Health and Safety Code Section 34177.5(g).

"Principal Account" means the account maintained within the Tax Increment Fund pursuant to the Indenture.

"Principal Corporate Trust Office" means the office of the Trustee in San Francisco, California, except that with respect to presentation of Bonds for payment, transfer, or exchange, this term means the corporate trust office of the Trustee in St. Paul, Minnesota, or such other offices as it may designate from time to time.

"Principal Payment Date" means any December 1 on which principal of any Series of Bonds is scheduled to be paid, commencing on December 1, 2016 with respect to the Series 2015 Bonds.

"Project Area" means the territory comprising, as the context requires collectively, or individually, the 65th Street, Merged Downtown, Oak Park, Alkali Flat, Railyards, Army Depot, Franklin Boulevard, River District (formerly Richards Boulevard), Stockton Boulevard, Del Paso Heights, and North Sacramento Project Areas, as described in the applicable Redevelopment Plans.

"Qualified Reserve Account Credit Instrument" means (i) the 2015 Reserve Policy or (ii) an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture provided that all of the following requirements are met by the Successor Agency at the time of delivery thereof to the Trustee: (a) S&P or Moody's has assigned a long-term credit rating of such bank or insurance company is "A" (without regard to modifier) or higher; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Account Requirement with respect to which funds are proposed to be released pursuant to the Indenture;

(d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Term Bonds Sinking Account for the purpose of making payments required pursuant to the Indenture; and (e) prior written notice is given in accordance with the Indenture before the effective date of any such Qualified Reserve Account Credit Instrument.

"Rebate Fund" means the Rebate Fund established pursuant to the Indenture.

"Rebate Instructions" means those calculations and directions required to be delivered to the Trustee by the Successor Agency pursuant to the Tax Certificate.

"Rebate Requirement" means the Rebate Requirement defined in the Tax Certificate.

"Recognized Obligation Payment Schedule" or "ROPS" means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the Dissolution Law.

"Record Date" means the close of business on the 15th day of the month preceding the month in which any Interest Payment Date occurs, whether or not such day is a Business Day.

"Redevelopment Plan" means the redevelopment plan for the (A) the 65th Street Redevelopment Project by Ordinance No. 2004-032, adopted by the City Council of the City on June 29, 2004; (B) the Merged Downtown Redevelopment Project by Ordinance Nos. 86-063, 064, 065, 066, and 067, adopted by the City Council of the City on June 17, 1986; (C) the Oak Park Redevelopment Project by Ordinance No. 3287, adopted by the City Council of the City on May 30, 1973; (D) the Alkali Flat Redevelopment Project by Ordinance No. 3086, adopted by the City Council of the City on February 10, 1972; (E) the Railyards Redevelopment Project by Ordinance No. 2008-023, adopted by the City Council of the City on May 13, 2008; (F) the Army Depot Redevelopment Project by Ordinance No. 95-034, adopted by the City Council of the City on June 27, 1995; (G) the Franklin Boulevard Redevelopment Project by Ordinance No. 93-071, jointly adopted by the City Council of the City and the Board of Supervisors of the County on December 14, 1993; (H) the River District Redevelopment Project by Ordinance No. 90-037, adopted by the City Council of the City on July 17, 1990; (I) the Stockton Boulevard Redevelopment Project by City Ordinance No. 94-017 on June 16, 1994 and by the adoption of County Ordinance No. ORD-1434 on June 16, 1994; (J) the Del Paso Heights Redevelopment Project by Ordinance No. 2884, adopted by the City Council of the City on May 12, 1970; and (K) the North Sacramento Redevelopment Project by Ordinance No. 92-028, adopted by the City Council of the City on June 30, 1992, each together with all further amendments made in accordance with the Law and said Ordinance.

"Redevelopment Obligation Retirement Fund" means the fund by that name established pursuant to Section 34170.5(a) of the Law and administered by the Successor Agency.

"Refunded Obligations" means, collectively, the 1999 Oak Park Loan Agreement, the 2002 Merged Downtown Loan Agreement, the 2002 Stockton Advance Repayment Agreement, the callable portion of the 2003 Del Paso Loan Agreement, the 2003 Alkali Flat Loan Agreement, the 2003 North Sacramento Loan Agreement, the 2005 Del Paso Loan Agreement, the 2005 Del Paso Advance Repayment Agreement, the 2005 Merged Downtown Advance Repayment Agreement, the 2005 North Sacramento Advance Repayment Agreement, the 2005 Oak Park Advance Repayment Agreement, the 2005 Richards Boulevard Advance Repayment Agreement, the callable portion of the 2005 Merged Downtown Loan Agreement, the callable portion of the 2005 Oak Park Loan Agreement, the 2006 Del Paso Loan Agreement, the 2006 Oak Park Loan Agreement, and the callable portions of the 2006 65th

Street Advance Repayment Agreement, the 2006 Army Depot Advance Repayment Agreement, and the 2006 North Sacramento Advance Repayment Agreement.

"Related Documents" means the Indenture, and the Series 2015 Bonds issued under the Indenture.

"Reserve Account" means the account maintained within the Tax Increment Fund pursuant to the Indenture.

"Reserve Account Requirement" means, as of the date of any calculation, the least of (a) 10% of the original aggregate principal amount of the Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), (b) Maximum Annual Debt Service, and (c) 125% of Average Annual Debt Service at time of issuance of the respective Series of Bonds; provided that the reserve requirement for the Series 2015 Bonds shall not exceed $7,875,809.37 which is the initial reserve requirement for the Series 2015 Bonds.

"Responsible Officer" means any Vice-President, Assistant Vice President, Trust Officer, or other officer of the Trustee having regular responsibility for corporate trust matters.

"ROPS Payment Period" means a ROPS Period, but if the Dissolution Law is amended so that each ROPS Period covers a fiscal period of a different length, then "ROPS Payment Period" will mean the period during which moneys distributed on a RPTTF Distribution Date are permitted to be expended under the Dissolution Law, as amended.

"ROPS Period" means the six-month period (commencing on each January 1 and July 1) covered by a ROPS, but if the Dissolution Law is hereafter amended so that each ROPS covers a fiscal period of a different length, then "ROPS Period" will mean such other applicable period established under the Dissolution Law, as amended.

"RPTTF" means the Redevelopment Property Tax Trust Fund by that name established pursuant to Health and Safety Code Section 34170.5(b) and administered by the County Auditor-Controller.

"RPTTF Distribution Date" means each January 2 and June 1, as specified in Section 34183 of the Dissolution Law, on which the County Auditor-Controller allocates and distributes to the Successor Agency monies from the RPTTF for payment on enforceable obligations pursuant to an approved ROPS.

"S&P" means Standard & Poor's Financial Services LLC and its successors and assigns, except that if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, then "S&P" will refer to any other nationally-recognized rating agency selected by the Successor Agency.

"Serial Bonds" means Bonds for which no Sinking Account Installments are provided.

"Series" means each initial series of Series 2015 Bonds executed, authenticated, and delivered and identified pursuant to the Indenture as the Series 2015A Bonds and the Series 2015B and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate series of Bonds.

"Series 2015 Bonds" means, collectively, the Series 2015A Bonds and the Series 2015B Bonds.

"Series 2015A Bonds" means the Redevelopment Agency Successor Agency of the City of Sacramento 2015 Tax Allocation Refunding Bonds, Series A (Tax-Exempt).

"Series 2015B Bonds" means the Redevelopment Agency Successor Agency of the City of Sacramento 2015 Tax Allocation Refunding Bonds, Series B (Federally Taxable).

"Sinking Account Installment" means the amount of money required to be paid by the Successor Agency on a Sinking Account Payment Date toward the retirement of any particular Term Bonds on or before their stated maturities, as set forth in the Indenture.

"Sinking Account Payment Date" means any December 1 on which Sinking Account Installments on Term Bonds are scheduled to be paid, as set forth in the Indenture.

"Successor Agency" means the Redevelopment Agency Successor Agency (RASA) of the dissolved Redevelopment Agency of the City of Sacramento, a public body, corporate and politic, duly organized and existing under and pursuant to the Law.

"Supplemental Indenture" means any indenture amending or supplementing the Indenture hereafter duly authorized and entered into between the Successor Agency and the Trustee in accordance with the provisions of the Indenture.

"2015 Bond Insurance Policy" means the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Insured Series 2015 Bonds when due.

"2015 Reserve Policy" means the Municipal Bond Debt Service Reserve Insurance Policy issued by the 2015 Bond Insurer and dated October 14, 2015.

"Tax Certificate" means the applicable certificate and agreement relating to a Series of Tax-Exempt Bonds and various federal tax requirements, including the requirements of Section 148 of the Code, signed by the Successor Agency on the date the Series of Tax-Exempt Bonds are issued, as the same may be amended or supplemented in accordance with its terms.

"Tax-Exempt" means, with respect to interest on any obligations of a state or local government, that the interest is excluded from the gross income of the holders thereof for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

"Tax Increment Fund" means the fund established pursuant to the Indenture.

"Tax Revenues" means all taxes that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Successor Agency in accordance with Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the California Constitution, or in accordance with other applicable California laws and that are deposited in the RPTTF, excluding (A) tax increment revenues required to pay debt service on the Existing Obligations, but only to the extent the tax increment revenues were pledged to the payment of debt service on the Existing Obligations, (B) amounts required to be paid under the Tax Sharing Agreements and statutory tax sharing payments or in accordance with Section 33607.5 or Section 33607.7 or Section 33676 of the Law, to the extent of the amount pledged by agreement or statute (unless otherwise subordinated to debt service on the Bonds), (C)(1) the Del Paso Heights Pledge, Assignment and Security Agreement dated as of August

11, 1998 and the related Contract for Loan Guarantee Assistance between the Former Agency and the Secretary of Housing and Urban Development of the United States of America "**U.S. HUD**"); (2) the Alkali Flat Pledge, Assignment and Security Agreement dated on or about September 26, 2006 and the related Contract for Loan Guarantee Assistance between the Former Agency and U.S. HUD, and (3) the Cooperative Agreement dated as of February 9, 1999 between the Former Agency and the City payable from revenues of the Merged Downtown Redevelopment Project in support of a loan from the California Department of Boating and Waterways, and (D) certain development agreements payable on a priority basis from specified site specific revenues of the Merged Downtown Redevelopment Project executed by the Former Agency in 2006 with (1) Rubicon Partners that requires the payment of net tax increment generated from the site of the Citizen Hotel, and (2) with Old Sac Properties that requires the payment of net tax increment generated from the site of the Orleans Hotel.

If, and to the extent, that the provisions of Health and Safety Code Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by judicial decision, then Tax Revenues will include all tax increment revenues allocated to the payment of indebtedness in accordance with Health and Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution; excluding moneys required to pay Existing Obligations payable during such period.

"Tax Sharing Agreements" means, collectively, the following agreements of the Successor Agency: (A) the agreements with the North Sacramento School District, the Grant Union High School District, the Sacramento City Unified School District, the Los Rios Community College District, and the Sacramento County Superintendent of Schools (School Districts) dated on or about October 5, 1993, with respect to the River District Project Area; (B) the agreements with the North Sacramento School District, the Grant Union High School District, the Los Rios Community College District, and the Sacramento County Superintendent of Schools (School Districts), dated on or about December 17, 1993, with respect to the North Sacramento Project Area; (C) the agreement with the Sacramento Yolo Mosquito and Vector Control District dated June 16, 1992, with respect to the North Sacramento Project Area; (D) the agreements with the Sacramento City Unified School District, the County Superintendent of Schools, the Los Rios Community College District, the Southgate Recreation and Park District, and the Mosquito Abatement District dated on or about December 21, 1993 with respect to the Franklin Project Area; and (E) certain development agreements payable on a priority basis from specified site specific revenues of the Merged Downtown Redevelopment Project executed by the Former Agency in 2006 with (1) Rubicon Partners that requires the payment of net tax increment generated from the site of the Citizen Hotel, and (2) with Old Sac Properties that requires the payment of net tax increment generated from the site of the Orleans Hotel.

"Term Bonds" means Bonds that are payable on or before their specified maturity dates from Sinking Account Installments established for that purpose.

"Term Bonds Sinking Account" means the account maintained within the Tax Increment Fund pursuant to the Indenture.

"Trustee" means U.S. Bank National Association, appointed by the Successor Agency in the Indenture and acting with the duties and powers in the Indenture provided, and its successors and assigns, or any other corporation or association that may at any time be substituted in its place, as provided in the Indenture.

"Verification Report" means a report by an independent firm of nationally recognized certified public accountants, addressed to the Successor Agency, the Trustee and the Bond Insurer, verifying the sufficiency of the escrow established to pay Bonds in full at maturity or on a redemption date.

"Written Request of the Successor Agency" means an instrument in writing signed by the Chairperson of the Successor Agency, by the City Treasurer or the Treasury Manager (Debt) on behalf of the Successor Agency, or by any other officer of the City acting for and in the name of the Successor Agency and duly authorized by the Successor Agency for that purpose.

THE BONDS

Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the Bond Register, by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond at the Corporate Trust Office for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee.

Whenever any Bond or Bonds is surrendered for transfer, the Successor Agency will execute and the Trustee will authenticate and deliver a new Bond or Bonds for a like aggregate principal amount of the same Series, interest rate, and maturity date (and interest rate in the case of bifurcated maturities). The Trustee will require the payment by the Owner requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer.

The Trustee is not required to register the transfer of any Bonds during the 15 days before the date of selection of the Bonds for redemption, or of any Bonds selected for redemption.

Exchange of Bonds. The Bonds may be exchanged at the Corporate Trust Office for a like aggregate principal amount of Bonds of the same Series, interest rate, and maturity date in other authorized denominations. The Trustee will require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to the exchange.

The Trustee is not required to exchange any Bonds during the 15 days before the date of selection of the Bonds for redemption, or of any Bonds selected for redemption.

Temporary Bonds. The Bonds issued under the Indenture may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed, or typewritten; will be of such denominations as may be determined by the Successor Agency; will be in fully registered form; and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond will be executed and authenticated as authorized by the Successor Agency in accordance with the terms of the Law. If the Successor Agency issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Corporate Trust Office of the Trustee, and the Trustee will deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of the same Series of authorized denominations. Until so exchanged, the temporary Bonds will be entitled to the same benefits under the Indenture as definitive Bonds delivered under the Indenture.

Mutilated, Destroyed, Stolen or Lost Bonds. If any Bond becomes mutilated, or is believed by the Successor Agency or the Trustee to have been destroyed, stolen, or lost, then, upon proof of ownership satisfactory to the Trustee, and upon the surrender of the mutilated Bond at the Corporate Trust Office or upon the receipt of evidence satisfactory to the Trustee that the Bond has been destroyed, stolen, or lost, and upon receipt also of indemnity satisfactory to the Successor Agency and the Trustee, and upon payment by the Owner of all expenses incurred by the Successor Agency and the Trustee, the Successor Agency will execute and the Trustee will authenticate and deliver at the Corporate Trust Office a new Bond or Bonds of the same maturity (and interest rate in the case of bifurcated maturities) and Series and for the same aggregate principal amount, of like tenor and date, bearing the same number or numbers, with such notations as the Trustee determines, in exchange and substitution for and upon cancellation of the mutilated Bond, or in lieu of and in substitution for the Bond so destroyed, stolen, or lost.

If any destroyed, stolen, or lost Bond has matured or has been called for redemption, payment of the amount due thereon may be made by the Successor Agency or the Trustee upon receipt of like proof, indemnity, and payment of expenses.

Any replacement Bonds issued pursuant to this section will be entitled to equal and proportionate benefits with all other Bonds issued under the Indenture. The Successor Agency and the Trustee are not required to treat both the original Bond and any duplicate Bond as being Outstanding for the purpose of determining the principal amount of Bonds that may be issued under the Indenture or for the purpose of determining any percentage of Outstanding Bonds, but both the original and replacement Bond will be treated as one and the same.

Validity of Bonds. The validity of the authorization and issuance of the Bonds will not be affected in any way by any proceedings taken by the Successor Agency for the financing or refinancing of any redevelopment project financed with proceeds of the Refunded Obligations, or by any contracts made by the Successor Agency in connection therewith, and will not be dependent upon the completion of the financing the redevelopment project or upon the performance by any Person of its obligation with respect to such redevelopment project, and the recital in the Bonds that the same are issued pursuant to the Law will be conclusive evidence of their validity and of the regularity of their issuance.

Bond Register. The Trustee will keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which will at all times, upon reasonable notice, be open to inspection by any Owner or the Owner's agent duly authorized in writing or the Successor Agency; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as provided in the Indenture. The Person in whose name any Bond is registered will be deemed the owner thereof for all purposes thereof, and payment of or on account of the principal of, and the interest on or redemption price of by such a Bond will be made only to or upon the order in writing of the Owner, which payment will be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

ISSUANCE OF ADDITIONAL BONDS

Conditions for the Issuance of Additional Bonds. The Successor Agency may at any time after the issuance and delivery of the Series 2015 Bonds under the Indenture issue Additional Bonds under the Indenture payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues equal to and on a parity with the lien and charge securing the Outstanding Bonds theretofore issued under the Indenture, for the purpose of refunding bonds or other indebtedness of the Successor Agency or the Former Agency (including, without limitation, refunding Bonds outstanding under the Indenture) in accordance with the Law, including payment of all costs incidental to or connected with such refunding and funding or providing for the funding of related reserves, but only subject to the following specific conditions, which are made conditions precedent to the issuance of any such Additional Bonds:

(a) A Written Request of the Successor Agency must have been filed with the Trustee containing a statement to the effect that the Successor Agency is in compliance with all covenants set forth in the Indenture and any Supplemental Indentures and that no Event of Default has occurred and is continuing.

(b) The issuance of the Additional Bonds must have been duly authorized by the Law and all applicable laws, and the issuance of such Additional Bonds must have been provided for by a Supplemental Indenture, which must specify all of the following:

(1) The authorized principal amount of the Additional Bonds.

(2) The Series, date, and the maturity date or dates of the Additional Bonds, provided that (A) Principal Payment Dates and Sinking Account Payment Dates may occur only on Interest Payment Dates, (B) all such Additional Bonds of like maturity and Series must be identical in all respects, except as to number, and (C) fixed serial maturities or mandatory Sinking Account Installments, or any combination thereof, must be established to provide for the retirement of all the Additional Bonds on or before their maturity dates.

(3) The Interest Payment Dates for the Additional Bonds, provided that Interest Payment Dates must be on the same semiannual dates as the Interest Payment Dates for Series 2015 Bonds.

(4) The denomination and method of numbering of the Additional Bonds.

(5) The redemption premiums, if any, and the redemption terms, if any, for the Additional Bonds.

(6) The amount and due date of each mandatory Sinking Account Installment, if any, for the Additional Bonds.

(7) The amount, if any, to be deposited from the proceeds of the Additional Bonds in the Reserve Account, provided (A) that the amount deposited in or credited to the Reserve Account must be increased at or before the time the Additional Bonds become Outstanding to an amount at least equal to the Reserve Account Requirement on all then-Outstanding Bonds and Additional Bonds; and (B) that an amount at least equal to the Reserve Account Requirement on all Outstanding Bonds must thereafter be maintained in or credited to such Reserve Account.

(8) The form of the Additional Bonds.

(9) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) Additional Bonds may be issued only for the purpose of refunding bonds or other indebtedness of the Successor Agency or the Former Agency (including, without limitation, refunding Existing Obligations and any Bonds outstanding under the Indenture) in accordance with the Law, including payment of all costs incidental to or connected with the refunding and funding or providing for the funding of related reserves, and the payment of all costs incidental to or connected with the refunding, provided that the issuance of the Additional Bonds must comply with the terms of California Health and Safety Code Section 34177.5 and provided further that such additional bonds issued to refund outstanding senior or parity bonds or other outstanding senior or parity indebtedness of the Successor Agency must generate debt service savings in the then current and in each succeeding year.

The Successor Agency may refund outstanding Existing Obligations on a basis senior to or on a parity with the Bonds only to the extent the refunding would be permitted by California Health and Safety Code Section 34177.5(a)(1). The Successor Agency will not issue or incur any bonds, debt or other obligations that are payable from or secured by any property tax or tax increment revenues pledged to the

Bonds on a basis senior or superior to the Bonds, except for refunding bonds issued to refund outstanding senior bonds or other outstanding senior indebtedness of the Successor Agency provided that such additional refunding bonds must generate debt service savings in the then current and in each succeeding year.

Nothing in the Indenture limits the issuance of any tax-increment bonds or other obligations of the Successor Agency that are secured by a lien and charge on Tax Revenues junior to that of the Bonds. Any subordinate debt that is issued as bonds or incurred in the form of a loan will be payable on the same dates as the Series 2015 Bonds and shall be in all respects, including security and payment, subordinate and junior to the Bonds and the replenishment of the debt service reserve fund for the Bonds, including the reimbursement of all amounts due and payable to BAM relating to the 2015 Reserve Policy.

Procedure for the Issuance of Additional Bonds. Upon the receipt by the Trustee of each of the following, the Trustee will authenticate Additional Bonds duly executed by the Successor Agency:

(a) A Supplemental Indenture authorizing the issuance of the Additional Bonds and containing the requirements listed above under the caption "Conditions for the Issuance of Additional Bonds";

(b)A Written Request of the Successor Agency as to the authentication and delivery of the Additional Bonds;

(c) An opinion of Bond Counsel to the effect that (1) the Indenture and all Supplemental Indentures thereto have been duly executed and delivered by, and constitute the valid and binding obligation of, the Successor Agency (except as may be limited by bankruptcy, insolvency, reorganization, and other similar laws relating to the enforcement of creditors' rights; by application of equitable principles; or by exercise of judicial discretion in appropriate cases); (2) the Indenture creates the valid pledge it purports to create of the Tax Revenues as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (3) the Additional Bonds are valid and binding special obligations of the Successor Agency (except as may be limited by bankruptcy, insolvency, reorganization, and other similar laws relating to the enforcement of creditors' rights; by application of equitable principles; and by exercise of judicial discretion in appropriate cases);

(d) A Written Request of the Successor Agency containing any statements that are reasonably necessary to show compliance with the requirements of the Indenture; and

(e) All other documents, money, and securities that are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of the Additional Bonds.

TAX REVENUES; CREATION OF FUNDS

Pledge of Tax Revenues; Tax Increment Fund. The Trustee will establish and maintain a fund separate from any other fund established and maintained under the Indenture as designated as the "Redevelopment Agency Successor Agency, Tax Increment Fund" (the "**Tax Increment Fund**"). Pursuant to the Pledge Statute and subject to the provisions of the Indenture permitting application thereof for the purposes and on the terms and conditions set forth in the Indenture, to secure the payment of all the Outstanding Bonds and the interest payments becoming due, and to secure the performance and observance of all of the covenants, agreements, and conditions contained in the Outstanding Bonds and the Indenture, the Successor Agency irrevocably grants a lien on and a security interest in, and irrevocably pledges, the Tax Revenues and all money in the Tax Increment Fund and in the funds or accounts so specified and provided for in the Indenture, whether held by the Successor Agency or the

Trustee, to the Trustee for the benefit of the Owners of the Outstanding Bonds, but excluding all moneys in the Rebate Fund established pursuant to any Tax Certificate (including within such exclusion investment income retained in the Rebate Fund) and the Costs of Issuance Fund. This lien on, security interest in, and pledge of the Tax Revenues and the money in the Tax Increment Fund and in the funds or accounts so specified and provided for in the Indenture will constitute a first pledge of, and charge and lien upon, the Tax Revenues and the money in the Tax Increment Fund and in the funds or accounts so specified and provided for in the Indenture, and will immediately attach and be effective, binding, and enforceable against the Successor Agency, its successors, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the lien on, security interest in, and pledge of the Tax Revenues and the money in the Tax Increment Fund and in the funds or accounts so specified and provided for in the Indenture, and without the need for any physical delivery, recordation, filing, or further act.

The Successor Agency and the Trustee shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions and all funds and accounts by or maintained pursuant to the Indenture including, without limitation, all transactions relating to the Tax Increment Fund, which shall at all times during normal business hours and upon reasonable notice be subject to inspection by BAM or its agents or representatives who have been duly authorized in writing.

The ROPS for the ROPS Period commencing January 1 of each year must include, in addition to the other amounts required to be included thereon pursuant to the Law, Tax Revenues in an amount equal to 100% of the deposits required under the Indenture and must include any amounts required to pay Annual Debt Service due on the Outstanding Bonds, plus the amount of any deficiency in the Reserve Account, and Compliance Costs, less the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission for the ROPS pursuant to this section that are in excess of the amounts required to be applied to payment of principal of or interest or sinking account payments on the Outstanding Bonds in the then-current calendar year. The amount due to the Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund for the next subsequent ROPS Period of the then-current calendar year from amounts required to be deposited into the Tax Increment Fund will equal the deposits required under the Indenture and will include any amounts required to pay principal and interest payments due on the Outstanding Bonds, plus the amount of any deficiency in the Reserve Account, and Compliance Costs, less the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission for the ROPS pursuant to this section that are in excess of the amounts required to be applied to payment of principal of or interest or sinking account payments on the Outstanding Bonds in the then-current calendar year.

Tax Revenues received by the Successor Agency during a ROPS Period in excess of the amount required, as provided in this section, to be deposited in the Tax Increment Fund, will, immediately following the deposit with the Trustee of the amounts required to be so deposited as provided in this section on each such date, be released from the pledge, security interest, and lien under the Indenture for the security of the Outstanding Bonds, and may be applied by the Successor Agency for any lawful purpose of the Successor Agency, including but not limited to the payment of subordinate debt, or the payment of any amounts due and owing to the United States of America pursuant to the Indenture. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Outstanding Bonds and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indentures, the Successor Agency will not have any beneficial right or interest in the moneys on deposit in the Tax Increment Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

Expected Compliance Costs, if any, will be included in each ROPS in accordance with the Dissolution Law.

Except as provided above and in the Existing Obligations, there is no other lien on Tax Revenues, tax-increment revenues, or property-tax revenues payable on parity with or senior to the Bonds.

Receipt and Deposit of Tax Revenues. The Successor Agency covenants and agrees that all Tax Revenues, when and as received in accordance with the Indenture, will be received by the Successor Agency in trust under the Indenture and will be deemed to be held by the Successor Agency as agent for the Trustee. Promptly after receiving the Tax Revenues (but not later than 45 days following receipt), the Successor Agency will cause the Tax Revenues to be deposited with the Trustee in the Tax Increment Fund, except that the Successor Agency is not obligated to deposit in the Tax Increment Fund in any calendar year an amount that exceeds the amounts required to be transferred to the Trustee for deposit in the Tax Increment Fund pursuant to the Indenture. The Tax Revenues so deposited will be accounted for through and held in trust in the Tax Increment Fund, and the Successor Agency will have no beneficial right or interest in any of the Tax Revenues so deposited, except only as in the Indenture provided. All such Tax Revenues, whether received by the Successor Agency in trust or deposited with the Trustee, all as in the Indenture provided, will nevertheless be disbursed, allocated, and applied solely to the uses and purposes set forth in the Indenture, and will be accounted for separately and apart from all other money, funds, accounts, or other resources of the Successor Agency.

Establishment and Maintenance of Accounts for Use of Moneys in the Tax Increment Fund. All Tax Revenues in the Tax Increment Fund will be set aside by the Trustee when and as received in the following special accounts within the Tax Increment Fund (each of which is created and each of which the Successor Agency covenants and agrees to cause to be maintained with the Trustee so long as the Bonds are Outstanding under the Indenture), in the following order of priority (except as otherwise provided in paragraph (b) below):

(1) Interest Account;

(2) Principal Account;

(3) Term Bonds Sinking Account; and

(4) Reserve Account.

All moneys in these accounts will be held in trust by the Trustee and will be applied, used, and withdrawn only for the purposes in the Indenture authorized in this section.

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

(b) Principal Account. The Trustee will set aside from the Tax Increment Fund and deposit in the Principal Account an amount of money that, together with any money contained therein, is equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on the Principal Payment Date in the Bond Year. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of principal of all Outstanding Serial

Bonds becoming due and payable on the Principal Payment Date in the Bond Year. All money in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying principal of the Serial Bonds as they become due and payable.

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

(c) Term Bonds Sinking Account. The Trustee will set aside from the Tax Increment Fund and deposit in the Sinking Fund an amount of money that, together with any money contained therein, is equal to the aggregate amount of Sinking Fund Installments becoming due and payable with respect to all Outstanding Bonds which are Term Bonds in the Bond Year. All moneys in the Term Bonds Sinking Account will be used by the Trustee to redeem the Outstanding Bonds in accordance with the Indenture. If Term Bonds that are purchased or redeemed at the option of the Successor Agency are deposited with the Trustee for the credit of the Term Bonds Sinking Account not less than 45 days before each due date for any Sinking Fund Installment for the Term Bonds, the deposit will satisfy (to the extent of 100% of the principal amount of the Term Bonds) any obligation of the Successor Agency to make a payment with respect to such Sinking Fund Installments. Any Term Bond so deposited with the Trustee will be cancelled and will no longer be deemed to be Outstanding for any purpose. Upon making the deposit with the Trustee of Term Bonds as provided in this paragraph, the Successor Agency may specify the dates and amounts of Sinking Fund Installments for the Term Bonds as to which the Successor Agency's obligations to make a payment with respect to Sinking Fund Installments for the Term Bonds will be satisfied.

(d) Reserve Account. The Trustee will set aside from the Tax Increment Fund and deposit in the Reserve Account any amounts necessary to maintain on deposit therein an amount equal to the Reserve Account Requirement. No deposit need be made into the Reserve Account so long as there is on deposit therein an amount equal to the Reserve Account Requirement. All money in or credited to the Reserve Account will be used and withdrawn by the Trustee solely for the purposes of (1) replenishing the Interest Account, the Principal Account, and the Term Bonds Sinking Account, in that order, in the event of any deficiency in any of the accounts occurring on any Interest Payment Date, Principal Payment Date, or Sinking Account Payment Date; (2) paying the interest on or the principal of the Bonds if no other money of the Successor Agency is lawfully available therefor; and (3) retiring all Bonds then Outstanding, except that for so long as the Successor Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Account Requirement will be transferred to the Tax Increment Fund. For this purpose, all investments in the Reserve Account will be valued beginning in December 2015, on or before May 1 and November 1 of each year or at the Successor Agency's direction at the face value thereof if the investments mature within 12 months from the date of the valuation or, if the investments mature more than 12 months after the date of the valuation, at the price at which the investments are redeemable by the holder, at his or her option if so redeemable or, if not so redeemable, at the then-current market value of such investments. But no deposit need be made in the Reserve Account if the amount contained therein (valued as aforesaid) is at least equal to the Reserve Account Requirement; and if, as a result of the foregoing valuation, the Trustee determines that an amount in excess of the Reserve Account Requirement is on deposit in the Reserve Account, the Trustee shall withdraw the excess and shall deposit it in the Tax Increment Fund.

Upon the closing date of the Series 2015 Bonds the Trustee will deposit to the credit of the Reserve Account the 2015 Reserve Policy, which is equal to the initial Reserve Account Requirement for the Series 2015 Bonds.

All money in the Reserve Account may be used and withdrawn by the Trustee solely for the purpose of paying the interest on or principal of the Bonds if no other money is available in the Revenue Fund for that purpose

On any date on which Bonds are defeased in accordance with the Indenture, the Trustee will, if so directed in a Written Request of the Successor Agency, transfer any moneys in the Reserve Account in excess of the Reserve Account Requirement resulting from such defeasance to the entity or fund so specified in the Written Request of the Successor Agency, to be applied to such defeasance.

If at any time the Trustee fails to pay principal or interest due on any scheduled payment date for the Bonds or withdraws funds from the Reserve Account to pay principal and interest on the Bonds, the Trustee will notify the Successor Agency in writing of the failure or withdrawal.

The prior written consent of BAM shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Account. Amounts on deposit in the Reserve Account shall be applied solely to the payment of debt service due on the Insured Series 2015 Bonds. The Successor Agency may, with the prior written consent of the Bond Insurer, deposit any Qualified Reserve Account Credit Instrument to the Reserve Account established for the Bonds in lieu of a cash deposit into the Reserve Account.

The Trustee will ascertain the necessity for a claim upon the 2015 Reserve Policy in accordance with the provisions of the Indenture and to provide notice to the 2015 Bond Insurer in accordance with the terms of the 2015 Reserve Policy at least five Business Days before each date upon which interest or principal is due on the Bonds.

Where deposits are required to be made by the Successor Agency with the Trustee to the accounts of the Tax Increment Fund more often than semi-annually, the Trustee will be instructed to give notice to Bond Insurer of any failure of the Successor Agency to make timely payment in full of the deposits within two Business Days of the date due.

Investment of Moneys in Funds and Accounts. All money held by in any account or fund established in the Indenture is to be invested in Permitted Investments that mature not later than the date on which it is estimated that the money will be required to be paid out under the Indenture, and all money held by the Trustee in any account or fund established in the Indenture is to be invested by the Trustee under a Written Request of the Successor Agency received by the Trustee before making any such investment in those Permitted Investments specified in the Written Request of the Successor Agency that mature not later than the date on which it is estimated that the money will be required to be paid out under the Indenture, and the Trustee may conclusively rely that any investment specified in any the Written Request of the Successor Agency is a Permitted Investment. In the absence of receipt of any Written Request of the Successor Agency, the Trustee shall, to the extent practicable, invest the money in securities defined in clause (b)(3) of the definition of Permitted Investments in the Indenture. For investment purposes, the Trustee may commingle the money in the accounts and funds established under the Indenture (except the money in the Reserve Account), but must account for each such fund or account separately. The Trustee (or any of its affiliates) may act as principal or agent or as sponsor, advisor, or manager in connection with the making or disposition of any investment by the Trustee subject to the written authorization/direction in the form of a Written Request of the Successor Agency under the Indenture and the Trustee may impose its customary charges.

To the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency waives receipt of those confirmations to the extent permitted by law. But the

Trustee shall furnish the Successor Agency with periodic cash-transaction statements that include details for all investment transactions made by the Trustee under the Indenture.

All interest received on any money so deposited or invested that exceeds the requirements of the fund from which the money was deposited or invested must (subject to the requirements of the Indenture) be deposited in the Tax Increment Fund, and all losses on any money so deposited or invested will be borne by the fund from which the deposit or investment was made.

The value of any Permitted Investments (other than Permitted Investments on deposit in the Reserve Account, which are governed by the Indenture), will be determined as follows:

(a) For the purpose of determining the amount in any fund, all Permitted Investments credited to the fund will be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards from accepted industry providers.

(b) As to certificates of deposit and bankers' acceptances, the face amount thereof, plus accrued interest thereon.

(c) As to any investment not specified above, the value thereof established by prior agreement between the Successor Agency and the Trustee.

Investment of Moneys in Funds and Accounts. Moneys in the Tax Increment Fund and the Interest Account, the Principal Account, and the Term Bonds Sinking Account thereunder, upon the Written Request of the Successor Agency, will be invested by the Trustee in Permitted Investments. If instructions are not provided, the Trustee will invest the moneys in Permitted Investments described in clause (b)(3) of the definition thereof in the Indenture. Moneys in the Interest Account representing accrued interest paid to the Successor Agency upon the initial sale and delivery of any Bonds and in the Reserve Account, upon the Written Request of the Successor Agency, will be invested by the Trustee in Permitted Investments.

2015 Reserve Policy Payment and Reimbursement Provisions. Notwithstanding anything to the contrary contained in the Indenture, the following provisions are applicable to the 2015 Reserve Policy.

(a) The Successor Agency shall repay any draws under the 2015 Reserve Policy and pay all related reasonable expenses incurred by BAM from Tax Revenues. Interest shall accrue and be payable on such draws and expenses from the date of payment by BAM at the Late Payment Rate. "**Late Payment Rate**" means the lesser of (A) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("**Prime Rate**") (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2015 Bonds, and (B) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such bank, banking association or trust company bank as BAM in its sole and absolute discretion shall specify.

> (1) Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "**Policy Costs**") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

(2) Amounts in respect of Policy Costs paid to BAM shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to BAM on account of principal due, the coverage under the 2015 Reserve Policy will be increased by a like amount, subject to the terms of the 2015 Reserve Policy.

(3) All cash and investments in the Reserve Account established for the Series 2015 Bonds shall be transferred to the Tax Increment Fund for payment of the debt service on the Bonds before any drawing may be made on the 2015 Reserve Policy or any other Reserve Fund Credit Instrument in lieu of cash.

(4) Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Reserve Fund Credit Instruments (including the 2015 Reserve Policy) on which there is available coverage shall be made on a pro rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Fund Credit Instruments shall be made on a pro rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, "**available coverage**" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) Draws under the 2015 Reserve Policy may only be used to make payments on 2015 Bonds.

(c) If the Successor Agency shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, BAM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Series 2015 Bonds, (ii) remedies which would adversely affect owners of the Series 2015 Bonds, or (iii) remedies that are prohibited by the laws of the State of California.

(d) The Indenture shall not be discharged until all Policy Costs owing to BAM shall have been paid in full. The Successor Agency's obligation to pay such amount shall expressly survive payment in full of the Series 2015 Bonds.

(e) The Trustee shall ascertain the necessity for a claim upon the 2015 Reserve Policy in accordance with the provisions of paragraph (a) above and provide notice to BAM at least three business days prior to each date upon which interest or principal is due on the Series 2015 Bonds.

(f) The 2015 Reserve Policy shall expire on the earlier of the date the Series 2015 Bonds are no longer outstanding and the final maturity date of the Series 2015 Bonds.

Costs of Issuance Fund. Moneys deposited in the Costs of Issuance Fund will be held by the Trustee in trust and applied to the payment of Costs of Issuance upon a Requisition of the Successor Agency filed with the Trustee, which must be in substantially the form attached to the Indenture. Each requisition will be sufficient evidence to the Trustee of the facts stated therein, and the Trustee has no duty to confirm the accuracy of the facts. In no event may moneys from any other fund or account established under the Indenture be used to pay Costs of Issuance. All payments from the Costs of Issuance Fund will be reflected on the Trustee's regular accounting statements. At the end of twelve months from the date of issuance of each Series of Bonds, or upon earlier receipt of a Written Order of the Successor Agency stating that amounts in the Costs of Issuance Fund are no longer required for the payment of Costs of Issuance, the Costs of Issuance Fund will be terminated, and any amounts then remaining in it will be transferred to the Tax Increment Fund.

COVENANTS OF THE SUCCESSOR AGENCY

Punctual Payment. The Successor Agency will punctually pay the principal of, premium, if any, and the interest to become due with respect to the Bonds, in strict conformity with the terms of the Bonds and of the Indenture and will faithfully satisfy, observe, and perform all conditions, covenants, and requirements of the Bonds and of the Indenture.

Against Encumbrances. The Successor Agency will not mortgage or otherwise encumber, pledge, or place any charge upon any of the Tax Revenues, except as provided in the Indenture, and will not issue any obligation or security superior to, or on a parity with, then-Outstanding Bonds payable in whole or in part from the Tax Revenues (other than Additional Bonds in accordance with the Indenture).

Extension or Funding of Claims for Interest. In order to prevent any claims for interest after maturity, the Successor Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any Bonds and will not, directly or indirectly, be a party to or approve any such extensions, or means to extend, by purchasing or funding the claims for interest or in any other manner. In case any claim for interest is extended or funded, whether or not with the consent of the Successor Agency, the claim for interest so extended or funded will not be entitled, in case of default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of the Bonds then Outstanding and of all claims for interest which will not have been so extended or funded.

Payment of Claims. Subject to the terms of the Dissolution Law, the Successor Agency will pay and discharge any and all lawful claims for labor, materials, or supplies that, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Tax Revenues or any part thereof, or upon any funds in the hands of the Trustee, or that might impair the security of the Bonds, except that nothing contained in the Indenture requires the Successor Agency to make any payments so long as the Successor Agency in good faith contests the validity of any the claims.

Books and Accounts; Financial Statements. The Successor Agency shall keep proper books of record and accounts, separate from all other records and accounts of the Successor Agency, in which complete and correct entries will be made of all transactions relating to the Tax Revenues. The books of record and accounts will at all times during business hours be subject to the inspection of the Trustee (who has no duty to inspect), the Bond Insurer or its agents or representatives who have been duly authorized in writing and any representative of Owners of not less than 10% of the aggregate principal amount of Outstanding Bonds evidenced and authorized in writing.

The Successor Agency agrees, consents and will cooperate in good faith to provide information reasonably requested by BAM and will further provide appropriately designated individuals and officers to discuss the affairs, finances and accounts of the Successor Agency or any other matter as BAM may reasonably request.

The Successor Agency will prepare and file with the Trustee and the Bond Insurer annually (which filings may be deemed satisfied by posting to the MSRB) so long as any Bonds are Outstanding, the audited financial statements of the Successor Agency as part of the Annual Report (as defined in the Continuing Disclosure Certificate), provided, however, that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the date required for the filing of the Annual Report and as soon as practicable if they are not available by that date.

Protection of Security and Rights of Owners. The Successor Agency will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all Persons. From and after the sale and delivery of any Bonds by the Successor Agency, the Bonds will be incontestable by the Successor Agency.

Payment of Taxes and Other Charges. The Successor Agency will pay and discharge all taxes, service charges, assessments, and other governmental charges that may hereafter be lawfully imposed upon the Successor Agency or any properties owned by the Successor Agency in the Project Area, or upon the revenues therefrom, when the same will become due; provided that nothing contained in the Indenture requires the Successor Agency to make any payments so long as the Successor Agency in good faith contests the validity of the taxes, service charges, assessments, or other governmental charges.

Amendment of Redevelopment Plan. The Successor Agency will not amend the Redevelopment Plan except as provided in this paragraph and as permitted by the Law. If the Successor Agency proposes to amend the Redevelopment Plan, it will cause to be filed with the Trustee a Consultant's Report on the effect of the proposed amendment. If the Consultant's Report concludes that Tax Revenues will not be materially reduced by the proposed amendment, the Successor Agency may undertake the amendment. If the Consultant's Report concludes that Tax Revenues will be materially reduced by the proposed amendment, the Successor Agency may not undertake the proposed amendment. Notwithstanding the foregoing, the Successor Agency must obtain the prior written consent of the Bond Insurer, which consent will not be unreasonably withheld, for any amendment of the Redevelopment Plan that would (a) reduce the amount of Tax Revenues that may be received by the Successor Agency or (b) reduce the period during which the Successor Agency may collect Tax Revenues.

Tax Revenues. The Successor Agency will comply with all requirements of the Law to ensure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary ROPS. The term "redevelopment plan" in this section will apply to each redevelopment plan defined as part of the Redevelopment Plan.

(a) The Successor Agency will manage its fiscal affairs in a manner so that it will have sufficient tax increment revenues available under the Redevelopment Plan in the amounts and at the times required to enable the Successor Agency to pay the principal of, premium, if any, and interest on the outstanding Existing Obligations, the Series 2015 Bonds, and any Additional Bonds when due.

The Successor Agency will comply with all requirements of the Law to obtain the allocation and payment to it of the Tax Revenues, including without limitation, the requisite amounts on its ROPS for each ROPS Period, and the timely filing thereof, all payments expected to be made to the Trustee in order to satisfy the requirements of this section.

(b) The Successor Agency hereby covenants that, for so long as the receipt of Tax Revenues attributable to any redevelopment plan defined as part of the Redevelopment Plan is subject to a tax-increment limit under the Law, it will annually review (i) the total amount of tax increment revenues remaining available to be received by the Successor Agency under the Plan Limits for each of the project areas, taking into account both the amount of taxes that may be divided and allocated to the Successor Agency pursuant to the redevelopment plan for each project area and the period of time for repaying indebtedness and (ii) future cumulative annual debt service on the Bonds, all parity debt, all senior debt and all other obligations of the Successor Agency payable from the tax increment revenues. If remaining tax increment revenues allocable under the Plan Limits are less than one hundred ten percent (110%) of its allocable share of all future debt service on the Bonds, any parity debt, any senior debt and any other obligations of the Successor Agency payable from tax increment revenues, the Successor Agency shall promptly notify BAM of such fact in writing and all tax increment revenues not needed to pay current or any past due debt service on any obligations of the Successor Agency or to replenish the Reserve Account to the Reserve Account Requirement (including reimbursing all amounts due and payable to BAM in accordance with its 2015 Reserve Policy) shall be (i) deposited into a Trustee-held escrow account (the "**Escrow Account**") and invested in Defeasance Obligations (as defined in the Indenture) or (ii) used to redeem, in accordance with the mandatory redemption provisions of the Indenture, the amount of outstanding Bonds or parity debt necessary in such **Fiscal** Year and in each year thereafter so that the Plan Limits would no longer be reached or exceeded. Moneys in the Escrow Account must be used only to pay debt service pro rata on the Bonds and any parity debt.

(c) Notwithstanding the foregoing, if legislation is adopted by the California Legislature eliminating the effective limit on the amount of taxes that can be allocated to the Successor Agency pursuant to the Law and the Redevelopment Plan, the deposit of tax increment revenues attributable to any redevelopment plan defined as part of the Redevelopment Plan required by paragraph (b) above for the purpose of paying the payment of debt service on the Existing Obligations, the Series 2015 Bonds, and any Additional Bonds will no longer be required.

The Successor Agency expressly finds and determines that the pledge, payment, and setting aside of Tax Revenues as provided for in the Indenture is not subject to any limitation contained in Article XIIIB of the California Constitution.

Further Assurances. The Successor Agency will adopt, make, execute, and deliver any and all additional resolutions, instruments, and assurances that are reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Indenture.

Tax Covenants; Rebate Fund. (a) The Successor Agency covenants that it will not take any action, or fail to take any action, if any the action or failure to take action would adversely affect the exclusion from gross income of the interest on any of the Tax-Exempt Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Successor Agency will comply with the requirements of the Tax Certificate, which is incorporated in the Indenture as if fully set forth in the Indenture. This covenant will survive payment in full or defeasance of the Tax-Exempt Bonds.

(b) The Successor Agency agrees that there will be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed, or final Treasury Regulations that may apply to the Tax-Exempt Bonds from time to time.

(c) The Trustee will establish and maintain a fund separate from any other fund established and maintained under the Indenture, designated as the Rebate Fund. Notwithstanding any other provision of the Indenture to the contrary, all amounts deposited into or on deposit in the Rebate Fund will be governed by this section and the Tax Certificate. The Successor Agency will cause to be deposited in the Rebate Fund the Rebate Requirement as provided in the Tax Certificate. Subject to the provisions of this section, all money at any time deposited in the Rebate Fund will be held by the Trustee in trust for payment to the United States of America from time to time in accordance with the Tax Certificate. The Successor Agency and the Owners will have no rights in or claim to money in the Rebate Fund.

(d) Upon the written direction of the Successor Agency, the Trustee will invest all amounts held in the Rebate Fund in Permitted Investments, subject to the restrictions set forth in the Tax Certificate.

(e) Upon receipt of the Rebate Instructions required to be delivered to the Trustee by the Tax Certificate, the Trustee will remit part or all of the balances held in the Rebate Fund to the United States of America, as so directed. In addition, if the Rebate Instructions so direct, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as the Rebate Instructions direct. Any funds remaining in the Rebate Fund after redemption and payment of all of the Tax-Exempt Bonds and payment of any required rebate amount, or provision made therefor satisfactory to the Trustee, will be withdrawn and remitted to the Successor Agency.

(f) The Trustee is not obligated to pay any amounts required to be remitted pursuant to this section, other than from moneys held in the funds and accounts created under the Indenture or from other moneys provided to it by the Successor Agency.

(g) The Trustee will conclusively be deemed to have complied with the provisions of this section if it follows the directions of the Successor Agency set forth in the Rebate Instructions, and will not be required to take any actions thereunder in the absence of Rebate Instructions from the Successor Agency.

(h) Notwithstanding any other provision of the Indenture, the obligation of the Successor Agency to remit or cause to be remitted any required rebate amount to the United States of America and to comply with all other requirements of this section and the Tax Certificate will survive the defeasance or payment in full of the Tax-Exempt Bonds.

(i) Notwithstanding any provision of this section to the contrary, if the Successor Agency provides to the Trustee an opinion of Bond Counsel to the effect that any action required under this section is no longer required, or that some further or different action is required, to maintain the exclusion from Federal gross income of the interest on the Tax-Exempt Bonds pursuant to the Code, the Trustee and the Successor Agency may conclusively rely on the opinion in complying with the provisions of this section, and the provisions of the Indenture will be deemed to be modified to that extent.

Compliance with the Dissolution Law. The Successor Agency covenants that in addition to complying with the requirements of the provisions of the Indenture as described under the heading "TAX REVENUES; CREATION OF FUNDS – Pledge of Tax Revenues; Tax Increment Fund," it will comply with all other requirements of the Dissolution Law. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file required statements and hold public hearings required under the Dissolution Law to assure compliance by the Successor Agency with its covenants under the Indenture. Further, the Successor Agency will take whatever actions are required under the Dissolution Law to include on its ROPS for each ROPS Period all payments expected to be made to the Trustee in order to satisfy the requirements of the Indenture, including any amounts required to pay principal and interest payments due on the Outstanding Bonds, any Compliance Costs, any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement, and any required debt service, reserve set-asides, and any other payments required under the Indenture or similar documents pursuant to Section 34171(d)(1)(A) of the Dissolution Law, so as to enable the County Auditor-Controller to distribute from the RPTTF amounts attributable to the Project Area to the Trustee for deposit in the Tax Increment Fund on each RPTTF Distribution Date amounts required for the Successor Agency to pay the principal of, premium, if any, and the interest on the Outstanding Bonds coming due in the ROPS Period. These actions will include placing on the periodic ROPS for approval by the Oversight Board and the DOF, to the extent necessary, the amounts to be held by the Successor Agency as a reserve until the next ROPS Period, as contemplated by Section 34171(d)(1)(A) of the Dissolution Law, that are necessary to provide for the payment of principal of, premium, if any, and the interest on Bonds as provided in the Indenture. The Successor Agency shall not, without the prior written consent of the Bond Insurer, approve or submit for approval by the Oversight Board and the DOF a ROPS covering multiple ROPS Periods or any Last and Final Recognized Obligation Payment Schedule.

Promptly upon receipt thereof by the Successor Agency (but not more than 45 days after receipt), the Successor Agency will withdraw the Tax Revenues from the RPTTF or the Redevelopment Obligation Retirement Fund, or from both, and transfer all the amounts withdrawn to the Trustee, for deposit in the Tax Increment Fund, except that the Successor Agency is not obligated to deposit in the Tax Increment Fund in any Fiscal Year an amount of Tax Revenues that, together with other available amounts then in the Tax Increment Fund, exceeds the amounts required to be transferred to the Trustee for deposit in the Interest Account, the Principal Account, the Term Bonds Sinking Account, and the Reserve Account due in the Bond Year beginning in such Fiscal Year pursuant to the provisions of the Indenture as described under the heading "TAX REVENUES; CREATION OF FUNDS – Establishment and Maintenance of Accounts for Use of Moneys in the Tax Increment Fund." Any Tax Revenues received during any Fiscal Year following deposit in the Tax Increment Fund of an amount equal to the aggregate amount required to be transferred to the Interest Account, the Principal Account, the Term Bonds Sinking Account, and the Reserve Account due in the Bond Year beginning in such Fiscal Year pursuant to the provisions of the Indenture as described under the heading "TAX REVENUES; CREATION OF FUNDS – Establishment and Maintenance of Accounts for Use of Moneys in the Tax Increment Fund" will be released from the pledge and lien under the Indenture and may be used for any lawful purposes of the Successor Agency.

The Successor Agency covenants and agrees (a) that all Tax Revenues deposited in the Tax Increment Fund will be accounted for through, and be held in trust in, the Tax Increment Fund; and (b) that the Successor Agency has no beneficial right or interest in any of the Tax Revenues so deposited and held except as provided in the Indenture. All such Tax Revenues will nevertheless be disbursed, allocated, and applied solely to the uses and purposes in the Indenture set forth and will be accounted for separately and apart from all other money, funds, accounts, and other resources of the Successor Agency.

The Successor Agency will take all actions required under the Dissolution Law to include on its ROPS for each ROPS Period all payments expected to be made to the Trustee in order to satisfy the requirements of the Indenture, including any amounts required to pay principal and interest payments due on the Outstanding Bonds, any deficiency in the Reserve Account of the Tax Increment Fund to the full amount of the Reserve Account Requirement, and any Compliance Costs so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1, amounts required for the Successor Agency to pay principal of, and interest on, the Bonds and to meet all of its other obligations coming due in the respective ROPS Period. These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and the DOF, the amounts to be held by the Successor Agency as a reserve until the next ROPS Period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Law, that are necessary to provide for the payment of principal and interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due in the following ROPS Period. In the event the Dissolution Law is amended to provide for the filing of Recognized Obligation Payment Schedules on an annual basis, the Successor Agency shall be obligated to include in each such Recognized Obligation Payment Schedule the aggregate amount of principal of and interest on the Bonds. The Successor Agency will include in its ROPS the amounts described below to be transmitted to the Trustee for the applicable ROPS Period. The Successor Agency will submit an Oversight Board-approved ROPS to the County Auditor-Controller and the Department of Finance at least 90 days before each ROPS Period.

In accordance with the Indenture, the ROPS for the ROPS Period commencing January 1 of each year include, in addition to the other amounts required to be included thereon pursuant to the Law, Tax Revenues in an amount equal to 100% of the deposits required pursuant to the Indenture and any required debt service, reserve set-asides, and (D) and any other payments required under the Indenture or similar documents pursuant to Section 34171(d)(1)(A) of the Dissolution Law. Expected Compliance Costs, if any, will be included in each ROPS in accordance with the Dissolution Law.

The ROPS for the ROPS Period commencing January 1 of each year shall include, in addition to the other amounts required to be included thereon pursuant to the Law, tax increment revenues in an amount equal to 100% of the deposits required under the Indenture and must include any amounts required to pay Annual Debt Service due on the Outstanding Bonds, amounts required to pay principal and interest payments due on Existing Obligations, plus the amount of any deficiency in the Reserve Account and Compliance Costs, and amounts required to correct any deficiency in the reserve accounts under the indentures for the Existing Obligations, less the amounts, if any, on deposit in the Tax Increment Fund and each respective Special Fund (or similar account) for the related Existing Obligations, as of the date of submission for the ROPS pursuant to this section that are in excess of the amounts required to be applied to payment of principal of or interest or sinking account payments on the Outstanding Bonds and Existing Obligations in the then-current calendar year. The amount due to the Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund for the next subsequent ROPS Period of the then-current calendar year from amounts required to be deposited into the Tax Increment Fund will equal the deposits required pursuant to the Indenture and will include any amounts required to pay principal and interest payments due on the Outstanding Bonds, amounts required to pay principal and interest payments due on Existing Obligations, plus the amount of any deficiency in the Reserve Account and Compliance Costs, and amounts required to correct any deficiency in the reserve accounts under the indentures for the Existing Obligations, less the amounts, if any, on deposit in the Tax Increment Fund and each respective Special Fund (or similar account) for the related Existing Obligations, as of the date of submission for the ROPS pursuant to this section that are in excess of the amounts required to be applied to payment of principal of or interest or sinking account payments on the Outstanding Bonds, Existing Obligations in the then-current calendar year.

All Tax Revenues received by the Successor Agency (a) during a ROPS Period in excess of the amount required, as provided in this section, to be deposited in the Tax Increment Fund on January 2 or similar initial RPTTF Distribution Date; and (b) during the immediately following ROPS Period in excess of the amount required, as provided in this section, to be deposited in the Tax Increment Fund on the related RPTTF Distribution Date, will, immediately following the deposit with the Trustee of the amounts required to be so deposited as provided in this section on each date, be released from the pledge, security interest, and lien under the Indenture for the security of the Outstanding Bonds and may be applied by the Successor Agency for any lawful purpose of the Successor Agency, including but not limited to the payment of subordinate debt and the payment of any amounts due and owing to the United States of America pursuant to the provisions of the Indenture as described under the heading "COVENANTS OF THE SUCCESSOR AGENCY – Tax Covenants; Rebate Fund."

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Outstanding Bonds and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indentures, the Successor Agency will not have any beneficial right or interest in the moneys on deposit in the Tax Increment Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

In the event the Successor Agency fails to timely file any ROPS relating to the Insured Series 2015 Bonds for any period, the Successor Agency designates BAM as its attorney in fact with the power, to the extent permitted by law, to file or cause the filing of a ROPS relating to the Insured Series 2015 Bonds.

The Successor Agency shall segregate all amounts distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund in a separate Successor Agency account in the name of the Successor Agency to be used solely to pay debt service on the Bonds and all other parity obligations. In the event the rating on general fund obligations of the City falls below A- from Standard & Poor's, the City will maintain the Redevelopment Obligation Retirement Fund as a separate account with a bank or with the Trustee.

The Successor Agency shall provide BAM with copies of all ROPS submitted and any and all correspondence received from the DOF upon receipt. Documents posted on a timely basis on the DOF website shall meet this requirement. In the event that the Successor Agency is a party to a meet and confer with the DOF, the Successor Agency shall timely notify BAM and, if the subject of the meet and confer could impact the payment of or security for the Bonds or the Policy Costs, BAM shall have the right to participate in the meet and confer process either by appearance with the Successor Agency at the meet and confer or through written submission as BAM determines in its discretion. In the event the Successor Agency receives a ROPS denial, whether relating to the Insured Series 2015 Bonds or not, and such denial could delay the receipt of Tax Revenues necessary to pay debt service, Policy Costs, or BAM Reimbursement Amounts (as defined in the Indenture) relating to the Insured Series 2015 Bonds, the Successor Agency agrees to cooperate in good faith with BAM and BAM shall receive prompt notice of any such event and shall be permitted to attend any meetings with the Successor Agency and the DOF and to discuss such matters with the DOF directly.

Adverse Change in State Law. If, due to an adverse change in State law resulting from legislation or the decision of a court with jurisdiction over the Successor Agency and/or the County-Auditor Controller, the Successor Agency determines that it can no longer comply with the provisions of the Indenture as described under the heading "COVENANTS OF THE SUCCESSOR AGENCY – Compliance with the Dissolution Law," then the Successor Agency will immediately notify the County Auditor-Controller and the Trustee in writing of that determination. The Successor Agency will immediately seek a declaratory judgment or take other appropriate action in a court with jurisdiction over the Successor Agency and/or the County-Auditor Controller to determine the duties of all parties to the Indenture, and of the County Auditor-Controller, with regard to the performance of the provisions of the Indenture as described under the heading "COVENANTS OF THE SUCCESSOR AGENCY – Compliance with the Dissolution Law," by the Successor Agency. The Trustee may, but is not obligated to, participate in the process of seeking declaratory judgment to protect its rights under the Indenture. Any reasonable fees and expenses incurred by the Trustee (including, without limitation, legal fees and expenses) in connection with such participation will be borne by the Successor Agency.

Credits to Redevelopment Obligation Retirement Fund. The Successor Agency covenants to credit all Tax Revenues withdrawn from the RPTTF by the County Auditor-Controller and remitted to the Trustee for the payment of the Bonds to the Redevelopment Obligation Retirement Fund.

Compliance Costs. The Successor Agency, to the fullest extent permitted by law, will pay the annual Compliance Costs from amounts on deposit in the RPTTF, including fees and disbursements of the consultants and professionals engaged in connection with the Bonds, and costs of the Successor Agency, the City, and the Trustee.

Continuing Disclosure. The Successor Agency covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the Continuing Disclosure

Certificate will not be considered an Event of Default; provided, however, the Trustee, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, will to the extent the Trustee is indemnified to its satisfaction from and against any liability or expense related thereto, or any Owner or Beneficial Owner 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 section and the Continuing Disclosure Certificate. For purposes of this paragraph, "**Beneficial Owner**" means any Person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including Persons holding Bonds through nominees, depositories, or other intermediaries).

Negative Pledge. The Successor Agency may not create or allow to exist any liens on Tax Revenues senior to or on a parity with the Series 2015 Bonds except as provided in the Indenture under the heading "ISSUANCE OF ADDITIONAL BONDS." The Successor Agency shall refund outstanding Senior Bonds on a basis senior to or on parity with the Series 2015 Bonds only to the extent such refunding would be permitted by Section 34177.5(a)(1) of the Dissolution Act.

THE TRUSTEE

Appointment and Acceptance of Duties. The Trustee accepts and agrees to the trusts created to all of which the Successor Agency agrees and the Owners, by their purchase and acceptance thereof, agree.

Duties, Immunities and Liability of Trustee. (a) The Trustee will, before an Event of Default, and after the curing or waiver of all Events of Default that have occurred, perform the duties and only the duties expressly set forth in the Indenture, and no implied duties or obligations will be read into the Indenture against the Trustee. During the existence of any Event of Default that has not been cured or waived, the Trustee will exercise the rights and powers vested in it by the Indenture and use the same degree of care and skill in its exercise as a reasonable individual would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Subject to the Indenture, and in the absence of an Event of Default, the Successor Agency may remove the Trustee upon the occurrence of any of the following by giving written notice of removal to the Trustee: receipt of an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing); receipt of a written request of the Bond Insurer stating good cause; receipt of a written request of the Bond Insurer following an Event of Default (irrespective of cause); if the Trustee ceases to be eligible in accordance with the Indenture, becomes incapable of acting, or commences a case under any bankruptcy, insolvency, or similar law; or if a receiver of the Trustee or of its property is appointed; or if any public officer takes control or charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation, or liquidation. Promptly upon removal of the Trustee, the Successor will promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may, subject to paragraph (d) below, resign by giving written notice of resignation to the Successor Agency and by giving notice of such resignation by U.S. Mail, first-class postage prepaid, to the Owners at the addresses listed in the Bond Register. Upon receiving the notice of resignation, the Successor Agency will promptly appoint a successor Trustee by an instrument in writing, and will notify the Bond Insurer of such appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee. If a successor Trustee has not been appointed and has not accepted appointment within 30 days after a notice of removal or notice of resignation, the resigning Trustee or any Owner (on behalf of the Owner and all other Owners) may petition, at the expense of the Successor Agency, any court with jurisdiction over the Successor Agency for the appointment of a successor Trustee, and the court may thereupon, after such notice (if any) as it deems proper, appoint a successor Trustee. Any successor Trustee appointed under the Indenture must signify its acceptance of its appointment by executing and delivering to the Successor Agency and to the predecessor Trustee and the Bond Insurer a written acceptance thereof, and thereupon the successor Trustee, without any further act, deed, or conveyance, will become vested with all the moneys, estates, properties, rights, powers, trusts, duties, and obligations of the predecessor Trustee, with like effect as if originally named Trustee in the Indenture; nevertheless, at the written request of the Successor Agency or the successor Trustee, the predecessor Trustee will execute and deliver any and all instruments of conveyance or further assurance and do all other things as may reasonably be required for fully and certainly vesting in and confirming to the successor Trustee all the right, title, and interest of the predecessor Trustee in and to any property held by it under the Indenture and will pay over, transfer, assign, and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon request of the successor Trustee, the Successor Agency will execute and deliver any and all instruments as may be reasonably required for fully and certainly vesting in and confirming to the successor Trustee all moneys, estates, properties, rights, powers, trusts, duties, and obligations. Upon acceptance of appointment by a successor Trustee as provided in paragraph, the successor Trustee give a notice of the succession of the Trustee to the trusts under the Indenture by U.S. Mail, first-class postage prepaid, to the Owners at their addresses listed in the Bond Register.

BAM shall receive prior written notice of any name change of the Trustee for the Insured Series 2015 Bonds or the resignation, removal or substitution of the Trustee. Each Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least $250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least $1 billion of assets, or (C) otherwise approved by BAM in writing.

No resignation, removal or substitution of the Trustee shall take effect until a successor, acceptable to BAM, shall be qualified and appointed. BAM shall have the right to direct the replacement of the Trustee upon the occurrence of an event of a default on the Insured Series 2015 Bonds and any event of default under any senior or subordinate obligations to the extent BAM determines in its sole discretion that there exists or could exist a conflict of interest.

(e) Any Trustee appointed under the provisions of the Indenture as described under the heading "THE TRUSTEE – Duties, Immunities and Liability of Trustee," must be a trust company or bank having the powers of a trust company or authorized to exercise trust powers, having a corporate trust office in California, having (or in the case of a bank, trust company, or bank holding company that is a member of a bank holding company system, the related bank holding company must have) a combined capital and surplus of at least $50,000,000, and must be subject to supervision or examination by federal or state authority. If such a bank, trust company, or bank holding company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this paragraph the combined capital and surplus of the bank, trust company, or bank holding company will be deemed to be its combined capital and surplus as set forth in its most-recent report of condition so published. If the Trustee ceases to be eligible in accordance with the provisions of this paragraph, the Trustee will resign immediately in the manner and with the effect specified in this section.

(f) No provision in the Indenture requires the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture unless the Owners have offered to the Trustee security or indemnity it deems reasonable against the costs, expenses, and liabilities that may be incurred.

(g) In accepting the trust created by the Indenture, the Trustee acts solely as Trustee for the Owners and not in its individual capacity, and under no circumstances will the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

(h) The Trustee makes no representation or warranty, express or implied, as to the compliance with legal requirements of the use contemplated by the Successor Agency of the funds under the Indenture.

(i) The Trustee is not responsible for the recording or filing of any document relating to the Indenture or of financing statements (or continuation statements in connection therewith). The Trustee will not be deemed to have made representations as to the security afforded thereby or as to the validity, sufficiency, or priority of any such document, collateral, or security of the Bonds.

(j) The Trustee will not be deemed to have knowledge of any Event of Default under the Indenture unless and until a Responsible Officer has actual knowledge thereof at the Principal Corporate Trust Office.

(k) The Trustee is not accountable for the use or application by the Successor Agency or any other party of any funds the Trustee has released under the Indenture.

(l) The Trustee will provide a monthly accounting of all Funds held pursuant to the Indenture to the Successor Agency within 15 Business Days after the end of each month and will provide statements of account for each annual period beginning July 1 and ending June 30, within 90 days after the end annual period. The accounting must show in reasonable detail all transactions made by the Trustee under the Indenture during the accounting period and the balance in any Funds and accounts created under the Indenture as of the beginning and close of the accounting period.

(m) All moneys received by the Trustee will, until used or applied or invested as in the Indenture provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

(n) The permissive rights of the Trustee to do things enumerated in the Indenture do not impose a duty unless so specified in the Indenture.

(o) The Trustee may appoint and act through an agent and will not be responsible for any misconduct or negligence of any an agent appointed with due care.

Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated, or any company resulting from any merger, conversion, or consolidation to which it will be a party, or any company to which the Trustee sells or transfers all or substantially all of its corporate trust business, provided the company is eligible under paragraph (e) under the provisions of the Indenture as described under the heading "THE TRUSTEE – Duties, Immunities and Liability of Trustee," will succeed to the rights and obligations of the Trustee without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

Compensation. The Successor Agency will pay to the Trustee a reasonable compensation for its services rendered under the Indenture and reimburse the Trustee for reasonable expenses, disbursements, and advances, including attorney's and agent's fees and expenses, incurred by the Trustee in the performance of its obligations under the Indenture.

The Successor Agency agrees, to the extent permitted by law, to indemnify and hold harmless the Trustee and the Trustees' officers, directors, employees, attorneys, and agents against, any loss, liability, or expense incurred without negligence or willful misconduct on Trustee's part arising out of or in connection with (a) the acceptance or administration of the trusts imposed by the Indenture, including performance of the Trustee's duties under the Indenture, including the costs and expenses of defending itself against any claims or liability in connection with the exercise or performance of any of the Trustee's powers or duties under the Indenture; (b) the sale of any Bonds and the carrying out of any of the transactions contemplated by the Bonds; or (c) any untrue statement of any material fact or omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other disclosure document distributed by the Successor Agency or under the Successor Agency's authority in connection with the sale of the Bonds. The Successor Agency's obligations under the Indenture with respect to indemnity of the Trustee and the provision for its compensation set forth in this Article VII will survive and remain valid and binding notwithstanding the maturity and payment of the Bonds or the resignation or removal of the Trustee.

The Trustee has no responsibility for, or liability in connection with, assuring that all of the procedures or conditions to closing set forth in the contract of purchase for sale of the Bonds are satisfied, or that all documents required to be delivered on the closing date to the parties are actually delivered, except its own responsibility to receive or deliver the proceeds of the sale and to deliver the Bonds and other certificates expressly required to be delivered by it and its counsel.

Liability of Trustee. The recitals of facts in the Indenture and in the Bonds contained will be taken as statements of the Successor Agency, and the Trustee does not assume any responsibility for the correctness of the same or make any representations as to the validity or sufficiency of the Indenture or of the Bonds, and the Trustee will not incur any responsibility in respect thereof, other than in connection with the duties or obligations in the Indenture or in the Bonds assigned to or imposed upon it, except that the Trustee will be responsible for its representations in its certificate of authentication on the Bonds. The Trustee will not be liable in connection with the performance of its duties under the Indenture except for its own negligence or willful misconduct. The Trustee (in its individual or any other capacity) may become the Owner with the same rights it would have if it were not Trustee under the Indenture, and, to the extent permitted by law, may act as depository for and permit any of its officers, directors, and employees to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee represents the Owners of a majority in principal amount (or any lesser amount that may direct the Trustee in accordance with, and as provided in, the provisions of the Indenture) of the Bonds then Outstanding. The Trustee is not liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in principal amount (or any lesser amount that may direct the Trustee in accordance with, and as provided in, the provisions of the Indenture) of the Outstanding Bonds relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture. Whether or not therein expressly so provided, every provision of the Indenture or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of the Indenture as described under the heading "THE TRUSTEE." All indemnifications and releases from liability granted in the Indenture to the Trustee extend to the directors, officers, employees, and agents of the Trustee.

Right to Rely on Documents. The Trustee may rely on and will be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Successor Agency, with regard to legal questions, and the opinion of counsel will be full and complete authorization and protection for any action taken or suffered or omitted by the Trustee under the Indenture in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee deems it necessary or desirable that a matter be proved or established before taking or suffering or omitting any action under the Indenture, the matter (unless other evidence in respect thereof is specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by an Officer's Certificate, and the Officer's Certificate will be full warrant to the Trustee for any action taken or suffered or omitted in good faith under the provisions of the Indenture in reliance upon the Officer's Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of the matter or may require any additional evidence as to it may seem reasonable.

The Trustee is entitled to advice of counsel and other professionals concerning all matters of trust and its duty under the Indenture, but the Trustee is not answerable for the professional malpractice of any attorney-at-law or certified public accountant in connection with the rendering of the attorney's or accountant's professional advice in accordance with the terms of the Indenture, if the attorney or accountant was selected by the Trustee with due care.

Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture will be retained in its possession and will be subject at all reasonable times upon prior notice to the inspection of the Successor Agency, other Owners of at least 25% of the aggregate principal amount of the Bonds, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Indemnity for Trustee. Before taking any action or exercising any rights or powers under the Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses it may incur and for indemnification against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

AMENDMENT OF INDENTURE

Amendment by Consent of Owners. The Indenture and the rights and obligations of the Successor Agency and of the Owners may be amended at any time, upon the prior written consent of the Bond Insurer, by a Supplemental Indenture that will become binding when the written consents of the Owners of 60% in aggregate principal amount of Outstanding Bonds, exclusive of Bonds disqualified as provided in the Indenture under the heading "AMENDMENT OF INDENTURE – Amendment without Consent of Owners," are filed with the Trustee, but only if the amendment does not (a) extend the maturity of, or reduce the interest rate on, or otherwise alter or impair the obligation of the Successor Agency to pay the interest or principal of, and premium, if any, at the time and place and at the rate and in the currency provided in the Indenture of any Bond, without the express written consent of the Owner of such Bond; (b) permit the creation by the Successor Agency of any mortgage, pledge, or lien upon the Tax Revenues superior to, or on a parity with, the pledge and lien created in the Indenture for the benefit of the Bonds, without the express written consent of the Owner of such Bond; (c) reduce the percentage of Bonds required for the written consent to an amendment, without the express written consent of the Owner of such Bond; or (d) modify the rights or obligations of the Trustee without its prior written assent thereto.

Any amendment, supplement, or modification to the Indenture, or waiver of any of the terms hereof, that requires the consent of holders of the Insured Series 2015 Bonds or adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.

Amendment without Consent of Owners. The Indenture and the rights and obligations of the Successor Agency and of the Owners may also be amended at any time, by a Supplemental Indenture that becomes binding upon adoption, without the consent of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(a) To add to the covenants and agreements of the Successor Agency in the Indenture, to add other covenants and agreements thereafter to be observed, or to surrender any right or power in the Indenture reserved to or conferred upon the Successor Agency.

(b) To add any provisions and make any changes the Successor Agency deems necessary or desirable and not inconsistent with the Indenture for the purpose of curing any ambiguity, or of curing, correcting, or supplementing any defective provision in the Indenture, or of addressing questions arising under the Indenture, but only if the provisions or changes do not materially adversely affect the interests of the Owners.

(c) To provide for the issuance of any Additional Bonds and to provide the terms and conditions under which the Additional Bonds may be issued subject to, and in accordance with, the provisions of the Indenture as described under the heading "ISSUANCE OF ADDITIONAL BONDS."

(d) To grant or confer upon the holders of the Insured Series 2015 Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Insured Series 2015 Bonds.

(e) To add to the covenants and agreements of the Successor Agency in the Indenture other covenants and agreements thereafter to be observed by the Successor Agency or to surrender any right or power therein reserved to or conferred upon the Successor Agency.

(f) With the prior written consent of the Bond Insurer, to modify, amend, or supplement the Indenture so as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter in effect, and to add any other terms, conditions, and provisions permitted by that act or similar federal statute, but only if the modification, amendment, or supplement does not materially adversely affect the interests of the Owners.

(g) To maintain the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income-tax purposes.

(h) With the prior written consent of the bond Insurer, to modify, amend, or supplement the Indenture so as to conform to changes in the Dissolution Law, but only if there is no material adverse effect to holders of the Bonds.

(i) To obtain a bond insurance policy or a rating on the Bonds.

The written consent of the Owners of a Series of Bonds may be effected through a consent by the underwriter of the Series of Bonds at the time of the issuance of the Series of Bonds or through a provision of a Supplemental Indenture that deems any Owners purchasing the Series of Bonds to consent for purposes of the provisions of the Indenture as described under the heading "AMENDMENT OF THE INDENTURE – Amendment without Consent of Owners" by virtue of purchasing the Series of Bonds.

Disqualified Bonds. Bonds owned or held by or for the account of the Successor Agency or the City will not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in the Indenture as described under the heading "AMENDMENT OF THE INDENTURE" and will not be entitled to consent to or take any other action provided for in the Indenture as described under the heading "AMENDMENT OF INDENTURE."

Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as provided in the Indenture, the Successor Agency may determine that the Bonds may bear a notation as to that action by endorsement in form approved by the Successor Agency, and in that case, upon demand of the Owner of any Bond Outstanding at the effective date and presentation of the Bond for the purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to the action will be made on the Bond. If the Successor Agency so determines, new Bonds so modified as, in the opinion of the Successor Agency, are necessary to conform to the action will be prepared and executed, and in that case, upon demand of the Owner of any Bond Outstanding at the effective date, the new Bonds will be exchanged at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner, for Bonds then Outstanding, upon surrender of the Outstanding Bonds.

Amendment by Mutual Consent. The provisions of the Indenture as described under the heading "AMENDMENT OF INDENTURE" will not prevent any Owner from accepting any amendment as to the particular Bonds the Owner holds, provided that due notation thereof is made on the Bonds.

Opinion of Counsel. The Trustee may request and conclusively accept an opinion of counsel to the Successor Agency that an amendment of the Indenture is in conformity with the provisions of the Indenture as described under the heading "AMENDMENT OF INDENTURE."

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Events of Default and Acceleration of Maturities. If one or more of the following events (each an "**Event of Default**") will happen, that is to say—

(a) if default is made in the due and punctual payment of the principal of, or premium, if any, on any Bond when and as the same becomes due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default is made in the due and punctual payment of the interest on any Bond when and as the same becomes due and payable;

(c) if default is made by the Successor Agency in the observance of any of the agreements, conditions, or covenants on its part in the Indenture or in the Bonds, and the default has continued for 30 days after the Successor Agency has been given notice in writing of the default by the Trustee (except that such a default will not constitute an Event of Default if the Successor Agency commences to cure it within the 30-day period and thereafter diligently and in good faith proceeds to cure the default within a reasonable time not exceeding 60 days after the notice without the prior written consent of the Bond Insurer, which consent will not be unreasonably withheld); or

(d) if the Successor Agency files a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court with jurisdiction over the Successor Agency approves a petition, filed with or without the consent of the Successor Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court with jurisdiction over the Successor Agency assumes custody or control of the Successor Agency or of the whole or any substantial part of its property;

then, and during the continuance of the Event of Default, with the written consent of the Bond Insurer, the Trustee may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of Outstanding Bonds the Trustee will, by notice in writing to the Successor Agency declare the principal of all of the Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon such a declaration the same will become and will be immediately due and payable. For all purposes under the Indenture described under the heading "EVENTS OF DEFAULT AND REMEDIES OF OWNERS," the Bond Insurer is deemed to be an owner of 100% of the insured bonds unless the Bond Insurer is in default under the terms of the Bond Insurance Policy.

At any time after the principal of the Bonds has been so declared due and payable and before any judgment or decree for the payment of the money due has been obtained or entered, if the Successor Agency deposits with the Trustee a sum sufficient to pay all principal on the Outstanding Bonds matured before the declaration and to pay all matured installments of interest (if any) upon all the Bonds, with interest at the annual rate of 10% on the overdue installments of principal and interest, and if the reasonable expenses of the Trustee and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Outstanding Bonds due and payable solely by reason of the declaration) have been made good or cured to the satisfaction of the Trustee or a provision deemed by the Trustee to be adequate has been made therefor, then the Owners of at least 25% in aggregate principal amount of Outstanding Bonds, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul the declaration and its consequences. No rescission and annulment will extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

An Event of Default will continue to exist under the Indenture after payment is made by the Insurer when due, pursuant to the terms of the Bond Insurance Policy.

Application of Funds Upon Acceleration. All money in the funds and accounts provided for in the Indenture upon the date of the declaration of acceleration by the Trustee as provided in the Indenture under the heading "EVENTS OF DEFAULT AND REMEDIES OF OWNERS – Events of Default and Acceleration of Maturities," and all Tax Revenues thereafter received by the Successor Agency under the Indenture, will be transmitted to the Trustee and will be applied by the Trustee in the following order:

(a) First, to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of the Indenture as described under the heading "EVENTS OF DEFAULT AND REMEDIES OF OWNERS," including reasonable compensation to its agents, attorneys, and counsel, and then to the payment of the costs and expenses of the Owners in providing for the declaration of the Event of Default, including reasonable compensation to their agents, attorneys, and counsel.

(b) Second, upon presentation of the several Bonds and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Outstanding Bonds for principal of, and interest on, the Outstanding Bonds, with interest on the overdue interest and principal at the annual rate of 10%, and if the money is insufficient to pay in full the whole amount so owing and unpaid upon the Outstanding Bonds, then to the payment of the interest, principal, and interest on overdue interest and principal without preference or priority among such interest, principal, and interest on overdue interest and principal, ratably to the aggregate of the interest, principal, and interest on overdue interest and principal.

Trustee to Represent Owners. The Trustee is irrevocably appointed (and the successive Owners, by taking and owning the Bonds, will be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners for the purpose of exercising and prosecuting on their behalf any rights and remedies that are available to the Owners under the provisions of the Bonds, the Indenture, the Law, and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners, the Trustee in its discretion may, with the consent of the Bond Insurer, and upon the written request of the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding, and upon being indemnified to its satisfaction therefor the Trustee will, proceed to protect or enforce its rights or the rights of the Owners by the appropriate action, suit, mandamus, or other proceedings it deems most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power in the Indenture granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in the Owners under the Indenture, the Law, or any other law. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action, or proceeding instituted by the Trustee will be brought in the name of the Trustee for the benefit and protection of all the Owners, subject to the provisions of the Indenture.

Owners' Direction of Proceedings. The Owners of a majority in aggregate principal amount of the Bonds then Outstanding have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, subject to the following: the direction must be in accordance with law and the provisions of the Indenture, and the Trustee will have the right to decline to follow any direction that in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to the direction.

Limitation on Owners' Right to Sue. No Owner of any Bond may institute any suit, action, or proceeding at law or in equity for the protection or enforcement of any right or remedy under the Indenture, the Law, or any other applicable law with respect to the Bond, unless (a) the Owner has given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than (25% in aggregate principal amount of Bonds then Outstanding have made written request upon the Trustee to exercise the powers in the Indenture granted or to institute the suit, action, or proceeding in its own name; (c) the Owner or Owners have tendered to the Trustee reasonable indemnity against the costs, expenses, and liabilities to be incurred in compliance with the request; and (d) the Trustee has refused or omitted to comply with the request for 60 days after the written request has been received by, and the tender of indemnity has been made to, the Trustee.

Notification, request, tender of indemnity, and refusal or omission are conditions precedent to the exercise by an Owner of any remedy under the Indenture or under law. An Owner may not affect, disturb, or prejudice the security of the Indenture or the rights of any other Owners. An Owner may not enforce any right under the Indenture, the Law, or other applicable law with respect to the Bonds except in the manner in the Indenture provided, and all proceedings at law or in equity to enforce any right under the Indenture, the Law, or other applicable law with respect to the Bonds must be instituted, had, and maintained in the manner in the Indenture provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Non-Waiver. Nothing in the provisions of the Indenture as described under the heading "EVENTS OF DEFAULT AND REMEDIES OF OWNERS" or in any other provision of the Indenture or the Bonds affects or impairs (a) the obligation of the Successor Agency, which is absolute and unconditional, to pay the principal of, and the interest on, the Bonds to the Owners at the dates of maturity, as in the Indenture provided, out of the Tax Revenues pledged for payment; or (b) the right of action, which is also absolute and unconditional, of the Owners to institute suit to enforce payment by virtue of the contract embodied in the Bonds and the Indenture.

A waiver of any default or breach of duty or contract by any Owner will not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner to exercise any right or power accruing upon any default will impair any such right or power or constitute a waiver of any the default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Law or by the provisions of the Indenture may be enforced and exercised from time to time and as often as will be deemed expedient by the Owners.

If any suit, action, or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, then the Trustee, the Successor Agency, and the Owners will be restored to their former positions, rights, and remedies as if the suit, action, or proceeding had not been brought or taken.

Remedies Not Exclusive. The remedies in the Indenture conferred upon or reserved to the Trustee or the Owners are exclusive of any other remedy; are cumulative and in addition to every other remedy given under the Indenture or now or hereafter existing, at law or in equity or by statute or otherwise; and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Notice To and Consent of BAM Upon Default.

(a) Notice To and Consent of BAM in the Event of Insolvency. To the extent the Successor Agency enters into any reorganization or liquidation plan, it must be acceptable to BAM in writing. In the event of any reorganization or liquidation of the Successor Agency BAM shall have the right to file a claim, object to and vote on behalf of all holders of the Insured Series 2015 Bonds absent a continuing failure by BAM to make a payment under the 2015 Bond Insurance Policy. The Successor Agency shall provide BAM with immediate written notice of any insolvency event that causes the Successor Agency to be unable to pay its obligations as and when they become due. In the event of a receivership or out-of-court restructuring, BAM shall have the right to negotiate and speak on behalf of and bind the bondholders and any agreements reached must be acceptable to BAM.

(b) Consent of BAM Upon Default. Anything in the Indenture to the contrary notwithstanding, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Series 2015 Bonds or the Trustee for the benefit of the holders of the Insured Series 2015 Bonds under the Indenture.

(c) BAM as Owner. Upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole and exclusive owner of the outstanding Insured Series 2015 Bonds for all purposes under the Indenture, including, without limitation, for purpose of approvals, consents, waivers, exercising remedies and approving agreements relating to the Insured Series 2015 Bonds.

(d) Consent of BAM for Acceleration. BAM's prior written consent is required as a condition precedent to and in all instances of acceleration of the Insured Series 2015 Bonds.

(e) Grace Period for Payment Defaults. No grace period shall be permitted for payment defaults on the Insured Series 2015 Bonds. No grace period for a covenant default shall exceed 30 days without the prior written consent of BAM.

(f) Special Provisions for 2015 Insurer Default. If a 2015 Insurer Default (defined below) shall occur and be continuing, then, notwithstanding anything in paragraphs (a)-(e) above to the contrary, (1) if at any time prior to or following a 2015 Insurer Default, BAM has made payment under the 2015 Bond Insurance Policy, to the extent of such payment BAM shall be treated like any other holder of the Insured Series 2015 Bonds for all purposes, including giving of consents, and (2) if BAM has not made any payment under the 2015 Bond Insurance Policy, BAM shall have no further consent rights until the particular 2015 Insurer Default is no longer continuing or BAM makes a payment under the 2015 Bond Insurance Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph (f), "**2015 Insurer Default**" means any of the following: (A) BAM has failed to make any payment under the 2015 Bond Insurance Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the 2015 Bond Insurance Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

DEFEASANCE

Discharge of Indebtedness. (a) If the Successor Agency shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated in the Indenture and therein, and if all other amounts due and payable under the Indenture have been paid, then the Owners will cease to be entitled to the lien created by the Indenture, and all agreements, covenants, and other obligations of the Successor Agency under the Indenture will thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee will execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence the discharge and satisfaction, and the Trustee will pay over or deliver to the Successor Agency all money or securities held by it pursuant to the Indenture that are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

Subject to the provisions of paragraph (a) above, when any Bond has been paid and if, at the time of payment, the Successor Agency has kept, performed, and observed all of the covenants and promises in the Bonds and in the Indenture required or contemplated to be kept, performed, and observed by the Successor Agency or on its part on or before that time, then the Indenture will be considered to have been discharged in respect of the Bond, and the Bond will cease to be entitled to the lien created by the Indenture, and all agreements, covenants, and other obligations of the Successor Agency under the Indenture will cease, terminate, become void, and be completely discharged and satisfied as to the Bond.

(c) Notwithstanding the discharge and satisfaction of the Indenture or the discharge and satisfaction of the Indenture in respect of any Bond, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost, or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing will remain in effect and will be binding upon the Trustee and the Owners, and the Trustee will continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on the Bonds, to pay to the Owners the funds so held by the Trustee as and when such payment becomes due.

<u>Bonds Deemed to Have Been Paid</u>. (a) If moneys have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, then the Bond will be deemed to have been paid within the meaning and with the effect provided in the Indenture as described above under the heading "Discharge of Indebtedness." Any Outstanding Bond will be deemed to have been paid before the maturity date or redemption date thereof within the meaning of, and with the effect expressed in the Indenture as described above under the heading "Discharge of Indebtedness," if both of the following have occurred:

(1) There has been deposited with the Trustee either (A) money in an amount that will be sufficient or (B) Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys that will be sufficient, to pay when due the interest to become due on the Bond on and before the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond.

(2) If the Bond is not by its terms subject to redemption within the next succeeding 60 days, the Successor Agency has given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to mail as soon as practicable a notice to the Owner that the deposit required by subparagraph (1) above has been made with the Trustee and that the Bond is deemed to have been paid in accordance with the provisions of the Indenture under the heading "DEFEASANCE – Bonds Deemed to have been Paid" and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on the Bond.

Neither the money nor the Federal Securities deposited with the Trustee pursuant to paragraph (a) above in connection with the deemed payment of Bonds, nor principal or interest payments on any Federal Securities so deposited, may be withdrawn or used for any purpose other than, and will be held in trust for and pledged to, the payment of the principal of and, premium, if any, and interest on, the Bonds.

(b) No Bond will be deemed to have been paid pursuant to subparagraph (1)(B) above unless the Successor Agency has caused to be delivered (1) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Successor Agency and the Trustee; (2) a copy of the escrow agreement entered into in connection with the deposit pursuant to Section subparagraph (1)(B) above resulting in the deemed payment, which escrow agreement must provide that no substitution of Federal Securities is permitted except with other Federal Securities and upon delivery of a new Verification Report and that no reinvestment of Federal Securities is permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report; and (3) a copy of an opinion of Bond Counsel, dated the date of the deemed payment and addressed to the Successor Agency and the Trustee, to the effect that the Bond has been paid within the meaning and with the effect expressed in the Indenture, and all agreements, covenants, and other obligations of the Successor Agency under the Indenture as to the Bond have ceased, terminated, become void, and been completely discharged and satisfied.

(c) The Trustee is entitled to rely upon (1) an opinion of Bond Counsel to the effect that the conditions precedent to a deemed payment pursuant to subparagraph (a)(2) above have been satisfied, and (2) any other opinions, certifications, and computations of accountants or other financial consultants concerning the matters described in subparagraph (a)(1) above.

(d) Federal Securities providing for the payment of debt service on the Insured Series 2015 Bonds in accordance with this section shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under California law and approved by BAM ("**Defeasance Obligations**").

(e) At least three Business Days prior to any defeasance with respect to the Insured Series 2015 Bonds, the Successor Agency shall deliver to BAM draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Insured Series 2015 Bonds, and a Verification Report. Such opinion and Verification Report shall be addressed to BAM and shall be in form and substance satisfactory to BAM. In addition, the escrow agreement shall provide that:

> (1) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Insured Series 2015 Bonds is excludable) from gross income of the holders of the Insured Series 2015 Bonds of the interest on the Insured Series 2015 Bonds for federal income tax purposes and the prior written consent of BAM, which consent will not be unreasonably withheld.
>
> (2) The Successor Agency will not exercise any prior optional redemption of Insured Series 2015 Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.
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> (3) The Successor Agency shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

MISCELLANEOUS

Liability of Successor Agency Limited to Tax Revenues. The Successor Agency is not required to advance any money derived from any source of income other than the Tax Revenues for the payment of the principal of, and the interest on the Bonds or for the performance of any covenants contained in the Indenture, other than the covenants contained in the provisions of the Indenture as described under the heading "COVENANTS OF THE SUCCESSOR AGENCY – Tax Covenants; Rebate Fund." The Successor Agency may, however, advance funds for such a purpose, provided that the funds are derived from a source legally available for that purpose.

The Bonds are special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues, and the Successor Agency is not obligated to pay them except from the Tax Revenues. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Tax Revenues, and the Tax Revenues constitute a trust fund for the security and payment of the principal of, and the interest on the Bonds, to the extent set forth in the Indenture. The Bonds are not a debt of the City, the County, the State of California, or any other political subdivision of the State, and neither the City, the State, the County, nor any of the State's other political subdivisions is liable therefor, nor in any event will the Bonds be payable out of any funds or properties other than those of the Successor Agency pledged therefor as provided in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the council members nor directors of the Successor Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Parties Interested in the Indenture. Nothing in the Indenture, expressed or implied, is intended to give to any Person other than the Successor Agency, the Trustee and the Owners any right, remedy, or claim under or by reason of the Indenture. Any covenants, stipulations, promises, or agreements in the Indenture by and on behalf of the Successor Agency or any council member, director, officer, or employee thereof is for the sole and exclusive benefit of the Trustee and the Owners.

Unclaimed Moneys. Notwithstanding anything to the contrary in the Indenture, any money held by the Trustee in trust for the payment and discharge of the interest on, or principal or premium, if any, of any Bond that remains unclaimed for two years after the date when the amounts have become payable, if the money was held by the Trustee on that date, or for two years after the date of deposit of the money if deposited with the Trustee after the date the amounts have become payable will be paid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee will thereupon be released and discharged with respect thereto and the Owners will look only to the Successor Agency for the payment of those amounts; provided, that before being required to make such a payment to the Successor Agency, the Trustee will, at the expense of the Successor Agency, give notice by U.S. Mail, first-class postage prepaid, to all Owners that the money remains unclaimed and that after a date named in the notice, which date will not be less than 60 days after the date of giving the notice, the balance of the money then unclaimed will be returned to the Successor Agency.

Moneys Held for Particular Bonds. The money held by the Trustee for the payment of the principal of or premium or interest on particular Bonds due on any date (or portions of Bonds in the case of Bonds redeemed in part only) will, on and after such date and pending payment, be set aside on its books and held in trust by it for the Owners entitled thereto, subject, however, to the provisions of the Indenture as described under the heading "MISCELLANEOUS – Unclaimed Moneys," but without any liability for interest thereon.

Successor Is Deemed Included in All References to Predecessor. Whenever in the Indenture either the Successor Agency or any council member, director, officer, or employee thereof is named or referred to, that reference will be deemed to include the successor to the powers, duties, and functions, with respect to the management, administration, and control of the affairs of the Successor Agency, that are vested in the Successor Agency or the council member, director, officer, or employee as of the date of the Indenture, and all the agreements, covenants, and provisions in the Indenture by or on behalf of the Successor Agency or any council member, director, officer, or employee thereof will bind and inure to the benefit of their successors whether so expressed or not.

Execution of Documents by Owners. Any request, declaration, or other instrument that the Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and may be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise in the Indenture expressly provided, the fact and date of the execution by any Owner or his attorney of a request, declaration, or other instrument, or of a writing appointing the attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he or she purports to act, that the person signing such request, declaration, or other instrument or writing acknowledged to him or her the execution thereof, or by an affidavit of a witness of the execution, duly sworn to before the notary public or other officer.

The Trustee may nevertheless in its discretion require further or other proof where it deems the same desirable. The ownership of registered Bonds and the amount, maturity, Series, number, and date of holding the same will be proved by the registry books provided for in the Indenture as described under the heading "THE BONDS; CERTAIN PROVISIONS OF THE SERIES 2015 Bonds – Bond Register."

Any request, declaration, or other instrument or writing of the Owner of any Bond will bind all future Owner with respect to anything done by the Successor Agency in good faith and in accordance therewith.

Waiver of Personal Liability. No council member, director, officer, or employee of the Successor Agency is individually or personally liable for the payment of the principal of, premium, if any, and the interest on the Bonds; but nothing in the Indenture will relieve any council member, director, officer, or employee of the Successor Agency from the performance of any official duty provided by law.

Acquisition of Bonds by Successor Agency. All Bonds acquired by the Successor Agency, whether by purchase or gift or otherwise, will be surrendered to the Trustee for cancellation.

Destruction of Cancelled Bonds. Whenever in the Indenture provision is made for return to the Successor Agency of any Bonds that have been cancelled pursuant to the provisions of the Indenture, the Successor Agency may, by a Written Request of the Successor Agency, direct the Trustee to destroy the Bonds and furnish to the Successor Agency a certificate of the destruction.

Content of Certificates and Reports. Every certificate or report with respect to compliance with a condition or covenant provided for in the Indenture must include (a) a statement that the person or persons making or giving the certificate or report have read the covenant or condition and the definitions in the Indenture relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions in the certificate or report are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made the examination or investigation that is necessary to enable them to express an informed opinion as to whether or the covenant or condition has been satisfied; and (d) a statement as to whether, in the opinion of the signers, the condition or covenant has been satisfied.

Any certificate made or given by an officer of the Successor Agency under the provisions of the Indenture as described under the heading "MISCELLANEOUS – Content of Certificates and Reports" may be based, insofar as it relates to legal matters, upon a certificate, opinion, or representation by counsel unless the officer knows that counsel's certificate or opinion or representation with respect to the matters upon which the certificate, opinion, or representation by counsel may be based is erroneous or unless, in the exercise of reasonable care, the officer should have known that the same was erroneous. Any certificate, opinion, or representation by counsel may be based, insofar as it relates to factual matters, information with respect to which is in the possession of the Successor Agency, upon the certificate or opinion of or representations by an officer or officers of the Successor Agency unless counsel knows that the certificate, opinion, or representation with respect to the matters upon which counsel's certificate, opinion, or representation may be based is erroneous or unless, in exercise of reasonable care, counsel should have known that the same were erroneous.

Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Successor Agency or the Trustee may be established and maintained in the accounting records of the Successor Agency or the Trustee either as a fund or an account, and may, for the purposes of the records, any audits thereof, and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts must at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Bonds and the rights of the Owners.

Bond Insurance Payment and Reimbursement Provisions Relating to Insured Series 2015 Bonds. Notwithstanding anything to the contrary contained in the Indenture, the following provisions are applicable to the 2015 Bond Insurance Policy.

(a) In the event that principal and/or interest due on the Insured Series 2015 Bonds shall be paid by BAM pursuant to the 2015 Bond Insurance Policy, the Insured Series 2015 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Successor Agency, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Successor Agency to the registered owners shall continue to exist and shall run to the benefit of BAM and BAM shall be subrogated to the rights and remedies of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Insured Series 2015 Bonds.

(b) In the event that on the second business day prior to any payment date on the Insured Series 2015 Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Series 2015 Bonds due on such payment date, the Trustee shall immediately notify BAM or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall notify BAM or its designee promptly upon receipt of payment.

(c) In addition, if the Trustee has notice that any holder of the Insured Series 2015 Bonds has been required to disgorge payments of principal of or interest on the Insured Series 2015 Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Trustee shall notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of BAM.

(d) The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Insured Series 2015 Bonds as follows:

(1) If there is a deficiency in amounts required to pay interest and/or principal on the Insured Series 2015 Bonds, the Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holders of the Insured Series 2015 Bonds in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the Insured Series 2015 Bonds, (ii) receive as designee of the respective holders (and not as Trustee or paying agent) in accordance with the tenor of the 2015 Bond Insurance Policy payment from BAM with respect to the claims for interest so assigned, and (iii) disburse the same to such respective holders; and

(2) If there is a deficiency in amounts required to pay principal of the Insured Series 2015 Bonds, the Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holder of the Insured Series 2015 Bonds in any legal proceeding related to the payment of such principal and an assignment to BAM of the Insured Series 2015 Bonds surrendered to BAM, (ii) receive as designee of the respective holders (and not as Trustee or paying agent) in accordance with the tenor of the 2015 Bond Insurance Policy payment therefore from BAM, and (iii) disburse the same to such holders.

The Trustee shall designate any portion of payment of principal on Insured Series 2015 Bonds paid by BAM, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Series 2015 Bonds registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Series 2015 Bond to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Series 2015 Bond shall have no effect on the amount of principal or interest payable by the Successor Agency on any Insured 2015 Bond or the subrogation or assignment rights of BAM.

Payments with respect to claims for interest on and principal of Insured Series 2015 Bonds disbursed by the Trustee from proceeds of the 2015 Bond Insurance Policy shall not be considered to discharge the obligation of the Successor Agency with respect to such Insured Series 2015 Bonds, and BAM shall become the owner of such unpaid Insured Series 2015 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise.

(e) Irrespective of whether any such assignment is executed and delivered, the Successor Agency and the Trustee agree for the benefit of BAM that:

(1) They recognize that to the extent BAM makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the Insured Series 2015 Bonds, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Successor Agency, with interest thereon, as provided and solely from the sources stated in the Indenture and the Insured Series 2015 Bonds; and

(2) They will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Insured Series 2015 Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Series 2015 Bonds to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

(f) The Successor Agency agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Indenture ("**Administrative Costs**"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The Successor Agency agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Notwithstanding anything in the Indenture to the contrary, the Successor Agency agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the 2015 Bond Insurance Policy ("**BAM 2015 Policy Payment**"); and (ii) interest on such BAM 2015 Policy Payments from the date paid by BAM until payment thereof in full by the Successor Agency, payable to BAM at the Late Payment Rate per annum (collectively, "**BAM Reimbursement Amounts**") compounded semi-annually. The Successor Agency hereby covenants and agrees that the BAM Reimbursement Amounts are payable from and secured by a lien on and pledge of the Tax Revenues and payable from such Tax Revenues on a parity with debt service due on the Bonds.

(g) The rights granted to BAM under the Indenture and Insured Series 2015 Bonds to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the 2015 Bond Insurance Policy. Any exercise by BAM of such rights is merely an exercise of the BAM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Series 2015 Bonds and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the Insured Series 2015 Bonds or any other person is required in addition to the consent of BAM.

(h) BAM shall be entitled to pay principal or interest on the Insured Series 2015 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Successor Agency (as such terms are defined in the 2015 Bond Insurance Policy) and any amounts due on the Insured Series 2015 Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not BAM has received a claim upon the 2015 Bond Insurance Policy.

Notice and Other Information to be given to BAM. The Successor Agency will identify BAM as a "notice party" and, except to the extent such information is filed with the MSRB's EMMA system, shall further provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement and (ii) to the holders of Insured Series 2015 Bonds or the Trustee under the Indenture. BAM shall receive copies of all notices and amendments relating to the Insured Series 2015 Bonds and Successor Agency's subordinate bonds, if any.

Bond Insurer as Third-Party Beneficiary. The Bond Insurer is hereby expressly made an irrevocable third party beneficiary of the Indenture and may enforce the provisions of the Indenture as if it were a party thereto.

California Law. The Indenture of Trust is to be construed and governed in accordance with the laws of the State of California.

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon delivery of the Bonds, Orrick, Herrington & Sutcliffe LLP, Sacramento, California, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

[Date of Delivery]

Redevelopment Agency Successor Agency
of the City of Sacramento
Sacramento, California

Redevelopment Agency Successor Agency of the City of Sacramento
2015 Tax Allocation Refunding Bonds,
Series A (Tax-Exempt) and Series B (Federally Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Redevelopment Agency Successor Agency of the City of Sacramento (the "**Successor Agency**") in connection with issuance of $62,135,000 aggregate principal amount of Redevelopment Agency Successor Agency of the City of Sacramento 2015 Tax Allocation Refunding Bonds (Series A) (Tax-Exempt) (the "**Series 2015A Bonds**") and the $41,915,000 aggregate principal amount of Redevelopment Agency Successor Agency of the City of Sacramento 2015 Tax Allocation Refunding Bonds (Series B) (Federally Taxable) (the "**Series 2015B Bonds**," and together with the Series 2015A Bonds, the "**Bonds**"), issued pursuant to an indenture of trust, dated as of October 1, 2015 (the "**Indenture**"), between the Successor Agency and U.S. Bank National Association, as trustee (the "**Trustee**"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate relating to the Series 2015A Bonds, opinions of counsel to the Successor Agency and the Trustee, certificates of the Successor Agency, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Successor Agency. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate relating to the Series 2015A Bonds, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2015A Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate relating to the Series 2015A Bonds and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against successor agencies to dissolved redevelopment agencies the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Successor Agency.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Successor Agency. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Tax Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture, except the Rebate Fund and the Costs of Issuance Fund subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. Interest on the Series 2015A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "**Code**") and is exempt from State of California personal income taxes. Interest on the Series 2015A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the Series 2015B Bonds is exempt from State of California personal income taxes. We observe that interest on the Series 2015B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

APPENDIX E

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2014

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Farm-to-Fork

Historic City Hall

24th Street Solar Canopies

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014

CITY OF SACRAMENTO, CALIFORNIA

City of Sacramento

California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014

Prepared by the Department of Finance,
Accounting Division

Leyne Milstein, Director of Finance
Dennis Kauffman, Finance Operations Manager
Russ Robertson, Accounting Manager

CITY OF SACRAMENTO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014

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City of
SACRAMENTO
Office of the City Manager

John F. Shirey
City Manager

City Hall
915 I Street, Fifth Floor
Sacramento, CA 95814-2604
916-808-5704

December 19, 2014

Honorable Mayor, Members of the City Council

and Citizens of the City of Sacramento, California:

We are pleased to transmit the Comprehensive Annual Financial Report (CAFR) of the City of Sacramento (City) for the fiscal year ended June 30, 2014. Article IX of the City Charter, as well as federal and state law, requires that the City issue an annual report on its financial position and activity, and that the report be audited by an independent firm of certified public accountants. Vavrinek, Trine, Day & Co., LLP, a statewide certified public accounting firm, performed the audit for the fiscal year ended June 30, 2014. Their unmodified ("clean") opinion has been included as the first component of the financial section of the CAFR.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY

The City of Sacramento, capital of the State of California, was established in 1849. The sixth largest city in California based on population, Sacramento also serves as the seat of Sacramento County government. The State of California Department of Finance estimates the population on January 1, 2014 at 475,122 for the City and 1,454,406 for the County of Sacramento. Encompassing 99 square miles, Sacramento is located in the northern section of California's Central Valley at the confluence of the Sacramento and American rivers.

Sacramento is a charter city operating under a Council-Manager form of government. The City provides a full range of municipal services including police, fire, emergency medical response, water, wastewater, storm drainage, solid waste, construction and maintenance of streets and parks, community development, recreational and cultural activities, economic development, and administrative services.

<u>REPORTING ENTITY</u>

This CAFR presents the financial status of the City and its four component units:

Sacramento City Financing Authority (SCFA)
Sacramento City Employees' Retirement System (SCERS)
Successor Agency to the Redevelopment Agency of the City of Sacramento (RASA)
Sacramento Regional Arts Facilities Financing Authority (SRAFFA)

Component units are separate legal entities included in this report due to significant operational or financial relationships with the City.

SCFA is an entity created to issue debt to finance City projects. SCFA is reported on a blended basis as part of the primary government because its board is composed of all of the City Council members.

SCERS, a single employer pension plan for certain City employees and retirees, is reported as a fiduciary-type component unit. The SCERS pension plan was closed to new enrollment of employees in 1978.

RASA was created to serve as a custodian for the assets and to wind down the affairs of the former Redevelopment Agency of the City of Sacramento. RASA is reported as a fiduciary-type component unit.

SRAFFA was created for the purpose of financing the expansion of the H Street Theater complex and is a discretely presented component unit. Discretely presented component units are legally separate and do not function as an integral part of the primary government. As such, SRAFFA is reported in a separate column in the government-wide financial statements to differentiate its financial position and operational results from those of the City.

<u>BUDGET INFORMATION</u>

The City Charter requires that the City Manager submit a proposed budget to the City Council at least 60 days prior to the start of each fiscal year. Once approved by City Council, the annual budget serves as the foundation for the City's financial planning, control and reporting. Budgetary control is maintained at the department level by fund. Budgetary control for multi-year projects is maintained at the individual project level by fund. Additional budgetary information can be found in Note 1 to the financial statements and on the City of Sacramento's website.

<u>LOCAL ECONOMY</u>

The regional economy and employment base continues its long-term transition from a state government concentration to a diverse economic base including health care providers, high-tech manufacturers, software development companies, biotechnology and medical research laboratories, food processors, and medical equipment manufacturers. The region is also a transportation hub served by air cargo airports, an international airport, a deep water shipping port, two major interstate freeways, freight and passenger rail lines, and an extensive regional commuter bus and light-rail system. These key industries interface with Sacramento's service, hospitality and government employers.

Like most cities in the country, Sacramento continued its modest economic recovery in 2014. As of June 2014, unemployment for the Sacramento metropolitan area and Sacramento County was 6.9% and 7.1%, respectively, compared to 8.4% and 8.7%, respectively, as of June 30, 2013. According to the latest University of California, Los Angeles Economic Forecast, recovery in California is expected to continue in 2015.

While there is an expectation of continued economic recovery and growth, recent economic data indicate that economic growth in the Sacramento region will be slow, and will continue to generally lag behind national trends and other areas of California. It is encouraging that the latest edition of the Brookings Institution Metro Monitor (September 2014) showed growth in employment in the first two quarters of 2014 along with higher housing values.

BUDGET INITIATIVES AND LONG-TERM FINANCIAL PLANNING

Current trends show that the City is continuing its recovery from the worst recession in recent history. As a result, the fiscal 2014/15 budget was the first budget since 2008 that did not require reductions in services, programs or employees. Measure U, a voter approved 1/2 cent sales and use tax, continues to provide resources to protect and restore vital City programs and services. However, given the temporary nature of these resources, it remains critical that we continue to reevaluate not only how we deliver services and meet citizen needs, but also which programs and services the City can afford to deliver if expenditure growth continues to outpace that of revenue. The City's management team continues to look for ways to build a stronger, more sustainable fiscal framework and to provide the leadership and discipline needed to ensure that we are implementing long-term solutions to address the City's financial challenges.

RELEVANT FINANCIAL POLICIES

The City maintains a General Fund Economic Uncertainty Reserve (EUR) for the purpose of bridging a gap between projected revenue and expenditures during periods of significant revenue declines and/or expenditure growth and to ensure the City has adequate resources in case of an emergency or unforeseen events. The City Council's stated goal is to gradually achieve a reserve balance equal to 10% of annual General Fund revenue. The Council also directed that unbudgeted one-time general revenue received in a fiscal year, not required to balance the budget as part of the midyear review or year-end close for that fiscal year, be added to the EUR. The City Council added $1.0 million to the EUR in the midyear budget review in February 2014, and $4.9 million of unbudgeted one-time general revenue was added to the EUR during the fiscal year 2013/14 year-end close, to bring the balance in the EUR to $33.7 million, approximately 8.7% of estimated FY2014/15 General Fund revenues. Additional resources to fund this reserve will be identified on an ongoing basis and can include positive year-end results or other one-time resources. The EUR is reported in the CAFR as committed fund balance in the General Fund.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2013. This marks the 25th consecutive year the City has received this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to receive this award, the City published an easily readable and efficiently organized CAFR. The report satisfied accounting principles generally accepted in the United States of America and applicable legal requirements. We believe this CAFR also meets the requirements of the program and we will be submitting it to the GFOA to determine its eligibility for the certificate.

The Department of Finance, in particular the Accounting Division, takes great pride in the preparation of the CAFR. The professionalism, commitment and effort of each employee of the Accounting Division have made this report possible. We also want to thank the other employees of the Department of Finance as well as those in other City departments who contributed to the preparation of this report. Finally, we thank the Mayor and City Council for their continuing interest and support in planning and conducting the City's financial operations in a responsible manner, consistent with the City's mission to protect, preserve and enhance the quality of life for present and future generations.

Respectfully submitted,

John F. Shirey City Manager	Leyne Milstein Director of Finance	Russell Robertson Accounting Manager

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City of Sacramento Organization Chart

As of June 30, 2014

MAYOR / CITY COUNCIL

City Auditor
Jorge Oseguera

City Attorney
Jim Sanchez
- Litigation
- Public Safety and Land Use
- Advisory

City Clerk
Shirley Concolino
- Bids & Contracts
- Boards & Commissions
- Elections
- Legislative Support
- Passports
- Records

City Manager
John F. Shirey
- Government Affairs / Public Information
- Labor & Work Force Strategy
- Public Safety Accountability

City Treasurer
Russell Fehr
- Citywide Banking
- Debt Management
- Investments

OPERATIONS

Community Development
Ryan DeVore
Interim Director
- Building
- Business Compliance
- Housing & Dangerous Buildings
- Neighborhood Code Enforcement
- Planning

Convention, Culture & Leisure
Rebecca Bitter
Interim Director
- Capital City Golf
- Center for Sacramento History
- Crocker Art Museum
- Discovery Science & Space Center
- Fairytale Town
- Historic City Cemetery
- Metropolitan Arts Commission
- Old Sacramento Historic District
- Sacramento Convention Center
- Sacramento Marina
- Sacramento History Museum
- Sacramento Zoo

Economic Development
Jim Rinehart
Director
- District Initiatives & Citywide Strategies
- Redevelopment

Fire
Lloyd Ogan
Interim Chief
- Emergency Medical Services
- Fire Prevention
- Fire Suppression

Parks & Recreation
Jim Combs
Director
- Neighborhood Services & Special Events
- Park Maintenance Services
- Park Planning & Development Services
- Recreation Services

Police
Sam Somers
Chief
- Field Services
- Investigations
- Operational Services

Public Works
Jerry Way
Director
- Engineering Services
- Maintenance Services
- Parking Services
- Transportation

Utilities
Dave Brent
Director
- Business Services
- Engineering
- Wastewater
- Water

SUPPORT

Finance
Leyne Milstein
Director
- Accounting
- Budget, Policy and Strategic Planning
- Procurement Services
- Public Improvement Financing
- Revenue

General Services
Reina Schwartz
Director
- Animal Care Services
- Facilities / Real Property Management
- 311 Center
- Fleet Management
- Solid Waste

Human Resources
Geri Hamby
Director
- Benefits and Retirement
- Civil Rights
- Employment and Classification
- Labor Relations
- Risk Management

Information Technology
Maria MacGunigal
Director
- Applications and Data Management
- Enterprise Business Systems
- Geographic Information Systems
- IT Customer Service
- Technical Support Services
- Technology Administration

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City of Sacramento
Directory of City Officials
June 30, 2014

Kevin Johnson
Mayor

Angelique Ashby
Mayor Pro Tem, District 1

Allen Warren
Councilmember, District 2

Steve Cohn
Councilmember, District 3

Steve Hansen
Councilmember, District 4

Jay Schenirer
Vice Mayor, District 5

Kevin McCarty
Councilmember, District 6

Darrell Fong
Councilmember, District 7

Bonnie J. Pannell
Councilmember, District 8

John F. Shirey
City Manager

James Sanchez
City Attorney

Shirley Concolino
City Clerk

Russell Fehr
City Treasurer

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sacramento

California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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Financial Section

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Sacramento
Sacramento, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sacramento, California (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Measure U Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

2151 River Plaza Drive, Suite 308 Sacramento, CA 95833 Tel: 916.570.1880 Fax: 916.570.1875 www.vtdcpa.com
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Emphasis of Matter

Implementation of New Accounting Standards

As described in Note 1 to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* and GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, as of July 1, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
December 19, 2014

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This section of the City's Comprehensive Annual Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2014. City management recommends this information be read in conjunction with the transmittal letter located in the introductory section, and with the City's financial statements which follow this discussion.

FINANCIAL HIGHLIGHTS

- The City completed a seismic retrofit of the historic Train Depot in the Downtown Railyards and is in final design stages of a $30 million project to rehabilitate the depot. The City will use $15 million of federal funds along with $15 million of local transportation funds to rehabilitate the depot. The construction of 5th Street and Railyards Boulevard began this year and will be completed by December 2014. The construction of 6th Street in the Downtown Railyards that began in 2013 was completed this year.

- The construction of the Cosumnes River Boulevard Extension and Interstate 5 Interchange project continued throughout fiscal year 2014. The project will provide arterial east-west connectivity between Highway 99, Interstate 5 and Freeport Boulevard by extending Cosumnes River Boulevard west from Franklin Boulevard for 3.2 miles to the Sacramento River. The project will include four to six traffic lanes, on-street bike lanes, and access to two future Regional Transit light rail stations for Cosumnes River College. The estimated cost of $96 million is funded through a public-private partnership including use of Measure A transportation sales tax revenue, federal, and state funding, as well as funds from the private developer for the Delta Shores development. Upon completion, this project will provide access for the 800 acre Delta Shores development. At build-out, the Delta Shores development will support 5,000 homes and 1.3 million square feet of retail space.

- On July 16, 2013, the City broke ground on a $170 million rehabilitation project to replace parts and restore existing capacity at the City's original water treatment plant on the Sacramento River, built in 1923. The project will also renovate the E.A. Fairbairn water treatment plant. This three-year construction project, funded with water revenue bonds issued in 2013, will create 455 jobs and ensure a continued, secure water supply for Sacramento residents and businesses.

- The City's General Fund revenue and other financing sources (uses) exceeded expenditures by $18.9 million in fiscal year 2014. This result is primarily attributable to growth in property tax and real property transfer tax revenue, expenditure savings from vacant positions, capital lease proceeds, and one-time catch-up payments of $2.5 million from the County under an auto sales tax sharing agreement and $2.3 million of Ground Emergency Medical Transport reimbursement.

- The City's total government-wide net position, excluding the discretely presented component unit, increased $89 million in 2014, an increase of 3.6 percent from 2013. The net position of governmental activities increased $37 million, or 2.4 percent, and the net position of business-type activities increased $52 million, or 5.8 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's Comprehensive Annual Financial Report consists of four main components: (1) management's discussion and analysis, (2) the basic financial statements, (3) required supplementary information, and (4) combining non-major fund financial statements. The basic financial statements include two kinds of statements that present different views of the City, the government-wide and the fund financial statements.

- The government-wide financial statements provide both long-term and short-term information about the City's overall financial status.

- The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

The basic financial statements also include notes that provide additional information essential to understanding the data contained in the government-wide and fund financial statements. The statements and notes are followed by the Schedules of Funding Progress for the City's pension and other post-employment benefit plans, which are required supplementary information. In addition to these required elements, we have included combining statements and schedules that provide details about the City's other governmental funds, the Water enterprise fund, the Wastewater enterprise fund, other enterprise funds, internal service funds, investment trust funds, agency funds, and the discretely-presented component unit, each of which is presented in a column in the basic financial statements.

Government-wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the City's assets and liabilities, as well as any deferred outflows or inflows of resources. The statement of activities includes all current year revenues and expenses regardless of when cash is received or paid. These government-wide statements report the City's net position and how the City's net position has changed during the fiscal year. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the City is improving or deteriorating.

The government-wide financial statements of the City are divided as follows:

- *Governmental activities* - Most of the City's basic services are included here, such as police, fire, public works, community development, parks and recreation, and general government. Taxes and state and federal grants finance most of these activities.
- *Business-type activities* - Certain services provided by the City are funded by customer fees. Among these are the City's utility services, convention center, and off-street parking facilities.
- *Component unit* - The City includes the Sacramento Regional Arts Facilities Financing Authority in its basic financial statements because, although legally separate, the City is financially accountable for it.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the City's largest funds, not the City as a whole.

The City has three types of fund financial statements:

- *Governmental funds* - Governmental fund statements tell how general government services such as police, fire and public works were financed in the short-term as well as what remains for future spending. Most of the City's basic services are included in governmental funds, which focus on (1) short-term inflows and outflows of spendable resources, and (2) the remaining year-end balances available for spending. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations that explain the relationship (or differences) between governmental funds and governmental activities follow the governmental fund statements.

- *Proprietary funds* - Services for which customer fees are intended to finance the costs of operations are generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide short-term and long-term financial information about the activities the City operates like businesses, such as utility services.

- *Fiduciary funds* - Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong. The City is the trustee, or *fiduciary*, for a closed pension plan. It is also responsible for other assets, reported in an investment trust fund, which because of trust agreements, can be used only for the trust beneficiaries. The City elected to serve as the successor agency for its former redevelopment agency which was dissolved by state law. The successor agency activity is accounted for in a private purpose trust fund.

  The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these resources to finance its operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

This section provides analysis of the government-wide financial statements including long-term and short-term information about the City's overall financial condition. The following tables address the financial results of the City as a whole.

City of Sacramento
Summary of Net Position
As of June 30, 2014 and 2013
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**Change**
Current and other assets	$ 647	$ 621	$ 528	$ 552	$ 1,175	$ 1,173	0.2%
Capital assets	1,747	1,737	1,064	1,014	2,811	2,751	2.2%
Total assets	2,394	2,358	1,592	1,566	3,986	3,924	1.6%
Deferred outflows of resources	15	17	13	14	28	31	-9.7%
Long-term liabilities	728	729	614	651	1,342	1,380	-2.8%
Other liabilities	62	63	45	35	107	98	9.2%
Total Liabilities	790	792	659	686	1,449	1,478	-2.0%
Deferred inflows of resources	8	9	-	-	8	9	-11.1%
Net position							
Net investment in capital assets	1,394	1,370	734	719	2,128	2,089	1.9%
Restricted	187	202	34	34	221	236	-6.4%
Unrestricted	30	2	178	141	208	143	45.5%
Total net position	$ 1,611	$ 1,574	$ 946	$ 894	$ 2,557	$ 2,468	3.6%

Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19 to the financial statements.

Analysis of net position

Total net position of the primary government increased $89 million this year. Total assets increased $62 million and total liabilities decreased $29 million. Deferred outflows of resources decreased $3 million, and deferred inflows of resources decreased $1 million.

The following analysis of governmental and business-type activities provides more detailed information for these changes.

Governmental activities

Current and other assets increased $26 million primarily due to unspent Measure U sales tax collections.

Capital assets increased $10 million resulting from $101 million in capital assets additions, including the Consumnes River Boulevard Extension and Interstate 5 Interchange, offset by $91 million in current year depreciation.

The decrease in deferred outflows of resources of $2 million is due to the change in the fair value of the City's hedging derivative instrument. For more information about the City's hedging derivative instrument, see Note 7 to the financial statements.

The change in governmental long-term liabilities combines increases in capital leases of $6 million, increases to the unfunded other post-employment benefits (OPEB) of $34 million and increases to accrued claims and judgments of $16 million offset by payments on existing debt and other amortizations of long term liabilities of $58 million. More information about the City's long-term liabilities is located in Note 7 to the financial statements.

Deferred inflows of resources decreased $1 with the recognition of revenue under the City's golf service concession arrangement.

Restricted net position, representing amounts that must be used in accordance with external restrictions, decreased a total of $15 million. A bond call of $4.2 million and debt service payments of $2.5 million decreased restricted net position in the North Natomas development impact fee program in the Financing Plans Fund. The forgiveness of a $2.5 million debt from the Crocker Art Museum Association also contributed to the decrease in restricted net position. Park improvements funded by the park development impact fee program in the Financing Plans Fund decreased net position by $2.3 million.

Business-type activities

Current and other assets of business-type activities decreased $24 million over last year. Water and wastewater capital spending contributed $44 million and $11 million, respectively, to a decrease in restricted cash. Unrestricted cash increased approximately $30 million because of rate increases in the Water fund and the Wastewater fund.

Capital assets increased $50 million due to capital asset additions of $89 million, which includes construction for the water treatment plants rehabilitation and the Oak Park regional storage facility, offset by current year depreciation of $39 million. More detailed capital asset information is located in Note 4 to the financial statements.

Long-term liabilities decreased $37 million due to the retirement of $43 million of existing debt, offset by a $6 million increase in other long-term liabilities. More detailed information about long-term liabilities can be found in Note 7 to the financial statements.

Net investments in capital assets increased $15 million due to capital asset additions and retirement of capital-related debt, partially offset by depreciation expense.

Unrestricted net position increased by $37 million during the year because of the user fee rate increases in the Water and Wastewater funds. Unrestricted net position in the Solid Waste fund increased significantly because of an $18.5 million decrease in the estimated liability to close City landfills, which was reported as a special item.

City of Sacramento
Changes in Net Position
For the Fiscal Years Ended June 30, 2014 and 2013
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent
	2014	2013	2014	2013	2014	2013	Change
Revenues							
Program revenues:							
Charges for services	$ 124,397	$ 115,963	$ 251,478	$ 241,244	$ 375,875	$ 357,207	5.2%
Operating grants & contributions	47,430	81,822	1,963	1,095	49,393	82,917	-40.4%
Capital grants & contributions	89,539	69,323	4,403	7,480	93,942	76,803	22.3%
General revenues:							
Property taxes	122,477	114,451	-	-	122,477	114,451	7.0%
Local sales taxes	40,259	9,323	-	-	40,259	9,323	0.0%
Utility users tax	59,613	59,066	-	-	59,613	59,066	0.9%
Other taxes	21,325	18,620	17,943	16,555	39,268	35,175	11.6%
Unrestricted:							
Sales taxes shared state revenue	56,575	52,300	-	-	56,575	52,300	8.2%
State of California in-lieu sales tax	16,823	16,113	-	-	16,823	16,113	4.4%
Investment earnings	10,136	10,101	3,294	1,299	13,430	11,400	17.8%
Miscellaneous	8,853	9,749	3	-	8,856	9,749	-9.2%
Gain on disposition of capital assets	4,567	-	-	-	4,567	-	0.0%
Total revenues	601,994	556,831	279,084	267,673	881,078	824,504	6.9%
Expenses							
General government	41,190	36,681	-	-	41,190	36,681	12.3%
Police	157,248	157,432	-	-	157,248	157,432	-0.1%
Fire	125,461	117,451	-	-	125,461	117,451	6.8%
General services	13,807	15,343	-	-	13,807	15,343	-10.0%
Public works	103,632	126,636	-	-	103,632	126,636	-18.2%
Economic development	17,080	10,468	-	-	17,080	10,468	63.2%
Convention, culture & leisure	17,916	19,537	-	-	17,916	19,537	-8.3%
Parks & recreation	52,336	48,457	-	-	52,336	48,457	8.0%
Community development	26,484	29,253	-	-	26,484	29,253	-9.5%
Library	13,720	13,753	-	-	13,720	13,753	-0.2%
Interest on long-term debt	22,178	22,420	-	-	22,178	22,420	-1.1%
Water	-	-	66,627	68,643	66,627	68,643	-2.9%
Wastewater	-	-	25,673	22,776	25,673	22,776	12.7%
Storm drainage	-	-	36,664	36,755	36,664	36,755	-0.2%
Solid waste	-	-	49,014	49,794	49,014	49,794	-1.6%
Community center	-	-	17,204	17,251	17,204	17,251	-0.3%
Parking	-	-	15,238	15,358	15,238	15,358	-0.8%
Child development	-	-	6,297	6,116	6,297	6,116	3.0%
Total expenses	591,052	597,431	216,717	216,693	807,769	814,124	-0.8%
Revenue over (under) expenses	10,942	(40,600)	62,367	50,980	73,309	10,380	606.3%
Contributions to permanent funds	1	1	-	-	1	1	0.0%
Special items	(2,500)	26,208	18,527	-	16,027	26,208	-
Transfers	28,571	19,002	(28,571)	(19,002)	-	-	-
Change in net position	37,014	4,611	52,323	31,978	89,337	36,589	144.2%
Net position, beginning of year, restated	1,573,602	1,568,991	893,941	861,963	2,467,543	2,430,954	1.5%
Net position, end of year	$ 1,610,616	$ 1,573,602	$ 946,264	$ 893,941	$ 2,556,880	$ 2,467,543	3.6%

Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19.

Analysis of the changes in net position

Total government-wide revenues of the primary government increased $56.6 million, a 6.9 percent increase from the prior year, and total expenses decreased $6.4 million, a 0.8 percent decrease. These changes are discussed in more detail below.

Governmental activities

Total revenues for governmental activities increased $45.2 million from the prior year, an 8.1 percent increase. Total expenses decreased $6.4 million, a 1.1 percent decrease, and net transfers from business-type activities increased $9.6 million, a 50.4 percent increase from the prior year. Transfers in primarily consist of in lieu taxes paid by the business-type activities to the General Fund. Transfers out primarily consist of capital assets transferred from governmental activities to business-type activities. Net transfers were higher in 2014 primarily because fewer capital assets were transferred out of governmental activities.

Revenue

Capital grants and contributions revenue increased $20.2 million from the prior year largely due to increased activity related to the Consumnes Boulevard Extension and Interstate 5 Interchange and the 5th Street Downtown Railyards projects. Operating grants and contributions decreased $34.4 million compared to the prior year primarily due to decreased Township 9 project activity.

Property tax revenue in 2014 increased $8 million compared to 2013 due to recovering Sacramento area commercial and residential real estate assessed valuations. Measure U local sales tax revenue increased $30.9 million because there was a full year of local tax revenue in 2014 and increased sales activity. Other tax revenues, including utility users tax, state shared sales taxes, and in lieu sales taxes, increased $8.2 million in 2014.

Expenses

As indicated above, total governmental expenses declined by $6.4 million. This decrease is due to fluctuations primarily in public works (down $23 million), convention culture & leisure (down $1.6 million), general services (down $1.5 million), and community development (down $2.8 million), offset by increases in general government (up $4.5 million), fire (up $8 million), economic development (up $6.6 million), and parks and recreation (up $3.9 million).

Completion of operating projects for track relocation in the Downtown Railyards in 2013 was the biggest factor for the decline in public works expenses. Fire expenses increased $8 million primarily due to increases in labor cost resulting from the hiring of 52 additional full-time employees, attributable to Measure U. Economic development expenses increased $6.6 million due to contributions to the California Family Fitness project, and payment to the State of California for the Macy's land and building eminent domain proceedings which was reimbursed by a developer.

Business-type activities

Total revenues for business-type activities increased $11.4 million from the prior year, a 4.3 percent increase. Total expenses did not change significantly compared to the previous year. Net transfers to governmental activities increased $9.6 million as a result of fewer capital asset transfers into business-type activities.

Revenue

Charges for services increased $10.2 million as a result of water and wastewater rate increases in the current year of 10 percent and 15 percent, respectively.

Capital grants and contribution revenue decreased by $3.1 million mostly due to a decrease in storm drainage infrastructure dedications by developers.

Expenses

In 2013, the Water fund incurred a one-time $2 million cost of issuance expense for the 2013 Water Revenue Bonds. This is the reason for the decrease in Water fund expenses in 2014.

Wastewater fund expenses increased $2.9 million due to various operating projects, including $1 million in root control projects.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements focus on individual parts of City government, reporting City operations in more detail than the government-wide statements.

Governmental Funds

The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. Total fund balance for governmental funds increased by $45.5 million in 2014. For the fiscal year ended June 30, 2014, compared to the prior year, total revenues for governmental funds increased by $38.8 million, total expenditures increased $17.1 million, and net other financing sources increased $9.5 million. Reasons for these changes are discussed in more detail below.

General Fund

Total General Fund revenues increased $17.6 million in the current year mostly due to increases in tax revenues of $16.4 million, charges for services revenues of $4.3 million, fines, forfeits and penalties $1.4 million and interest $0.5 million combined with decreases in intergovernmental revenue of $1.8 million and miscellaneous revenue of $3.2 million. Tax revenue increases were mainly due to increases in property tax of $9 million, sales and use tax of $4.3 million, business operations tax of $1 million, real property transfer tax of $1.4 million and other taxes $0.7 million.

The increase in charges for services was primarily attributable to police contracted services and plan check fees.

Total General Fund expenditures increased by $13.6 million this year. There were expenditure increases in the Fire Department and capital outlay of $1.4 million and $3.9 million, respectively. The increase in fire expenditures was primarily attributable to labor costs. The $3.9 million increase in capital outlay was due to spending in a variety of projects and programs, the largest of which included $2.9 million in parking meters and license plate recognition equipment upgrades and $1 million for the Hart Senior Center roof and HVAC renewal.

General Fund net other financing sources and uses increased $4.7 million from the prior year, mainly due to the increase in debt proceeds of $3.2 million in long term debt related to the parking meters and a $1.5 million increase in net interfund transfers.

General Fund Budgetary Highlights - The City Council revised the budget throughout the fiscal year with midyear revenue and appropriation adjustments, changes made to appropriations for the use of committed fund balance, and other revenue and appropriation adjustments after the original budget was adopted.

After taking into account these adjustments, actual expenditures were $39 million lower than final budget amounts. Capital outlay expenditures were less than budgeted amounts by $24 million because of the multi-year nature of most capital projects. Unspent multi-year project budgets, as well as other unspent Council-approved program budgets, are carried over to the subsequent fiscal year. All General Fund departments reported favorable operating expenditure budget variances primarily as a result of salary savings from vacant positions.

General Fund revenues were $15.4 million higher than final budgeted amounts. Property tax and real property transfer tax collections exceeded the budgeted amounts by $6.5 million and $2.6 million respectively. Charges for services revenue exceeded budgeted amounts by $4.2 million. Intergovernmental revenues came in under budget by $2 million. Included within General Fund revenue were one-time unbudgeted catch-up payments of $2.5 million from the County under an auto sales tax sharing agreement and $2.13 million of Ground Emergency Medical Transport reimbursement.

Measure U Fund

Measure U Fund revenue and expenditures were higher in 2014 compared to 2013 by $38.4 million and $16.7 million, respectively, because 2014 was the first full year of the voter-approved local sales tax. Measure U resources were used to restore police, fire, and parks and recreation services.

Capital Grants Fund

Capital Grant Fund revenue and expenditures decreased $11.8 million and $4.2 million, respectively.

The decrease in revenue was mainly due to changes in the following projects:

- 5^{TH} Street and Railyards Boulevard project - $12 million increase,
- Consumnes River Boulevard Extension and Interstate 5 Interchange project - $10 million increase,
- 6^{th} Street Overcrossing Roadway project - $8.7 million increase,
- Township 9 project - $22 million decrease,
- Track Relocation project -$15.4 million decrease, and
- Access Improvement at Richards Boulevard and I-5 project - $4 million decrease.

The decrease in expenditures was mainly due to changes in the following projects:

- Township 9 project - $22 million decrease,
- Track Relocation Construction project – $15 million decrease,
- Cosumnes River Boulevard Extension and Interstate 5 Interchange project - $19 million increase, and
- 5^{th} Street and Railyards Boulevard project – $12 million increase.

1997 Lease Revenue Bond Fund

The lease receivable and associated revenue, from the Sacramento Kings ownership group, for debt service on the bonds, decreased in accordance with the bond payment schedule, as described in Note 7 to the financial statements.

Other Governmental Funds

Total other governmental fund revenues decreased $5.5 million due largely to the following fluctuations:

- A $16 million decline due to fewer expenditures in various police grants.
- A $2.9 million decline in developer impact fees in North Natomas and other finance plan development areas.
- The above decreases were offset by a $9.1 million increase in transportation and development project activity in the Downtown Railyards, the Consumnes River Boulevard Extension and Interstate 5 Interchange project, and a $3 million increase in gas tax revenue.

Total other governmental fund expenditures decreased $9.1 million due largely to the following fluctuations:

- A $9.6 million reduction in capital outlay mostly due to a decline in spending for construction and infrastructure improvements in special districts, financing plan funds, and general government capital projects.
- An $8.3 million reduction in police grants due to the closing of several police operating grants.
- These decreases were partially offset by an increase of $5.5 million in current year debt service due to a $4.1 million bond call of outstanding 2003 CIRBS.

Total other governmental funds other financing sources increased $4.7 million primarily due to the proceeds from the sale of 9.15 acres of land on Fulton Avenue adjacent to the Haggin Oaks golf complex.

Enterprise Funds

The City's enterprise fund financial statements provide the same type of information as the government-wide financial statements but in greater detail. Total operating revenues increased $9.1 million, and operating expenses increased $3.5 million. Net non-operating revenues increased $7.2 million and capital contributions decreased $10.8 million. Reasons for these changes are discussed in more detail below.

Water Fund

Water Fund operating revenue increased $5.6 million compared to the prior year because of a 10 percent rate increase. Operating expenses in the current year did not change significantly compared to the previous year.

Wastewater Fund

Wastewater Fund operating revenue increased $3.4 million compared to the prior year because of a 15 percent rate increase. Operating expenses increased $3.4 million due to various operating projects, including $1 million in root control projects.

Storm Drainage Fund

Storm Drainage Fund operating revenue increased $2.4 million compared to the prior year mainly due to the increase in utility service charges. This increase was because there was an audit of vacant parcels which resulted in new parcels being billed starting in fiscal year 2014. The increase in operating revenue was also due to an increase in revenue received from Sacramento Area Flood Control Agency for levee maintenance. Operating expenses in the current year did not change significantly compared to the previous year.

Solid Waste Fund

Solid Waste Fund operating revenue decreased by $1.7 million compared to the prior year primarily due to some customers that switched to smaller refuse containers. Total operating expenses decreased $0.6 million. Solid Waste recognized $18.5 million as a special item in 2014 for a change in the estimated liability for landfill closure.

Community Center Fund

Community Center Fund operating revenue and expenses did not change significantly from the prior year. Transient occupancy tax revenue increased $1.4 million due to a continuing upward trend in Sacramento area hotel room occupancy and room rates.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the City had invested $2.8 billion in a broad range of capital assets, including police and fire equipment, buildings, parks and park improvements, roads, bridges, and water, wastewater and storm drainage transmission and distribution systems. The current year capital asset additions of $190 million were offset by current year depreciation expense of $129 million and retirements of $1 million for a net increase in capital assets of $60 million.

City of Sacramento
Capital Assets
As of June 30, 2014 and 2013
(net of depreciation, in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Capital assets not being depreciated						
Land	$ 192	$ 190	$ 51	$ 51	$ 243	$ 241
Easements	1	1	-	-	1	1
Construction in progress	143	96	95	36	238	132
Depreciable capital assets:						
Buildings and improvements	430	427	134	140	564	567
Equipment	28	32	25	26	53	58
Software	4	4	1	1	5	5
Vehicles	53	53	-	-	53	53
Transmission and distribution systems	3	3	758	760	761	763
Road network	634	675	-	-	634	675
Street light network	131	132	-	-	131	132
Park and park improvements	128	124	-	-	128	124
Total capital assets	$ 1,747	$ 1,737	$ 1,064	$ 1,014	$ 2,811	$ 2,751

This year's major capital asset additions include:

- The City incurred construction costs of $29.6 million on the Cosumnes River Boulevard Extension and Interstate 5 Interchange Project.
- The City incurred construction costs of $43.2 million for the Sacramento River & E.A. Fairbairn Water Treatment Plants Rehabilitation.
- The City also began construction of the Oak Park Regional Storage Facility Project, spending $8.8 million on the project.
- Other capital projects in progress include Downtown Railyards and Township 9 infrastructure projects, as well as the Intermodal Depot Retrofit and 6th Street Overcrossing Roadway projects at the Downtown Railyards. Many smaller capital projects were completed during the year 2014 and transferred from construction in progress to the appropriate capital asset categories.

More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

Long-term Debt

The following table summarizes the City's outstanding debt at June 30, 2014 and 2013:

City of Sacramento
Outstanding Debt
As of June 30, 2014 and 2013
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Revenue and other bonds, net	$ 419	$ 443	$ 540	$ 556	$ 959	$ 999
Notes payable	16	16	33	37	49	53
Capital lease obligations	14	10	6	8	20	18
Total outstanding debt	$ 449	$ 469	$ 579	$ 601	$ 1,028	$ 1,070

Total primary government debt outstanding decreased $42 million.

Total outstanding long-term debt for governmental activities decreased $20 million primarily due to principal payments on new and existing obligations offset slightly by a new $6 million capital lease.

Total outstanding long-term debt for business-type activities decreased $22 million primarily due to principal payments on existing long term debt.

More detailed information about the City's long-term liabilities is presented in Note 7 to the financial statements.

Credit rating

The following table summarizes the City's bonded debt ratings at June 30, 2014, as determined by Standard & Poor's (S & P), Moody's Investors Service, Inc. (Moody's), and Fitch Ratings (Fitch):

Bond issues:	S & P	Moody's
• 1993 Refunded Lease Revenue Bonds, Series A	A	A2
• 1993 Refunded Lease Revenue Bonds, Series B	A	A2
• 1996 Lighting and Landscaping Bonds	AA-	A3
• 1997 Lease Revenue Bonds	AA-	A3
• 2003 Capital Improvement Revenue Bonds	A	A2
• 2005 Refunding Revenue Bonds	AA-	A3
• 2006 Capital Improvement Revenue Bonds, Series A and B	A	A2
• 2006 Capital Improvement Revenue Bonds, Series C, D and E	A	A2

Bond issues:	S & P	Fitch
• Water Revenue Bonds, Series 2013	AA-	AA-
• Wastewater Revenue Bonds, Series 2013	AA-	AA

The City's issuer credit ratings of A+ with a stable outlook from S & P, and Aa2 with a stable outlook from Moody's, remains unchanged from 2013.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors

Sacramento's economy continues to improve. Unemployment in the Sacramento metropolitan area has fallen from 8.4 percent at the end of fiscal year 2013 to 6.9 percent at the end of fiscal year 2014. The housing market has continued to improve during the fiscal year 2014. Although revenues are increasing, commitments for labor contracts, increasing retirement contributions and rising costs for utilities continue to add costs to the City's General Fund budget.

Next Year's Budget

General Fund budget appropriations for fiscal year 2015 are $383 million, an increase of 2.7 percent compared to the fiscal year 2014 approved budget. In addition to the allocation of resources for several priority initiatives, the approved budget increases the economic uncertainty reserve by $400,000 and appropriates $1,000,000 for a contribution to the City's OPEB trust fund.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances, and to demonstrate the City's accountability for the money it receives. If you have questions about this report, need additional financial information, or would like to obtain component unit financial statements, contact the City of Sacramento Department of Finance, Accounting Division, 915 I Street, Fourth Floor, Sacramento, CA, 95814, or visit the City's web page at http://www.cityofsacramento.org.

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Government-wide Financial Statements

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City of Sacramento
Statement of Net Position
June 30, 2014
(in thousands)

	Primary Government			Sacramento Regional Arts Facilities Financing Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	$ 410,600	$ 195,569	$ 606,169	$ -
Securities lending assets	989	935	1,924	-
Receivables, net	198,129	65,924	264,053	11,940
Internal balances	6,440	(6,440)	-	-
Inventories	-	3,607	3,607	-
Prepaid items	1,153	838	1,991	106
Restricted cash and investments	29,561	268,287	297,848	1,125
Intangible assets	-	175	175	-
Land and other capital assets not being depreciated	335,723	145,711	481,434	-
Other capital assets, net of depreciation	1,411,560	917,950	2,329,510	-
Total assets	2,394,155	1,592,556	3,986,711	13,171
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivative instrument	8,217	-	8,217	-
Loss on refunding of debt	6,740	12,825	19,565	
Total deferred outflows	14,957	12,825	27,782	-
LIABILITIES				
Securities lending obligations	2,962	1,589	4,551	-
Payables	56,465	38,806	95,271	155
Unearned revenue	3,380	4,826	8,206	-
Long-term liabilities:				
Due within one year	44,144	27,758	71,902	435
Due in more than one year	683,569	586,138	1,269,707	12,381
Total liabilities	790,520	659,117	1,449,637	12,971
DEFERRED INFLOWS OF RESOURCES				
Service concession arrangement	7,976	-	7,976	-
NET POSITION				
Net investment in capital assets	1,393,447	733,980	2,127,427	-
Restricted for:				
Capital projects	116,271	33,255	149,526	-
Debt service	652	-	652	200
Public works programs	16,462	-	16,462	-
Economic development programs	22,493	-	22,493	-
Other programs	22,315	1,215	23,530	-
Trust and endowments:				
Expendable	7,928	-	7,928	-
Nonexpendable	878	-	878	-
Unrestricted	30,170	177,814	207,984	-
Total net position	$ 1,610,616	$ 946,264	$ 2,556,880	$ 200

The notes to the financial statements are an integral part of this statement.

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City of Sacramento

Statement of Activities

For the Fiscal Year Ended June 30, 2014
(in thousands)

Functions/Programs	Operating Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government:						
Governmental activities:						
General government	$ 49,142	$ (7,952)	$ 7,270	$ 2,510	$ 155	$ (31,255)
Police	157,248	-	10,804	9,803	-	(136,641)
Fire	125,461	-	26,155	3,867	-	(95,439)
General services	15,641	(1,834)	1,756	60	-	(11,991)
Public works	103,632	-	30,337	13,341	82,228	22,274
Economic development	17,080	-	8,205	113	-	(8,762)
Convention, culture and leisure	17,916	-	9,311	5,906	-	(2,699)
Parks and recreation	52,336	-	13,359	6,829	4,291	(27,857)
Community development	26,484	-	17,141	161	2,865	(6,317)
Library	13,720	-	59	4,840	-	(8,821)
Interest on long-term debt	22,178	-	-	-	-	(22,178)
Total governmental activities	600,838	(9,786)	124,397	47,430	89,539	(329,686)
Business-type activities:						
Water	63,452	3,175	94,382	472	1,682	29,909
Wastewater	24,843	830	28,493	4	1,230	4,054
Storm drainage	35,021	1,643	38,049	20	1,491	2,896
Solid waste	46,869	2,145	58,561	969	-	10,516
Community center	16,045	1,159	7,718	-	-	(9,486)
Parking	14,404	834	18,643	2	-	3,407
Child development	6,297	-	5,632	496	-	(169)
Total business-type activities	206,931	9,786	251,478	1,963	4,403	41,127
Total primary government	$ 807,769	$ -	$ 375,875	$ 49,393	$ 93,942	$ (288,559)
Component unit:						
Sacramento Regional Arts Facilities Financing Authority	$ 633	$ -	$ -	$ -	$ -	$ (633)

The notes to the financial statements are an integral part of this statement.

City of Sacramento

Statement of Activities

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Primary Government			Sacramento Regional Arts Facilities Financing Authority
	Governmental Activities	Business-type Activities	Total	
Change in net position:				
Net (expense) revenue	$ (329,686)	$ 41,127	$ (288,559)	$ (633)
General revenues:				
Taxes:				
Property taxes	122,477	-	122,477	-
Local sales tax	40,259	-	40,259	-
Utility user taxes	59,613	-	59,613	-
Other taxes	21,325	17,943	39,268	-
Unrestricted sales taxes shared state revenue	56,575	-	56,575	-
Unrestricted in lieu sales tax	16,823	-	16,823	-
Unrestricted investment earnings	10,136	3,294	13,430	622
Unrestricted miscellaneous	8,853	3	8,856	-
Contributions to permanent funds	1	-	1	-
Gain on sale of capital assets	4,567	-	4,567	-
Special items	(2,500)	18,527	16,027	-
Transfers	28,571	(28,571)	-	-
Total general revenues, special items, and transfers	366,700	11,196	377,896	622
Change in net position	37,014	52,323	89,337	(11)
Net position, beginning of year	1,579,083	895,888	2,474,971	573
Prior period adjustments	(5,481)	(1,947)	(7,428)	(362)
Net position, beginning of year, as restated	1,573,602	893,941	2,467,543	211
Net position, end of year	$ 1,610,616	$ 946,264	$ 2,556,880	$ 200

The notes to the financial statements are an integral part of this statement.

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Fund Financial Statements

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City of Sacramento
Governmental Funds
Balance Sheet
June 30, 2014
(in thousands)

	General Fund	Measure U Fund	Capital Grants Fund
ASSETS			
Cash and investments held by City	$ 88,651	$ 22,470	$ -
Cash and investments held by fiscal agent	-	-	-
Securities lending assets	198	50	-
Receivables, net:			
Taxes	21,380	7,925	-
Accounts	12,547	-	6,610
Loans	5	-	-
Intergovernmental	2,180	-	11,756
Interest	340	86	-
Prepaid items	66	-	-
Restricted assets:			
Cash and investments held by City	3,221	-	29
Cash and investments held by fiscal agent	180	-	-
Total assets	$ 128,768	$ 30,531	$ 18,395
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Securities lending obligations	$ 609	$ 50	$ -
Accounts payable	10,706	1,825	11,720
Accrued payroll	13,186	-	-
Accrued claims and judgements	-	-	-
Matured notes and interest payable	-	-	-
Due to other funds	-	-	3,009
Deposits	32	-	-
Unearned revenue	324	-	1,626
Advances from other funds	-	-	-
Total liabilities	24,857	1,875	16,355
Deferred inflows of resources:			
Unavailable revenue	5,004	1,723	9,961
Total deferred inflows of resources	5,004	1,723	9,961
Fund balances:			
Nonspendable:			
Prepaid items	66	-	-
Noncurrent assets	-	-	-
Permanent fund principal	-	-	-
Restricted:			
Capital projects	3,401	-	2,040
Debt service	-	-	-
Public works programs	-	-	-
Economic development programs	-	-	-
Other programs	21	-	-
Committed:			
Economic uncertainty	33,714	-	-
Capital projects	21,728	736	
Grant retention	-	4,049	-
Debt service	-	-	-
Community center theater renovation	8,500	-	-
Economic development programs	-	-	-
Homeless programs	1,000	-	-
Other programs	12,909	22,104	
Assigned:			
Debt service	-	-	-
Unrealized investment gains	173	44	-
Next year's budget	-	-	-
Other programs	-	-	-
Unassigned	17,395	-	(9,961)
Total fund balances (deficit)	98,907	26,933	(7,921)
Total liabilities, deferred inflows of resources and fund balances	$ 128,768	$ 30,531	$ 18,395

The notes to the financial statements are an integral part of this statement.

City of Sacramento
Governmental Funds
Balance Sheet
June 30, 2014
(in thousands)

	1997 Lease Revenue Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments held by City	$ 2,215	$ 202,697	$ 316,033
Cash and investments held by fiscal agent	-	310	310
Securities lending assets	-	572	820
Receivables, net:			
Taxes	-	-	29,305
Accounts	-	3,755	22,912
Loans	62,015	7,700	69,720
Intergovernmental	-	52,345	66,281
Interest	716	219	1,361
Prepaid items	-	24	90
Restricted assets:			
Cash and investments held by City	539	9,295	13,084
Cash and investments held by fiscal agent	-	16,297	16,477
Total assets	$ 65,485	$ 293,214	$ 536,393
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Securities lending obligations	$ -	$ 2,050	$ 2,709
Accounts payable	-	7,830	32,081
Accrued payroll	-	177	13,363
Accrued claims and judgements	-	1,601	1,601
Matured notes and interest payable	-	662	662
Due to other funds	-	-	3,009
Deposits	539	2,199	2,770
Unearned revenue	-	949	2,899
Advances from other funds	-	7,241	7,241
Total liabilities	539	22,709	66,335
Deferred inflows of resources:			
Unavailable revenue	62,731	54,118	133,537
Total deferred inflows of resources	62,731	54,118	133,537
Fund balances:			
Nonspendable:			
Prepaid items	-	24	90
Noncurrent assets	-	451	451
Permanent fund principal	-	878	878
Restricted:			
Capital projects	-	124,222	129,663
Debt service	-	17,548	17,548
Public works programs	-	11,830	11,830
Economic development programs	-	22,484	22,484
Other programs	-	29,924	29,945
Committed:			
Economic uncertainty	-	-	33,714
Capital projects	-	3,288	25,752
Grant retention	-	-	4,049
Debt service	-	6,583	6,583
Community center theater renovation	-	-	8,500
Economic development programs	-	5,125	5,125
Homeless programs	-	-	1,000
Other programs	-	3,382	38,395
Assigned:			
Debt service	-	973	973
Unrealized investment gains	-	3	220
Next year's budget	-	-	-
Other programs	2,215	1,832	4,047
Unassigned	-	(12,160)	(4,726)
Total fund balances (deficit)	2,215	216,387	336,521
Total liabilities, deferred inflows of resources and fund balances	$ 65,485	$ 293,214	$ 536,393

The notes to the financial statements are an integral part of this statement.

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City of Sacramento
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2014
(in thousands)

Fund balances - total governmental funds		$ 336,521
Amounts reported for governmental activities in the statement of net position are different because:		
Revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds.		133,537
Prepaid bond insurance represent costs associated with the issuance of long-term debt which are deferred and amortized over the period which the debt is outstanding. The costs are reported as expenditures of the current period in the governmental funds.		907
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds:		
Governmental capital assets	2,945,971	
Less: accumulated depreciation	(1,255,286)	
		1,690,685
Certain current liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of the following:		
Interest payable		(2,856)
Deferred outflows of resources are not recognized in the current period and therefore not reported in the governmental funds - loss on refunding of debt and derivatives.		6,658
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued compensated absences	(30,822)	
Accrued claims and judgements	(1,339)	
Financing plan fee credits	(40,674)	
Pollution remediation obligations	(532)	
Revenue and other bonds payable, net	(416,680)	
Capital lease obligations payable	(13,413)	
Notes payable	(15,873)	
OPEB liability	(128,012)	
		(647,345)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		92,509
Net position of governmental activities		$ 1,610,616

The notes to the financial statements are an integral part of this statement.

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City of Sacramento

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2014

(in thousands)

	General Fund	Measure U Fund	Capital Grants Fund
Revenues:			
Taxes	$ 274,731	$ 43,040	$ -
Intergovernmental	9,300	-	34,206
Charges for services	64,319	-	-
Fines, forfeits and penalties	10,567	-	-
Interest, rents, and concessions	2,206	154	11
Community service fees	-	-	-
Assessment levies	48	-	-
Contributions and donations	51	-	37,911
Miscellaneous	281	-	-
Total revenues	361,503	43,194	72,128
Expenditures:			
Current:			
General government	22,623	-	-
Police	123,341	6,461	-
Fire	95,570	7,778	-
General services	9,436	-	-
Public works	5,770	-	-
Convention, culture and leisure	4,725	-	-
Economic development	2,604	-	-
Parks and recreation	14,350	4,089	-
Community development	19,638	-	-
Library	7,130	506	-
Utilities	95	-	-
Citywide and community support	36,965	-	-
Capital outlay	9,672	59	66,326
Debt service:			
Principal	2,837	-	-
Interest and fiscal charges	303	-	-
Total expenditures	355,059	18,893	66,326
Excess (deficiency) of revenues over (under) expenditures	6,444	24,301	5,802
Other financing sources (uses):			
Transfers in	29,924	-	-
Transfers out	(23,418)	-	(11)
Issuance of long-term debt	5,998	-	-
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	12,504	-	(11)
Net change in fund balances	18,948	24,301	5,791
Fund balances (deficit), beginning of year, as restated	79,959	2,632	(13,712)
Fund balances (deficit), end of year	$ 98,907	$ 26,933	$ (7,921)

The notes to the financial statements are an integral part of this statement.

City of Sacramento
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014
(in thousands)

	1997 Lease Revenue Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ -	$ 3,061	$ 320,832
Intergovernmental	-	61,666	105,172
Charges for services	-	7,570	71,889
Fines, forfeits and penalties	-	654	11,221
Interest, rents, and concessions	3,515	8,531	14,417
Community service fees	-	4,693	4,693
Assessment levies	-	38,620	38,668
Contributions and donations	1,990	3,066	43,018
Miscellaneous	-	289	570
Total revenues	5,505	128,150	610,480
Expenditures:			
Current:			
General government	-	3,547	26,170
Police	-	8,851	138,653
Fire	-	4,190	107,538
General services	-	128	9,564
Public works	-	28,936	34,706
Convention, culture and leisure	-	5,756	10,481
Economic development	-	9,814	12,418
Parks and recreation	-	17,193	35,632
Community development	-	4,264	23,902
Library	-	4,846	12,482
Utilities	-	512	607
Citywide and community support	-	-	36,965
Capital outlay	-	30,783	106,840
Debt service:			
Principal	1,990	21,391	26,218
Interest and fiscal charges	3,495	18,974	22,772
Total expenditures	5,485	159,185	604,948
Excess (deficiency) of revenues over (under) expenditures	20	(31,035)	5,532
Other financing sources (uses):			
Transfers in	-	33,660	63,584
Transfers out	-	(11,098)	(34,527)
Issuance of long-term debt	-	52	6,050
Proceeds from sale of capital assets	-	4,902	4,902
Total other financing sources (uses)	-	27,516	40,009
Net change in fund balances	20	(3,519)	45,541
Fund balances (deficit), beginning of year, as restated	2,195	219,906	290,980
Fund balances (deficit), end of year	$ 2,215	$ 216,387	$ 336,521

The notes to the financial statements are an integral part of this statement.

City of Sacramento

Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2014

(in thousands)

Net change in fund balances - total governmental funds		$ 45,541
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	88,836	
Depreciation expense	(80,716)	
		8,120
Capital asset proceeds recorded in the governmental funds exceed gain on sale of capital assets recorded in the governmental activities.		(335)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Infrastructure dedications	2,224	
Loan receivable forgiveness	(2,500)	
		(276)
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Issuance of long-term debt	(6,050)	
Principal repayments on long-term debt	26,218	
		20,168
Revenue and other resources not available to liquidate liabilities of the current period are not recognized in governmental funds. Revenue in the statement of activities is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net decrease in revenues - unavailable revenues at the end of the year were less than beginning unavailable revenues by this amount.		(16,745)

City of Sacramento

Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2014

(in thousands)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	456	
Accrued claims and judgements	(140)	
Other post-employment benefits	(18,362)	
Pollution remediation	71	
Accrued interest	113	
Amortization of prepaid bond issuance	(51)	
Amortization of bond discount	(8)	
Amortization of bond premium	939	
Amortization of gain/loss on refunding	(376)	
		(17,358)
Capital assets transferred from governmental activities to business-type activities are reported as transfers in the statement of activities. The transfers are not reported in the governmental funds as the amount did not involve the transfer of financial resources.		(531)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet, to individual funds. The net expense of the internal service funds is reported with the governmental activities.		(1,570)
Change in net position of governmental activities		$ 37,014

The notes to the financial statements are an integral part of this statement.

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City of Sacramento

General Fund

Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) with Budget to GAAP Reconciliation

For the Fiscal Year Ended June 30, 2014

(in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final		Variance with Final Budget - Positive (Negative)	Budget to GAAP Reconciliation	Actual Amounts - GAAP Basis
Revenues:						
Taxes	$ 261,074	$ 261,206	$ 274,731	$ 13,525	$ -	$ 274,731
Intergovernmental	10,227	11,220	9,300	(1,920)	-	9,300
Charges for services	60,160	60,154	64,319	4,165	-	64,319
Fines, forfeits and penalties	12,035	11,033	10,567	(466)	-	10,567
Interest, rents, and concessions	2,372	2,363	2,206	(157)	-	2,206
Assessment levies	30	30	48	18	-	48
Contributions and donations	-	13	51	38	-	51
Miscellaneous	124	124	281	157	-	281
Total revenues	346,022	346,143	361,503	15,360	-	361,503
Expenditures:						
Current:						
Mayor/Council	3,120	3,461	3,161	300	-	3,161
City Manager	2,226	3,435	2,561	874	(102)	2,459
City Attorney	4,246	4,398	3,825	573	(9)	3,816
City Clerk	1,212	1,256	1,191	65	2	1,193
City Treasurer	1,874	1,913	1,809	104	(74)	1,735
Finance	5,232	5,161	4,377	784	(40)	4,337
Information technology	4,232	4,755	3,822	933	(49)	3,773
Human resources	2,316	2,396	2,149	247	-	2,149
Subtotal - General government	24,458	26,775	22,895	3,880	(272)	22,623
Police	122,835	124,117	123,431	686	(90)	123,341
Fire	94,798	96,876	95,570	1,306	-	95,570
General services	9,309	9,542	9,441	101	(5)	9,436
Public works	5,914	6,153	5,774	379	(4)	5,770
Convention, culture and leisure	4,782	4,808	4,715	93	10	4,725
Economic development	3,411	3,480	2,612	868	(8)	2,604
Parks and recreation	14,157	14,445	14,349	96	1	14,350
Community development	19,879	21,090	19,689	1,401	(51)	19,638
Library	7,130	7,130	7,130	-	-	7,130
Utilities	1,174	3,567	95	3,472	-	95
Citywide and community support	40,929	38,989	37,022	1,967	(57)	36,965
Capital outlay	24,669	33,641	14,186	19,455	(4,514)	9,672
Debt service:						
Principal	2,254	2,837	2,837	-	-	2,837
Interest and fiscal charges	208	246	303	(57)	-	303
Total expenditures	375,907	393,696	360,049	33,647	(4,990)	355,059
Excess (deficiency) of revenues over (under) expenditures	(29,885)	(47,553)	1,454	49,007	4,990	6,444
Other financing sources (uses):						
Transfers in	27,945	28,566	29,924	1,358	-	29,924
Transfers out	(23,429)	(23,533)	(23,418)	115	-	(23,418)
Proceeds of long-term capital related debt	-	5,998	5,998	-	-	5,998
Total other financing sources (uses)	4,516	11,031	12,504	1,473	-	12,504
Net change in fund balance	$ (25,369)	$ (36,522)	$ 13,958	$ 50,480	$ 4,990	$ 18,948

The notes to the financial statements are an integral part of this statement.

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City of Sacramento

Measure U Fund

Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) with Budget to GAAP Reconciliation

For the Fiscal Year Ended June 30, 2014

(in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budget to GAAP Reconciliation	Actual Amounts - GAAP Basis
Revenues:						
Taxes	$ 27,000	$ 27,000	$ 43,040	$ 16,040	$ -	$ 43,040
Interest, rents, and concessions	-	-	154	154	-	154
Total revenues	27,000	27,000	43,194	16,194	-	43,194
Expenditures:						
Police	9,121	10,347	6,676	3,671	(215)	6,461
Fire	7,269	8,091	7,778	313	-	7,778
General services	85	85	-	85	-	-
Parks and recreation	4,480	4,480	4,216	264	(127)	4,089
Library	506	506	506	-	-	506
Capital outlay	850	850	114	736	(55)	59
Total expenditures	22,311	24,359	19,290	5,069	(397)	18,893
Excess (deficiency) of revenues over (under) expenditures	4,689	2,641	23,904	11,125	397	24,301
Net change in fund balance	$ 4,689	$ 2,641	$ 23,904	$ 11,125	$ 397	$ 24,301

The notes to the financial statements are an integral part of this statement.

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City of Sacramento
Proprietary Funds
Statement of Net Position
June 30, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
ASSETS				
Current assets:				
Cash and investments held by City	$ 70,864	$ 21,439	$ 31,048	$ 26,480
Cash and investments held by fiscal agent	-	-	17	1
Securities lending assets	633	93	75	63
Receivables, net:				
Taxes	-	-	-	-
Accounts	18,511	11,182	6,451	11,682
Loans	1,223	125	412	-
Intergovernmental	219	74	856	-
Interest	1,142	170	159	108
Due from other funds	-	-	-	-
Inventories	3,008	65	534	-
Prepaid items	633	-	-	85
Intangible asset, current portion	-	-	-	-
Total current assets	96,233	33,148	39,552	38,419
Noncurrent assets:				
Restricted assets:				
Cash and investments held by City	219,586	21,316	3,764	2,601
Cash and investments held by fiscal agent	7,185	994	765	-
Advances to other funds	-	-	-	-
Loans receivable	4,669	809	3,690	-
Intangible assets	-	-	-	-
Capital assets:				
Land	1,754	1,138	18,724	1,133
Buildings and improvements	37,413	15,216	8,223	31,150
Machinery and equipment	15,930	4,733	17,192	11,380
Vehicles	-	-	-	-
Transmission and distribution system	581,962	151,744	386,057	-
Construction in progress	76,551	13,986	1,019	79
Software	516	324	630	161
Easements	-	-	157	-
Less: accumulated depreciation/amortization	(198,590)	(64,056)	(149,444)	(24,303)
Total noncurrent assets	746,976	146,204	290,777	22,201
Total assets	843,209	179,352	330,329	60,620
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refunding of debt	9,406	-	-	1,897
Total deferred outflows of resources	9,406	-	-	1,897

The notes to the financial statements are an integral part of this statement.

City of Sacramento
Proprietary Funds
Statement of Net Position
June 30, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Community Center Fund	Other Enterprise Funds	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments held by City	$ 12,985	$ 32,525	$ 195,341	$ 94,073
Cash and investments held by fiscal agent	171	39	228	184
Securities lending assets	-	71	935	169
Receivables, net:				
Taxes	2,253	-	2,253	-
Accounts	304	1,015	49,145	285
Loans	20	85	1,865	-
Intergovernmental	-	56	1,205	-
Interest	3	122	1,704	289
Due from other funds	-	-	-	3,259
Inventories	-	-	3,607	-
Prepaid items	-	120	838	156
Intangible asset, current portion	-	8	8	-
Total current assets	15,736	34,041	257,129	98,415
Noncurrent assets:				
Restricted assets:				
Cash and investments held by City	2,305	36	249,608	-
Cash and investments held by fiscal agent	7,945	1,790	18,679	-
Advances to other funds	-	-	-	13,431
Loans receivable	108	476	9,752	-
Intangible assets	-	167	167	-
Capital assets:				
Land	21,740	5,825	50,314	-
Buildings and improvements	111,161	61,633	264,796	7,159
Machinery and equipment	4,831	7,699	61,765	457
Vehicles	-	-	-	127,613
Transmission and distribution system	-	-	1,119,763	-
Construction in progress	3,605	-	95,240	-
Software	46	4	1,681	256
Easements	-	-	157	-
Less: accumulated depreciation/amortization	(57,744)	(35,918)	(530,055)	(78,887)
Total noncurrent assets	93,997	41,712	1,341,867	70,029
Total assets	109,733	75,753	1,598,996	168,444
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refunding of debt	-	1,522	12,825	82
Total deferred outflows of resources	-	1,522	12,825	82

The notes to the financial statements are an integral part of this statement. (continued)

City of Sacramento
Proprietary Funds
Statement of Net Position
June 30, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
LIABILITIES				
Current liabilities:				
Securities lending obligations	883	173	165	63
Accounts payable	16,229	9,038	1,009	1,643
Accrued payroll	741	260	738	365
Accrued compensated absences	123	21	61	91
Due to other funds	-	-	-	-
Interest payable	4,192	526	258	125
Liability for landfill closure	-	-	-	85
Deposits	2	-	-	10
Unearned revenue	1,707	-	-	-
Accrued claims and judgements	121	62	66	1,298
Capital leases payable	-	142	-	1,881
Revenue and other bonds payable, net	10,873	57	567	1,003
Notes payable	406	736	2,283	-
Total current liabilities	35,277	11,015	5,147	6,564
Noncurrent liabilities:				
Accrued compensated absences	1,768	601	2,171	972
Advances from other funds	-	-	-	-
Water fee credits	1,702	-	-	-
OPEB liability	6,669	2,562	3,285	8,350
Accrued claims and judgements	-	-	-	-
Liability for landfill closure	-	-	-	1,092
Capital leases payable	-	296	-	3,779
Revenue and other bonds payable, net	392,794	32,420	4,109	21,862
Notes payable	9,004	4,578	16,261	-
Total noncurrent liabilities	411,937	40,457	25,826	36,055
Total liabilities	447,214	51,472	30,973	42,619
NET POSITION				
Net investment in capital assets	305,388	104,700	260,219	675
Restricted for:				
Capital projects	28,926	2,024	-	-
Other programs	-	-	770	445
Unrestricted	71,087	21,156	38,367	18,778
Total net position	$ 405,401	$ 127,880	$ 299,356	$ 19,898

(continued) The notes to the financial statements are an integral part of this statement.

City of Sacramento
Proprietary Funds
Statement of Net Position
June 30, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Community Center Fund	Other Enterprise Funds	Total	Internal Service Funds
LIABILITIES				
Current liabilities:				
Securities lending obligations	64	241	1,589	253
Accounts payable	1,444	1,114	30,477	4,537
Accrued payroll	197	308	2,609	335
Accrued compensated absences	28	32	356	78
Due to other funds	250	-	250	-
Interest payable	416	173	5,690	7
Liability for landfill closure	-	-	85	-
Deposits	-	18	30	33
Unearned revenue	2,653	466	4,826	481
Accrued claims and judgements	23	29	1,599	14,152
Capital leases payable	-	-	2,023	24
Revenue and other bonds payable, net	5,587	2,163	20,250	356
Notes payable	-	20	3,445	-
Total current liabilities	10,662	4,564	73,229	20,256
Noncurrent liabilities:				
Accrued compensated absences	498	476	6,486	1,065
Advances from other funds	6,190	-	6,190	-
Water fee credits	-	-	1,702	-
OPEB liability	814	1,393	23,073	3,112
Accrued claims and judgements	-	-	-	49,017
Liability for landfill closure	-	-	1,092	-
Capital leases payable	-	-	4,075	125
Revenue and other bonds payable, net	40,494	28,188	519,867	2,442
Notes payable	-	-	29,843	-
Total noncurrent liabilities	47,996	30,057	592,328	55,761
Total liabilities	58,658	34,621	665,557	76,017
NET POSITION				
Net investment in capital assets	48,401	14,597	733,980	53,651
Restricted for:				
Capital projects	2,305	-	33,255	-
Other programs	-	-	1,215	-
Unrestricted	369	28,057	177,814	38,858
Total net position	$ 51,075	$ 42,654	$ 946,264	$ 92,509

The notes to the financial statements are an integral part of this statement.

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City of Sacramento

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2014

(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
Operating revenues:				
Charges for services:				
User fees and charges	$ 94,070	$ 27,544	$ 35,889	$ 58,541
Rents and concessions	-	-	-	(74)
Charge to other agencies for contract services	-	948	2,143	-
Miscellaneous	312	1	17	94
Total operating revenues	94,382	28,493	38,049	58,561
Operating expenses:				
Employee services	25,008	8,299	19,505	15,040
Services and supplies	18,062	12,949	4,916	29,435
Depreciation/amortization	16,951	4,216	11,497	1,822
Insurance premiums	-	-	-	-
Claims and judgements	145	74	58	1,416
Total operating expenses	60,166	25,538	35,976	47,713
Operating income (loss)	34,216	2,955	2,073	10,848
Nonoperating revenues (expenses):				
Interest and investment revenue	1,677	345	464	286
Transient occupancy taxes	-	-	-	-
Revenue from other agencies	472	-	20	969
Insurance and other claim recoveries	-	-	-	-
Interest income (expense)	(6,471)	(135)	(688)	(1,296)
Amortization of bond prepaid insurance	(51)	-	-	(5)
Loan forgiveness	-	-	-	-
Gain or (loss) on disposition of capital assets	-	-	-	-
Total nonoperating revenues (expenses)	(4,373)	210	(204)	(46)
Income (loss) before contributions and transfers	29,843	3,165	1,869	10,802
Capital contributions	1,790	1,384	1,825	-
Transfers in	298	4	64	67
Transfers out	(10,709)	(3,056)	(4,016)	(6,465)
Change in net position before special item	21,222	1,497	(258)	4,404
Special item	-	-	-	18,527
Total net position (deficit), beginning of year, as restated	384,179	126,383	299,614	(3,033)
Total net position, end of year	$ 405,401	$ 127,880	$ 299,356	$ 19,898

The notes to the financial statements are an integral part of this statement.

City of Sacramento
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Community Center Fund	Other Enterprise Funds	Total	
Operating revenues:				
Charges for services:				
User fees and charges	$ 2,837	$ 23,403	$ 242,284	$ 61,961
Rents and concessions	4,826	872	5,624	-
Charge to other agencies for contract services	-	-	3,091	-
Miscellaneous	55	3	482	36
Total operating revenues	7,718	24,278	251,481	61,997
Operating expenses:				
Employee services	5,855	8,704	82,411	10,632
Services and supplies	6,332	9,020	80,714	26,490
Depreciation/amortization	2,423	2,191	39,100	9,554
Insurance premiums	-	-	-	3,056
Claims and judgements	16	25	1,734	15,509
Total operating expenses	14,626	19,940	203,959	65,241
Operating income (loss)	(6,908)	4,338	47,522	(3,244)
Nonoperating revenues (expenses):				
Interest and investment revenue	152	370	3,294	1,225
Transient occupancy taxes	17,943	-	17,943	-
Revenue from other agencies	-	498	1,959	228
Insurance and other claim recoveries	-	-	-	244
Interest expense	(2,575)	(1,588)	(12,753)	(74)
Amortization of bond prepaid insurance	-	(7)	(63)	-
Loan forgiveness	(3)	-	(3)	-
Gain or (loss) on disposition of capital assets	-	-	-	6
Total nonoperating revenues (expenses)	15,517	(727)	10,377	1,629
Income (loss) before contributions and transfers	8,609	3,611	57,899	(1,615)
Capital contributions	-	-	4,999	-
Transfers in	-	1	434	418
Transfers out	(1,568)	(3,722)	(29,536)	(373)
Change in net position before special item	7,041	(110)	33,796	(1,570)
Special item	-	-	18,527	-
Total net position (deficit), beginning of year, as restated	44,034	42,764	893,941	94,079
Total net position, end of year	$ 51,075	$ 42,654	$ 946,264	$ 92,509

The notes to the financial statements are an integral part of this statement.

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City of Sacramento
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
Cash flows from operating activities:				
Receipts from customers and users	$ 95,230	$ 28,445	$ 37,543	$ 60,131
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(17,695)	(12,373)	(5,239)	(30,275)
Payments to employees	(23,927)	(7,915)	(18,723)	(13,907)
Claims and judgements paid	(131)	(64)	(63)	(193)
Net cash provided by (used for) operating activities	53,477	8,093	13,518	15,756
Cash flows from noncapital financing activities:				
Transient occupancy taxes	-	-	-	-
Transfers in from other funds	29	4	64	67
Transfers out to other funds	(10,671)	(3,005)	(4,016)	(6,344)
Collections on interfund loans	-	-	-	-
Loans made to other funds	-	-	-	-
Interfund loan repayments	-	-	-	-
Intergovernmental revenue received	1,405	-	-	969
Claim and judgement recoveries	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(9,237)	(3,001)	(3,952)	(5,308)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(48,907)	(14,091)	(2,008)	(34)
Proceeds from sale of capital assets	61	-	-	-
Principal payments on capital debt	(5,424)	(857)	(2,779)	(3,058)
Interest payments on capital debt	(17,386)	(1,107)	(779)	(1,253)
Intergovernmental revenue received	-	-	20	-
Transfers in from other funds	269	-	-	-
Transfers out to other funds	(38)	(51)	-	(121)
Capital contributions received	644	717	-	-
Loan repayments received	1,183	241	760	-
Net cash used for capital and related financing activities	(69,598)	(15,148)	(4,786)	(4,466)
Cash flows from investing activities:				
Collection of interest and investment revenue	3,910	641	541	271
Loan repayments received	-	-	-	-
Net cash provided by investing activities	3,910	641	541	271
Net increase (decrease) in cash and cash equivalents	(21,448)	(9,415)	5,321	6,253
Cash and cash equivalents, beginning of year	319,083	53,164	30,273	22,829
Cash and cash equivalents, end of year	$ 297,635	$ 43,749	$ 35,594	$ 29,082

The notes to the financial statements are an integral part of this statement.

City of Sacramento
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Community Center Fund	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	$ 7,505	$ 24,151	$ 253,005	$ -
Receipts from interfund services provided	-	-	-	125,569
Payments to suppliers	(6,550)	(8,996)	(81,128)	(92,200)
Payments to employees	(5,722)	(8,480)	(78,674)	(10,194)
Claims and judgements paid	(18)	(23)	(492)	(12,247)
Net cash provided by (used for) operating activities	(4,785)	6,652	92,711	10,928
Cash flows from noncapital financing activities:				
Transient occupancy taxes	17,914	-	17,914	-
Transfers in from other funds	-	1	165	4
Transfers out to other funds	(1,568)	(2,034)	(27,638)	(322)
Collections on interfund loans	-	-	-	10,106
Loans made to other funds	-	-	-	(3,009)
Interfund loan repayments	(250)	-	(250)	-
Intergovernmental revenue received	-	465	2,839	6
Claim and judgement recoveries	-	-	-	225
Net cash provided by (used for) noncapital financing activities	16,096	(1,568)	(6,970)	7,010
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(809)	(505)	(66,354)	(9,075)
Proceeds from sale of capital assets	-	-	61	569
Principal payments on capital debt	(5,327)	(2,052)	(19,497)	(345)
Interest payments on capital debt	(2,636)	(1,534)	(24,695)	(101)
Intergovernmental revenue received	-	-	20	-
Transfers in from other funds	-	-	269	363
Transfers out to other funds	-	(1,688)	(1,898)	-
Capital contributions received	-	-	1,361	-
Loan repayments received	-	-	2,184	-
Net cash used for capital and related financing activities	(8,772)	(5,779)	(108,549)	(8,589)
Cash flows from investing activities:				
Collection of interest and investment revenue	167	387	5,917	1,214
Loan repayments received	20	85	105	-
Net cash provided by investing activities	187	472	6,022	1,214
Net increase (decrease) in cash and cash equivalents	2,726	(223)	(16,786)	10,563
Cash and cash equivalents, beginning of year	20,680	34,613	480,642	83,694
Cash and cash equivalents, end of year	$ 23,406	$ 34,390	$ 463,856	$ 94,257

The notes to the financial statements are an integral part of this statement. (continued)

City of Sacramento
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments held by City	$ 70,864	$ 21,439	$ 31,048	$ 26,480
Cash and investments held by fiscal agent	-	-	17	1
Restricted cash and investments held by City	219,586	21,316	3,764	2,601
Restricted cash and investments held by fiscal agent	7,185	994	765	-
Total cash and cash equivalents, end of year	$ 297,635	$ 43,749	$ 35,594	$ 29,082
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 34,216	$ 2,955	$ 2,073	$ 10,848
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	16,951	4,216	11,497	1,822
Amortization of intangible asssets	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable, net	605	(48)	(98)	1,570
Intergovernmental receivables	-	-	315	-
Inventories	(230)	18	(52)	-
Prepaid items	-	-	-	-
Accounts payable	597	558	(271)	(138)
Accrued payroll	50	24	100	-
Accrued compensated absences	(33)	(14)	141	(100)
OPEB liabilities	1,064	374	541	1,233
Accrued claims and judgements	14	10	(5)	1,223
Liability for landfill closure	-	-	-	(702)
Deposits	2	-	-	-
Unearned revenue	241	-	(723)	-
Net cash provided by (used for) operating activities	$ 53,477	$ 8,093	$ 13,518	$ 15,756
Noncash investing, capital and financing activities:				
Contributions of capital assets	$ 1,038	$ 551	$ 1,491	$ -
Transfer of capital assets from governmental funds, net of depreciation	108	150	334	-
Capitalized interest	8,358	1,145	71	-
Amortization of bond premium and discount	2,053	57	(10)	58
Amortization of bond loss on refunding	(725)	-	-	(118)
Write off gain on refunding	-	-	-	-
Amortization of bond prepaid insurance	(51)	-	-	(5)
Capital asset acquisitions on accounts payable	14,049	755	73	96
Change in securities lending assets	604	88	72	61
Change in securities lending obligations	(604)	(88)	(72)	(61)
Loan forgiveness	-	-	-	-
Change in accounts receivable related to claim and judgement recoveries	-	-	-	-
Interest accrual on loans receivable	-	-	-	-
Change in intergovernmental receivable for capital contributions	219	-	-	-

(continued)

The notes to the financial statements are an integral part of this statement.

City of Sacramento
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Community Center Fund	Other Enterprise Funds	Total	
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments held by City	$ 12,985	$ 32,525	$ 195,341	$ 94,073
Cash and investments held by fiscal agent	171	39	228	184
Restricted cash and investments held by City	2,305	36	249,608	-
Restricted cash and investments held by fiscal agent	7,945	1,790	18,679	-
Total cash and cash equivalents, end of year	$ 23,406	$ 34,390	$ 463,856	$ 94,257
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (6,908)	$ 4,338	$ 47,522	$ (3,244)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	2,423	2,191	39,100	9,554
Amortization of intangible asssets	-	8	8	-
Changes in assets and liabilities:				
Accounts receivable, net	(23)	(31)	1,975	36
Intergovernmental receivables	-	(56)	259	-
Inventories	-	-	(264)	-
Prepaid items	-	(4)	(4)	(37)
Accounts payable	(218)	60	588	934
Accrued payroll	12	20	206	29
Accrued compensated absences	(22)	(33)	(61)	(95)
OPEB liabilities	143	237	3,592	504
Accrued claims and judgements	(2)	2	1,242	3,262
Liability for landfill closure	-	-	(702)	-
Deposits	-	18	20	16
Unearned revenue	(190)	(98)	(770)	(31)
Net cash provided by (used for) operating activities	$ (4,785)	$ 6,652	$ 92,711	$ 10,928
Noncash investing, capital and financing activities:				
Contributions of capital assets	$ -	$ -	$ 3,080	$ -
Transfer of capital assets from governmental funds, net of depreciation	-	-	592	-
Capitalized interest	98	-	9,672	-
Amortization of bond premium and discount	(25)	27	2,160	18
Amortization of bond loss on refunding	-	(95)	(938)	(10)
Write off gain on refunding	-	-	-	18
Amortization of bond prepaid insurance	-	(7)	(63)	-
Capital asset acquisitions on accounts payable	649	79	15,701	1,165
Change in securities lending assets	-	68	893	163
Change in securities lending obligations	-	(68)	(893)	(163)
Loan forgiveness	(3)	-	(3)	-
Change in accounts receivable related to claim and judgement recoveries	-	-	-	(1)
Interest accrual on loans receivable	-	(1)	(1)	-
Change in intergovernmental receivable for capital contributions	-	-	219	-

The notes to the financial statements are an integral part of this statement.

City of Sacramento
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2014
(in thousands)

	Pension Trust Fund	Investment Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS				
Cash and cash equivalents held by City	$ 8,620	$ 130,844	$ 36,886	$ 13,060
Cash and investments held by fiscal agent	-	-	25,460	14,816
Securities lending assets	25,107	112	80	-
Receivables, net:				
Taxes	-	-	-	261
Accounts	-	-	-	7
Interest	2,248	457	137	8
Intergovernmental	-	-	556	-
Investments, at fair value:				
U.S. government obligations	2,413	-	-	-
Corporate bonds	68,535	-	-	-
Equity securities	118,027	-	-	-
Exchange traded funds	67,092	-	-	-
Municipal bonds	44,647	-	-	-
Mortgage loans	4,191	-	-	-
Loans receivable	-	-	7,048	-
Capital assets:				
Land	-	-	45,566	-
Buildings and improvements	-	-	16,315	-
Less: accumulated depreciation/amortization	-	-	(2,824)	-
Total assets	340,880	131,413	129,224	28,152
LIABILITIES				
Securities lending obligations	25,744	433	511	-
Accounts payable	27	-	867	267
Benefits payable	2,695	-	-	-
Due to bondholders	-	-	-	27,885
Interest payable	-	-	763	-
OPEB liability	-	-	822	-
Pollution remediation obligations	-	-	1,026	-
Notes payable	-	-	318,929	-
Total liabilities	28,466	433	322,918	$ 28,152
NET POSITION				
Held in trust for:				
Held in trust for pension benefits	312,414	-	-	
External pool participants	-	130,980	-	
Redevelopment dissolution	-	-	(193,694)	
Total net position	$ 312,414	$ 130,980	$ (193,694)	

The notes to the financial statements are an integral part of this statement.

City of Sacramento
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Pension Trust Fund	Investment Trust Funds	Private Purpose Trust Fund
Additions:			
Property taxes	$ -	$ -	$ 31,273
Contributions:			
Employer	9,649	-	-
Employees	161	-	-
Total contributions	9,810	-	-
Investment income:			
From investment activities:			
Net appreciation (depreciation) in fair value of investments	29,717	63	-
Interest	7,014	1,627	619
Dividends	4,680	-	-
Total investment income	41,411	1,690	619
Investment expenses:			
Banking, interest, and fiscal agent expenses	111	132	-
Professional services	1,135	-	-
Total investment expenses	1,246	132	-
Net income from investment activities	40,165	1,558	619
From securities lending activities:			
Interest	202	-	-
Net appreciation in fair value of investments	-	1	-
Total securities lending income	202	1	-
Securities lending expenses:			
Management fees	50	-	-
Total securities lending expenses	50	-	-
Net income from securities lending activities	152	1	-
Total net investment income	40,317	1,559	619
Deposits	-	54,570	-
Other	-	-	417
Total additions	50,127	56,129	32,309
Deductions:			
Benefits	33,487	-	-
Withdrawals	201	58,236	-
Project obligation payments	-	-	3,144
Interest expense	-	-	17,018
Loan forgiveness	-	-	2,093
Depreciation expense	-	-	408
Total deductions	33,688	58,236	22,663
Special item - transfer to SHRA	-	-	(3,104)
Change in net position	16,439	(2,107)	6,542
Net position (deficit), beginning of year, as restated	295,975	133,087	(200,236)
Net position (deficit), end of year	$ 312,414	$ 130,980	$ (193,694)

The notes to the financial statements are an integral part of this statement.

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Notes to the Financial Statements

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

DEFINITION OF REPORTING ENTITY

The City of Sacramento (City) was incorporated in 1849 under the laws of the State of California. Sacramento is a charter city and operates under a City Council – City Manager form of government. The City provides a full range of municipal services including police, fire, water, wastewater, storm drainage, solid waste, construction and maintenance of streets, planning and zoning, code enforcement, parks, recreation programs, and cultural activities.

These basic financial statements present the financial status of the City and its component units, which are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Component unit financial statements may be obtained from the City's Department of Finance.

Blended Component Unit

The Sacramento City Financing Authority (SCFA) is a joint exercise of powers entity created by the City and the former Redevelopment Agency of the City of Sacramento to facilitate the financing and refinancing of public capital facilities. Most of the debt by the SCFA is backed by the City's General Fund. The SCFA is governed by the City Council.

Fiduciary-type Component Units

Sacramento City Employees' Retirement System (SCERS) is a single employer pension plan sponsored and administered by the City for City employees, except public safety employees, hired before January 29, 1977 and public safety employees who retired with SCERS benefits before December 30, 1989. Under provisions of the City Charter, SCERS is managed by the Administration, Investment and Fiscal Management Board (the Board), consisting of the City Manager, City Director of Finance, City Treasurer and two residents of the City appointed by the City Council. Duties of the Board include the adoption of investment standards for SCERS, the establishment of contribution rates, the administration and investment of funds, the selection of investment advisors, the crediting of interest and any action relating to the fiscal management of SCERS. Complete stand-alone financial statements may be obtained by writing the City of Sacramento Department of Finance, 915 I Street, 4th Floor, Sacramento, CA 95814.

The Successor Agency to the Redevelopment Agency of the City of Sacramento (Successor Agency) was created to serve as a custodian for the assets and to wind down the affairs of the former Redevelopment Agency of the City of Sacramento. The City was designated to serve as the Successor Agency subject to control of an Oversight Board. The Oversight Board is comprised of seven member representatives from local government bodies: two appointed by the Mayor, two County of Sacramento (County) representatives, the County Superintendent of Education, the Chancellor of California Community Colleges, and the largest special district taxing entity. Based upon the nature of the Successor Agency's custodial role, it is reported as a fiduciary fund (private purpose trust fund).

Discretely Presented Component Unit

The Sacramento Regional Arts Facilities Financing Authority (SRAFFA) is reported in a separate column in the government-wide financial statements to emphasize its legal separation from the City. The SRAFFA is a joint powers agency between the City and County created for the purpose of financing the expansion of the theater complex located on H Street. The authority is governed by a board of five directors whose members are three designees of the City Council and two designees of the County Board of Supervisors. The members of the board serve at the pleasure of their respective legislative bodies and may be removed at will. Upon future dissolution, any remaining assets revert to the City and County of Sacramento in such manner as determined by the board. The SRAFFA is presented as a business-type activity in the component unit column of the government-wide statements.

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

New Pronouncements

Effective July 1, 2013, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* The objective of this Statement is to establish accounting and financial reporting standards that reclassify certain items that were previously reported as assets and liabilities, as deferred outflows of resources or deferred inflows of resources. As a result of implementing this statement, the City changed the classification of certain liabilities to deferred inflow of resources, as well as restating beginning fund balances and net position for certain City funds, as well as, beginning net position for governmental and business-type activities for previous bond issuance costs. See Note 19 for further description of the restated amounts.

Effective July 1, 2013, the City implemented GASB Statement No. 66, *Technical Correction – 2012 – an amendment of GASB Statements No. 10 and No. 62.* The objective of this Statement is to resolve conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The City has determined that the provisions of this Statement did not have a material impact on the City's basic financial statements.

Effective July 1, 2013, the City implemented GASB Statement No. 67, *Financial Reporting for Pension Plan.* The objective of this Statement is to improve financial reporting by state and local governmental pension plans. For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. Fully disclosed financial statements are issued by SCERS.

Effective July 1, 2013, the City implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations.* The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The City has determined that the provisions of this Statement did not have a material impact on the City's basic financial statements.

Effective July 1, 2013, the City implemented GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The City has determined that the provisions of this Statement did not have a material impact on the City's basic financial statements.

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

New Pronouncements (Continued)

The City is currently analyzing its accounting and financial reporting practices to determine the potential impact on the financial statements of the following GASB Statements:

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.* The objective of this Statement is to improve accounting and financial reporting by state and local government for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. The City will be required to recognize a liability equal to the net pension liability in its financial statements prepared using the economic resources measurement focus and accrual basis of accounting. The City has not determined what impact this pronouncement will have on the financial statements. The provisions of this Statement are effective for the City's fiscal year ended June 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The City has not determined what impact this pronouncement will have on the financial statements. The provisions of this Statement are effective for the City's fiscal year ended June 30, 2015.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are allocated to expenses and capital assets of governmental and business-type activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been removed from the government-wide financial statements. Internal service fund activity has been eliminated from the statement of activities. The effect of interfund services provided and used between functions, such as the sale of water from the Water Fund to the General Fund, has not been eliminated in the statement of activities. The City's payments in lieu of taxes from its enterprise funds to the General Fund are reported as interfund transfers.

The accounts of the City are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary trust fund financial statements. Agency funds, included in the fiduciary fund financial statements, are also reported using the accrual basis of accounting, however they are not reported using a measurement focus because only assets and liabilities are presented. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, utility users taxes, intergovernmental revenue, special assessments, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Measure U Special Revenue Fund was established to account for the temporary half-cent sales tax approved by voters on November 6, 2012.

The Capital Grants Fund is used to account for capital improvement program projects that are funded by parties outside of the City including the State and Federal governments.

The 1997 Lease Revenue Bond Fund accounts for the loan receivable, debt service activities and related transactions concerning the acquisition and lease back of a sports and entertainment arena.

The City reports the following major enterprise funds:

The Water Fund accounts for the operation and maintenance of the City's water treatment and water transmission and distribution systems.

The Wastewater Fund accounts for the operation and maintenance of the City's wastewater system.

The Storm Drainage Fund accounts for the operation and maintenance of the City's surface drainage system.

The Solid Waste Fund accounts for the collection and disposal of refuse throughout the City and for landfill closure.

The Community Center Fund accounts for the operation and maintenance of the City's Community Center, including the theater and exhibit halls.

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the City reports the following fund types:

Internal service funds account for the financing of fleet and risk management services to other departments on a cost reimbursement basis.

The Pension Trust Fund accounts for the assets held on behalf of the Sacramento City Employees' Retirement System (SCERS) for pension benefit payments to qualified employees.

Investment trust funds account for the resources held on behalf of investors, in the City's investment pool and individual accounts, who are not part of the City's financial reporting entity.

The Private Purpose Trust Fund accounts for the assets received by the Successor Agency from the City's former redevelopment agency in order to liquidate its enforceable obligations, pursuant to Assembly Bill X1 26 which dissolved redevelopment agencies in California.

Agency funds account for assets held by the City as an agent for bonded assessment and community facilities districts.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, including fees, fines and forfeitures, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Program revenues also include earnings on investments that are legally restricted for a specific program. Internally dedicated resources are reported as general revenues rather than as program revenue. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted net position are available for use, it is the City's practice to use restricted resources first followed by unrestricted resources as they are needed. When all fund balance types are available, it is the City's practice to use restricted resources first, followed by committed, assigned and unassigned resources as they are needed.

Budget Information

The City Manager submits a proposed budget to the City Council no later than 60 days prior to the commencement of the fiscal year. The City Council holds public hearings, modifies the City Manager's recommendations, and adopts a final budget in June. The budget adoption resolution specifies that budgets will be controlled at the department level (e.g., police, fire, public works, parks and recreation etc.) by fund.

Annual budgets are adopted for the General Fund, Measure U Fund, the City/County Office of Metropolitan Water Planning (CCOMWP) Fund, the Cal EPA Fund, as well as certain activities within the Transportation and Development Fund, the Culture and Leisure Fund, and the Parks and Recreation Fund, and the Special Districts Fund. Annual budgets are also adopted for the enterprise and internal service funds, although they are not legally required. Multi-year project-length budgets are adopted for the General Fund, capital projects funds, and the Operating Grants special revenue fund where appropriations remain authorized for each project until closed, irrespective of fiscal year. Expenditures are appropriated on a modified accrual basis, except that commitments related to purchase orders are treated as expenditures in the year of commitment.

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Budget Information (Continued)

Budgets are modified throughout the year when the tax base changes, fees are modified, new revenue sources are identified, or programs are changed. Appropriation adjustments during the year require City Council approval. Significant appropriation adjustments were not required during the year ended June 30, 2014. Unencumbered annual budget appropriations lapse at fiscal year-end. The City honors contracts represented by year-end encumbrances and the appropriations carried over provide authority to complete these transactions in future years. Multi-year project-length budget appropriations are automatically carried over into the next fiscal year.

Financial Statement Elements

Investments - City investments are recorded at fair value, except real estate mortgages, which are recorded at cost. The estimated fair value of all investments is the quoted market price. Certain bond covenants require that interest earned on assessment district construction proceeds, which are reported in other governmental funds, be credited to reserve accounts, which are reported in Agency funds. Interest earned on all other cash and investments is credited to the fund which holds the investment.

Property Taxes - Article XIII of the California Constitution (Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/76 assessed valuation as the base and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transactions taxes on real property. Local governments may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors.

Property taxes are levied annually by the Sacramento County Assessor on July 1 and become a lien on property on the preceding January 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively.

The City participates in an alternative method of distribution of property tax levies and assessments known as the “Teeter Plan”. The State Revenue and Taxation Code allow counties to distribute secured real property, assessment and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments and related penalties and interest during a fiscal year will revert to Sacramento County. The Teeter Plan payment, which includes 95% of the outstanding accumulated delinquency, is included in property tax revenue. Under the Teeter Plan code, 5% of the delinquency must remain with the County as a reserve for Teeter Plan funding.

Receivables and Payables – Property taxes, sales taxes, and utility user taxes, and other taxes, related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year end.

Federal and State grants are considered receivable and accrued as revenue when all eligibility requirements have been met under the accrual basis of accounting in the government-wide statement of net position. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available.

Long-term loans receivable reported in the governmental fund statements are recorded with offsetting deferred revenue or nonspendable fund balance for noncurrent assets because the resources cannot be spent. Long-term loans receivable reported in the proprietary fund statements, as well as long-term loans reported in the government-wide statements, are not offset by deferred revenue. Unbilled utility revenue earned is recognized as revenue and accounts receivable in the enterprise funds.

(dollar amounts expressed in thousands)

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Elements (Continued)

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories and Prepaid Items - Inventories in the proprietary funds are stated at the lower of average cost or market and consist of expendable materials and supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets - Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the statements of net position and balance sheets because their use is limited by applicable bond covenants. Unspent developer impact fees are classified as restricted assets on the statements of net position for the Water and Wastewater enterprise funds.

Capital Assets - Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are recorded at the lower of actual historical cost or fair value (as of the date donated for contributed assets) although for certain older assets estimated historical costs are used.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	Primarily 15 to 70 years
Transmission and distribution systems	Primarily 15 to 100 years
Machinery, vehicles and equipment	Primarily 5 to 30 years
Software	Primarily 5 to 20 years
Roadway network	Primarily 20 to 70 years
Street light network	Primarily 40 to 50 years
Parks and park improvements	Primarily 15 to 30 years

It is the policy of the City to capitalize all land, buildings and improvements, equipment, and infrastructure assets, except assets costing less than $20, unless a federal funding source is utilized. The City also capitalizes all intangible capital assets, primarily easements and software, except assets costing less than $100, unless a federal funding source is utilized. All capital assets in excess of $5 financed by a federal funding source are capitalized. Costs of capital assets sold or retired (and related amounts of accumulated depreciation/amortization) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related proprietary fund, governmental activities, and business-type activities. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale.

Major outlays for capital assets are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. When the asset constructed is financed by a specific bond issue, the interest included is net of interest earned on the invested bond proceeds over the same period. The total interest cost incurred by the City during the current fiscal year was $46,880. Of this amount, $9,672, consisting of interest cost of $11,949 net of interest earned of $2,277, was included as part of the cost of capital assets under construction.

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Elements (Continued)

The Crocker Art Museum's collection of works of art, held in trust by the City, has not been reported in these financial statements. The City has elected not to report the collection because it meets the three criteria for waiving capitalization: the collection is held for reasons other than financial gain; the collection is protected, kept unencumbered, cared for, and preserved; and the collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for the collection.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an expense/expenditure until then. The City has two items, loss on refunding of debt and accumulated decrease in fair-value of hedging derivative instrument, which qualifies for reporting in this category.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as revenue until then. The City has one item recognized in the statement of net position, deferred service concession arrangement revenue, and one item recognized in the governmental funds, unavailable revenue, that qualifies for reporting in this category.

Compensated Absences - Benefit qualified employees accrue vacation, sick, and holiday benefits. A full time employee may accumulate up to sixty days of vacation. Sick leave vests and may be accumulated until retirement. An employee with sixty or more days of accumulated sick leave at the end of a calendar year may elect to receive a 25% payment of any unused sick leave earned in the previous calendar year. The amount of sick leave paid is deducted from the employee's total accumulation. Upon retirement, employees with a minimum of 20 years of City service, excluding SCERS employees, have the option of converting their sick leave accumulation into CalPERS service credit hours, or receiving a cash payment of one-third of the accumulated sick leave. The City accrues expected cash payments of accumulated sick leave at fiscal year end. Employees who leave the City and are not retiring forfeit any remaining sick leave.

Employees receive 14 holidays per calendar year. Employees accrue all or a portion of these 14 days during the year depending on their job classification. Classifications that accrue all 14 days get paid in cash throughout the year whenever their holiday leave balances exceed the 14 day total. All other employees accrue one or two days of "floating" holiday time, depending on the bargaining unit, throughout the year in conjunction with their remaining twelve holidays. Employees who accrue "floating" holiday time get paid annually in January for any calendar year-end balance greater than eight hours.

All hourly employees have the option of being compensated for their overtime pay with compensatory time off (CTO). Depending on the employee's CTO plan, the employee may accrue a maximum of 80, 120 or 160 hours of CTO. The employee's applicable labor agreement or the City Council's resolution for unrepresented employees determines the maximum accruable number of CTO hours.

All compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Unavailable Revenue / Unearned Revenue - Unavailable revenue in governmental funds arise when potential revenue does not meet the "available" criteria for recognition in the current period. Unearned revenue in accrual based statements arises when resources are received by the City before it has a legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Elements (Continued)

Long-term Obligations - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses on debt refunding are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt using the straight-line method. Bonds payable are reported net of bond premium or discount. Bond issuance costs are reported as expenditures when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance - In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Amounts that are restricted to specific purposes, either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation, are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through a resolution are classified as committed fund balances. Amounts that are constrained by the City Council's intent to be used for specific purposes through a resolution, but are neither restricted nor committed, are classified as assigned fund balances. Negative fund balance in governmental funds, after determining the fund balance classifications described above, is reported as unassigned fund balance.

The City's Economic Uncertainty Reserve (Reserve) is a stabilization arrangement in the General Fund reported as committed fund balance. The City Council reaffirmed its policy goal for the Reserve in its resolution number 2014-0179 adopted with the fiscal year 2014/15 annual budget. The adopted Reserve goal is to achieve a reserve equal to 10% of annual General Fund revenue. The City Manager may recommend a release from the Reserve when the gap between projected revenue and expenditures is greater than $1,000 in the proposed budget. Additions and releases from the Reserve must be approved by City Council by resolution.

Statement of Cash Flows - For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

(dollar amounts expressed in thousands)

NOTE 2 – **CASH AND INVESTMENTS**

The following is a summary of cash and investments at June 30, 2014:

	Government-wide Statement of Net Position			
	Primary Government	Component Units	Fiduciary Funds Statement of Net Position	Total
Cash and investments	$ 606,169	$ -	$ 534,591	$ 1,140,760
Securities lending assets	1,924	-	25,299	27,223
Restricted cash and investments	297,848	1,125	-	298,973
Total	$ 905,941	$ 1,125	$ 559,890	$ 1,466,956

Under the authority of the Sacramento City Charter, the Sacramento City Council, by Resolution 2013-0266, has delegated its investment authority to the City Treasurer. The City Treasurer manages the City's investments in accordance with the City's Investment Policy, which was last reaffirmed by the City Council on August 8, 2013. The City's investment policy requires compliance with the California Government Code for investments of public funds. The City's investment policy also provides limits on rate anticipation, arbitrage, and other swap investments.

SCERS pension trust fund investments are managed by the Administration, Investment and Fiscal Management Board pursuant to an Investment Policy adopted by the Board and approved by the City Council. Investment standards adopted by the SCERS Board were last approved by the City Council on August 8, 2013. The Investment Policy allows the Board to invest in fixed income and equity securities deemed prudent by the Board. Pursuant to the Investment Policy, the Board annually allocated the funds to different investment groups. For fiscal year 2014, the asset allocations consisted of the following: 45% Fixed Income securities, 30% Large Cap Growth stocks, 15% Equity Income stocks and 10% International stocks. The Investment Policy allows for up to 5% variance from these approved allocation level to provide flexibility to investment activities without altering the risk profile of the SCERS portfolio.

(dollar amounts expressed in thousands)

NOTE 2 – **CASH AND INVESTMENTS (Continued)**

The table below identifies the investment types that are authorized for public funds of the City by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating
Local agency bonds	5 years*	None	None	None
U.S. Treasury obligations	5 years*	None	None	None
U.S. agency securities	5 years*	None	None	None
Bankers acceptance	180 days	40%	30%	None
Commerical paper	270 days	25%	10%	A1/P1
Negotiable certificates of deposit	5 years	30%	None	None
Repurchase agreements	1 year	None	None	None
Reverse repurchase and securities lending agreements	92 days	20% of base value	None	None
Medium term notes (bank notes and corporate bonds)	5 years*	30%	None	A
Mutual funds	N/A	20%	10%	Aaa
Money market mutual funds	N/A	20%	10%	Aaa
Collateralized bank deposits	5 years	None	None	None
Mortgage pass-through securities	5 years	20%	None	AA
Time deposits	5 years	None	None	None
Joint Powers Authority pool	N/A	None	None	None
County pooled investment	N/A	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None	None

*The City investment policy allows these investments to have maximum maturities of 5 years, plus not more than 30 days. Such approved maturity extensions are authorized by California Government Code section 53601.

The table above does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, or investments held by the SCERS pension trust fund or other trust funds.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy limits interest rate risk by requiring compliance with the California Government Code for investments of public funds, as described in detail above. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. The remaining maturity of the City's investments included in the table below is based on the stated maturity dates of the individual investments, except in the case of variable rate investments where the maturity date below is the next reset date. Variable rate securities are investments with terms that provide for the adjustment of interest rates on specified dates based on predefined mathematical formulas. The fair value of such investments can reasonably be expected to be affected at each interest rate reset date.

(dollar amounts expressed in thousands)

NOTE 2 – **CASH AND INVESTMENTS (Continued)**

Interest Rate Risk (Continued)

Investments in equities, or in debt securities with remaining maturities longer than five years, are held by the SCERS pension trust fund, other trust funds, or by bond trustees pursuant to debt agreements.

The City's cash and investments by maturities as of June 30, 2014 are as follows:

		Remaining Maturity in Years			
Cash and Investment Type	No Maturity	Under 1	1-5	Over 5	Fair Value
Certificates of deposit	$ -	$ 10,248	$ 9,547	$ -	$ 19,795
Commercial paper	-	145,000	-	-	145,000
Corporate bonds/notes	-	180,994	168,992	17,864	367,850
Deposits	9,388	-	-	-	9,388
Equities	122,699	-	-	-	122,699
Exchange traded funds	68,676	-	-	-	68,676
Investment Trust of California (CalTRUST)	-	13,753	179,405	-	193,158
Local Agency Investment Fund (LAIF)	-	30,000	-	-	30,000
Mortgage loans	-	-	1,918	2,273	4,191
Municipal bonds	-	36,898	73,449	43,115	153,462
Mutual funds	-	50,906	-	-	50,906
Repurchase agreements	-	27,223	-	-	27,223
U.S. agencies	-	85,821	182,285	2,392	270,498
U.S. Treasury notes	-	-	2,985	-	2,985
	$ 200,763	$ 580,843	$ 618,581	$ 65,644	1,465,831
Component Unit - SRAFFA					
Mutual funds	$ -	$ 122	$ -	$ -	122
U.S. agencies	-	-	1,003	-	1,003
Total component unit	$ -	$ 122	$ 1,003	$ -	1,125
Total Cash and Investments					$ 1,466,956

Investments in callable bonds are investments that, although having clearly defined maturities, allow for the issuer to redeem or call such bonds earlier than their respective maturity dates. The investor must then replace the called bonds with investments that may have lower yield than the original bonds. The fair values of the callable bonds held at June 30, 2014 by investment type are as follows:

Investment Type	Fair Value
Corporate bonds	$ 24,067
Municipal bonds	24,707
U.S. agencies	194,792

(dollar amounts expressed in thousands)

NOTE 2 – **CASH AND INVESTMENTS (Continued)**

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy limits credit risk by requiring compliance with the California Government Code for investments of public funds, as described in detail above. At June 30, 2014, the City's deposits and investments, and corresponding credit ratings, are as follows:

Cash and Investment Type	S & P	Moody's	Fair Value
Certificates of deposit	not rated	not rated	$ 19,795
Commercial paper	A	P1	145,000
Corporate bonds/notes	A	A	127,831
	A	Aa	10,235
	A	Baa	99,427
	A	not rated	2,843
	AA	A	56,821
	AA	Aa	52,412
	AAA	Aaa	2,200
	B	Baa	5,313
	BBB	A	5,199
	BBB	Baa	75
	not rated	A	5,000
	not rated	withdrawn	494
Deposits	not rated	not rated	9,388
Equities (exempt from disclosure)	N/A	N/A	122,699
Exchange traded funds (exempt from disclosure)	N/A	N/A	68,676
Investment Trust of California (CalTRUST)	not rated	not rated	193,158
Local Agency Investment Fund (LAIF)	not rated	not rated	30,000
Mortgage loans	not rated	not rated	4,191
Municipal bonds	A	A	6,847
	A	Aa	41,313
	A	Ba	9,246
	A	not rated	1,459
	AA	A	15,393
	AA	Aa	47,929
	AA	Aaa	2,797
	AA	not rated	11,360
	AAA	Aa	11,067
	SP1	not rated	5,001
	not rated	Aa	1,050
Mutual funds	AAA	Aaa	49,340
	not rated	not rated	1,566

(dollar amounts expressed in thousands)

NOTE 2 – **CASH AND INVESTMENTS (Continued)**

Credit Risk (Continued)

Cash and Investment Type	S & P	Moody's	Fair Value
Repurchase agreements	AA	Aaa	27,223
U.S. agencies	AA	A	5,494
	AA	Aa	666
	AA	Aaa	223,590
	AA	not rated	15,000
	not rated	not rated	24,000
	N/A	N/A	1,748
U.S. Treasury notes (exempt from disclosure)	N/A	N/A	2,985
Total primary government			1,465,831
Component Unit - SRAFFA			
Mutual funds	AAA	Aaa	122
U.S. agencies	AA	Aaa	1,003
			1,125
Total Cash and Investments			$ 1,466,956

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) which represent 5% or more of total investments at June 30, 2014:

Federal Home Loan Bank (All in City Pools)	$ 157,530
General Electric Corporation (City Pools)	$ 74,769
General Electric Corporation (SCERS)	$ 28,315

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code has provisions for financial institutions that limit custodial credit risk for deposits. Financial institutions are required to secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City's financial institutions also have insurance through the Federal Depository Insurance Corporation (FDIC). The City's investment policy has no additional provisions for limiting custodial credit risk for deposits.

(dollar amounts expressed in thousands)

NOTE 2 – **CASH AND INVESTMENTS (Continued)**

Custodial Credit Risk (Continued)

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments; however, it is the practice of the City Treasurer that all investments are insured, registered or held by the Treasurer's custodial agent in the City's name.

As of June 30, 2014, investments were held by the same broker-dealer (counterparty) that was used by the City to purchase the securities:

$ 27,223	Investments purchased with cash collateral from securities lending transactions

Securities Lending

The City engages in securities lending transactions, whereby the City has authorized its custodial bank to loan its securities to approved counterparties for collateral (cash or securities) with a simultaneous agreement to return the collateral for the same securities in the future. Such loans are short-term and the City retains the right to sell, without penalty, the original securities in which it has invested. The City's arrangement with the bank requires the bank to indemnify the City for failure of any counterparty to return the securities loaned. The City's investment policy permits securities loans up to 20% of the fair value of the City's portfolio.

Cash collateral received as of June 30, 2014, was equal to 102% of the market value of the loaned securities. The custodial bank uses the cash collateral to purchase investments. As of June 30, 2014, the weighted average maturity of the securities on loan was 246 days and the weighted average maturity of the investments purchased with cash collateral was 1 day. At year end, the City has no credit risk exposure to borrowers because the amounts the City owes the borrowers exceed the amounts the borrowers owe the City.

The City received cash collateral of $31,240. The City does not have the ability to pledge or sell collateral securities delivered absent a borrower default. The following table provides information concerning the fair value of securities lent and investments purchased with the cash collateral as of June 30, 2014:

Type of Investment Lent	
Corporate bonds	$ 1,326
Equities	4,146
Exchange traded funds	22,174
U.S. Treasury notes	2,985
Total securities lent	$ 30,631
Type of Investment Purchased with Cash Collateral	
Repurchase agreements	$ 27,223

City Sponsored Investment Pool

As part of the City's total cash and investments portfolio, the City Treasurer manages an investment pool, which includes both internal and external investors. The pool is not registered with the Securities and Exchange Commission as an investment company. The City Treasurer is granted authority for managing the pool by City Charter Section 73 and City Council ordinances and resolutions. Monthly, the City Treasurer reports investment activity to the Council for review.

(dollar amounts expressed in thousands)

NOTE 2 – **CASH AND INVESTMENTS (Continued)**

City Sponsored Investment Pool (Continued)

The fair value of investments is determined monthly. Participants' shares sold and redeemed are determined by the daily cash balance deposited in the pool (the value of its pool shares). The value of the pool shares is based upon amortized cost in day to day operations but is adjusted to the fair value at year-end. The investments are reported at fair value. The value of the shares is supported by the value of the underlying investments. External participants, including various joint powers agencies, comprise 5.64% of pool participation. The City Sponsored Investment Pool excludes activities of the pension trust fund, SHRA and funds held by fiscal agents.

The following represents a condensed statement of net position and changes in net position for the City Sponsored Investment Pool as of June 30, 2014:

Statement of Net Position:		
Investments at fair value	$	976,233
Interest receivables		2,839
Securities lending obligations		(4,800)
Net Position	$	974,272
Equity of internal pool participants	$	919,344
Equity of external pool participants		54,928
Total equity	$	974,272
Statement of Changes in Net Position:		
Net position at July 1, 2013	$	992,844
Net change in investments by pool participants		(18,572)
Net position at June 30, 2014	$	974,272

A summary of the investment classifications as of June 30, 2014 is as follows:

	Fair Value	Adjusted Cost	Interest Rates	Maturity Dates
Certificates of deposit	$ 17,797	$ 17,798	0.24-2.00%	08/14-11/18
Commercial paper	145,000	144,891	0.18-0.25%	07/14-02/15
Corporate bonds/notes	279,349	278,323	0.50-6.50%	07/14-06/19
Deposits	7,496	7,496	N/A	N/A
Investment Trust of California (CalTRUST)	150,617	150,617	0.07-0.73%	N/A
Municipal bonds	100,504	99,835	0.29-7.28%	08/14-05/19
Mutual funds	1,450	1,450	0.01%	N/A
Repurchase agreements	1,658	1,658	0.11-0.12%	07/14
State of California Treasurer's Local Agency Investment Fund	30,000	30,000	N/A	N/A
U.S. government and agency securities	242,362	242,716	0.08-5.62%	08/14-06/19
Total cash and investments in City sponsored investment pool	$ 976,233	$ 974,784		

NOTE 2 – **CASH AND INVESTMENTS (Continued)**

Participation in External Investment Pools

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute. The balance available for withdrawal is based on the accounting records maintained by the LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the City's position in the LAIF pool. As of June 30, 2014, the City's investment in LAIF is $30,000. The total amount invested by all public agencies in LAIF at that date is $21,119,834. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2014 had a balance of $64,870,214. Of that amount, 98.14% is invested in non-derivative financial products, and 1.86% is invested in derivative financial products.

The City is also a voluntary participant in the Investment Trust of California (CalTRUST) which is a Joint Powers Authority governed by a Board of Trustees made up of local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST, and selects and supervises the activities of the Investment Manager and other agents. As of June 30, 2014, the City's investment in CalTRUST is $193,158, of which $13,753 was invested in the Money Market Fund, $68,188 in the Short-term pool and $111,217 in the Medium-term pool. Amounts that may be withdrawn from the Money Market Fund are based upon the fund's assets valued using the amortized cost method. Amounts that may be withdrawn from the Short-term and Medium-term pools are based on the net asset value per share and the number of shares held by participants in each pool.

(dollar amounts expressed in thousands)

NOTE 3 – **RECEIVABLES**

Receivables as of June 30, 2014, were as follows:

	Taxes	Accounts	Loans	Inter-govern-mental	Interest	Total
Governmental activities						
General Fund	$ 21,380	$ 12,547	$ 5	$ 2,180	$ 340	$ 36,452
Measure U Fund	7,925	-	-	-	86	8,011
Capital Grants Fund	-	6,610	-	11,756	-	18,366
1997 Lease Revenue Bond Fund	-	-	62,015	-	716	62,731
Other governmental funds	-	3,755	15,676	52,345	219	71,995
Internal service funds	-	285	-	-	289	574
	$ 29,305	$ 23,197	$ 77,696	$ 66,281	$ 1,650	$ 198,129
Amounts not scheduled for collection during the subsequent year	$ -	$ -	$ 64,364	$ 39,248	$ -	$ 103,612
Business-type activities						
Water Fund	$ -	$ 18,511	$ 5,892	$ 219	$ 1,142	$ 25,764
Wastewater Fund	-	11,182	934	74	170	12,360
Storm Drainage Fund	-	6,451	4,102	856	159	11,568
Solid Waste Fund	-	11,682	-	-	108	11,790
Community Center Fund	2,253	304	128	-	3	2,688
Other enterprise funds	-	1,015	561	56	122	1,754
	$ 2,253	$ 49,145	$ 11,617	$ 1,205	$ 1,704	$ 65,924
Component unit						
Sacramento Regional Arts Facilities Financing Authority	$ -	$ -	$ 11,940	$ -	$ -	$ 11,940

Included in the Accounts Receivable amounts above are allowances for doubtful accounts of $2,543 in governmental activities and $9,752 in business-type activities.

Included in the Loans Receivable amount related to Other governmental funds above is the present value of the installment payments under the golf service concession arrangement of $7,976, reported with the associated deferred inflow in the government-wide statement of net position.

The California Music Theater is required to make payment to the SRAFFA component unit to repay the loan receivable.

(dollar amounts expressed in thousands)

NOTE 4 – **CAPITAL ASSETS**

Summary

The following is a summary of capital assets as of June 30, 2014:

	Governmental Activities	Business-Type Activities	Total
Capital assets not being depreciated/amortized			
Land	$ 191,636	$ 50,314	$ 241,950
Easements	697	157	854
Construction in progress	143,390	95,240	238,630
Total capital assets not being depreciated/amortized	335,723	145,711	481,434
Depreciable/amortizable capital assets			
Buildings and improvements	627,107	264,796	891,903
Equipment	70,018	61,765	131,783
Software	4,866	1,681	6,547
Vehicles	127,613	-	127,613
Transmission and distribution system	3,622	1,119,763	1,123,385
Roadway network	1,548,315	-	1,548,315
Streetlight network	199,719	-	199,719
Park improvements	164,473	-	164,473
Total depreciable/amortizable capital assets	2,745,733	1,448,005	4,193,738
Less accumulated depreciation/amortization for:			
Buildings and improvements	(196,780)	(130,387)	(327,167)
Equipment	(42,156)	(36,843)	(78,999)
Software	(1,016)	(446)	(1,462)
Vehicles	(74,003)	-	(74,003)
Transmission and distribution system	(670)	(362,379)	(363,049)
Roadway network	(914,215)	-	(914,215)
Street light network	(68,495)	-	(68,495)
Park improvements	(36,838)	-	(36,838)
Total accumulated depreciation/amortization	(1,334,173)	(530,055)	(1,864,228)
Depreciable/amortizable captial assets,net	1,411,560	917,950	2,329,510
Total capital assets, net	$ 1,747,283	$ 1,063,661	$ 2,810,944

(dollar amounts expressed in thousands)

NOTE 4 – **CAPITAL ASSETS (Continued)**

Governmental Activities

Governmental capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance *	Increases	Decreases	Transfers In/Out	Ending Balance
Capital assets not being depreciated/amortized					
Land	$ 190,749	$ 1,161	$ (335)	$ 61	$ 191,636
Easements	697	-	-	-	697
Construction in progress	95,876	47,514	-	-	143,390
Total capital assets not being depreciated/amortized	287,322	48,675	(335)	61	335,723
Depreciable/amortizable capital assets					
Buildings and improvements	617,425	16,668	(6,986)	-	627,107
Equipment	75,998	374	(6,354)	-	70,018
Software	4,493	373	-	-	4,866
Vehicles	123,502	9,931	(5,820)	-	127,613
Transmission and distribution system	3,622	592	-	(592)	3,622
Roadway network	1,542,684	10,713	(5,082)	-	1,548,315
Streetlight network	195,930	3,789	-	-	199,719
Park improvements	154,519	9,954	-	-	164,473
Total depreciable/amortizable capital assets	2,718,173	52,394	(24,242)	(592)	2,745,733
Less accumulated depreciation/amortization for:					
Buildings and improvements	(189,931)	(13,835)	6,986	-	(196,780)
Equipment	(43,928)	(4,582)	6,354	-	(42,156)
Software	(704)	(312)	-	-	(1,016)
Vehicles	(70,181)	(9,328)	5,506	-	(74,003)
Transmission and distribution system	(622)	(48)	-	-	(670)
Roadway network	(867,539)	(51,758)	5,082	-	(914,215)
Streetlight network	(64,020)	(4,475)	-	-	(68,495)
Park improvements	(30,906)	(5,932)	-	-	(36,838)
Total accumulated depreciation/amortization	(1,267,831)	(90,270)	23,928	-	(1,334,173)
Depreciable/amortizable capital assets, net	1,450,342	(37,876)	(314)	(592)	1,411,560
Governmental activities capital assets, net	$ 1,737,664	$ 10,799	$ (649)	$ (531)	$ 1,747,283

* The beginning balances of governmental activities capital assets have been restated, see Note 19.

Depreciation/amortization expense was charged to functions as follows:	
General government	$ 5,451
Police	2,737
Fire	1,178
Public works	56,578
Economic development	100
Convention, culture and leisure	4,488
Parks and recreation	8,767
Community development	208
Library	1,209
Capital assets held by the City's internal service funds are charged to the functions based on their usage of assets	9,554
Total governmental activities depreciation/amortization expense	$ 90,270

(dollar amounts expressed in thousands)

NOTE 4 – **CAPITAL ASSETS (Continued)**

Business-type Activities

Business-type capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Beginning Balance *	Increases	Decreases	Transfers In/Out	Ending Balance
Capital assets not being depreciated/amortized					
Land	$ 50,375	$ -	$ -	$ (61)	$ 50,314
Easements	157	-	-	-	157
Construction in progress	36,020	59,220	-	-	95,240
Total capital assets not being depreciated/amortized	86,552	59,220	-	(61)	145,711
Depreciable/amortizable capital assets					
Buildings and improvements	265,031	135	(370)	-	264,796
Equipment	59,762	2,651	(648)	-	61,765
Software	1,487	194	-	-	1,681
Transmission and distribution system	1,117,471	26,335	(24,635)	592	1,119,763
Total depreciable/amortizable capital assets	1,443,751	29,315	(25,653)	592	1,448,005
Less accumulated depreciation/amortization for:					
Buildings and improvements	(124,438)	(6,319)	370	-	(130,387)
Equipment	(33,722)	(3,769)	648	-	(36,843)
Software	(324)	(122)	-	-	(446)
Transmission and distribution system	(358,122)	(28,890)	24,633	-	(362,379)
Total accumulated depreciation/amortization	(516,606)	(39,100)	25,651	-	(530,055)
Depreciable/amortizable capital assets, net	927,145	(9,785)	(2)	592	917,950
Business-type activities capital assets, net	$ 1,013,697	$ 49,435	$ (2)	$ 531	$ 1,063,661

* The beginning balances of business-type activities capital assets have been restated, see Note 19.

Depreciation/amortization expense was charged to functions as follows:

Water	$ 16,951
Wastewater	4,216
Storm drainage	11,497
Solid waste	1,822
Community center	2,423
Parking	2,114
Child development	77
Total business-type activities depreciation/amortization expense	$ 39,100

(dollar amounts expressed in thousands)

NOTE 5 – **PAYABLES**

Payables as of June 30, 2014, were as follows:

	Vendors	Employees	Interest	Deposits	Total
Governmental activities					
General Fund	$ 10,706	$ 13,186	$ -	$ 32	$ 23,924
Measure U Fund	1,825	-	-	-	1,825
Capital Grants Fund	11,720	-	-	-	11,720
1997 Lease Revenue Bond Fund	-	-	716	539	1,255
Other governmental funds	7,830	177	2,623	2,199	12,829
Internal service funds	4,537	335	7	33	4,912
Total governmental activities	$ 36,618	$ 13,698	$ 3,346	$ 2,803	$ 56,465
Business-type activities					
Water Fund	$ 16,229	$ 741	$ 4,192	$ 2	$ 21,164
Wastewater Fund	9,038	260	526	-	9,824
Storm Drainage Fund	1,009	738	258	-	2,005
Solid Waste Fund	1,643	365	125	10	2,143
Community Center Fund	1,444	197	416	-	2,057
Other enterprise funds	1,114	308	173	18	1,613
Total business-type activities	$ 30,477	$ 2,609	$ 5,690	$ 30	$ 38,806
Component unit					
Sacramento Regional Arts Facilities Financing Authority	$ 155	$ -	$ -	$ -	$ 155

(dollar amounts expressed in thousands)

NOTE 6 – **OPERATING LEASES**

City as Lessee

The City is obligated under various operating leases for the use of land, buildings, office space, and equipment. Lease expenditures, primarily for governmental funds, for the fiscal year ended June 30, 2014, were $627.

Sublease rental income for the fiscal year ended June 30, 2014 was $691. The total amount of minimum rentals to be received in the future under non-cancelable subleases is $2,790.

Future minimum lease payments required by non-cancellable lease agreements that have initial lease terms in excess of one year are as follows:

Fiscal Year Ending June 30,	Payments
2015	$ 599
2016	497
2017	420
2018	324
2019	319
2020-2024	974
2025-2029	974
2030-2034	923
2035-2039	338
2040-2044	200
2045-2049	200
2050-2054	199
2055-2059	199
2060-2062	73
Total future minimum lease payments	$ 6,239

(dollar amounts expressed in thousands)

NOTE 7 – **LONG-TERM LIABILITIES**

Activity

The following is a summary of changes in long-term liabilities. Certain long-term liabilities provide financing to both governmental and business-type activities.

GOVERNMENTAL ACTIVITIES:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue and other bonds:					
1993 Refunded Revenue Bonds, Series A	$ 11,601	$ -	$ (1,198)	$ 10,403	$ 1,262
1993 Refunded Revenue Bonds, Series B	19,473	-	(2,022)	17,451	2,125
1996 Lighting and Landscaping Bonds	2,090	-	(480)	1,610	510
1997 Lease Revenue Bonds	64,005	-	(1,990)	62,015	2,225
1999 CFD No. 2 Revenue Bonds, Series A	2,005	-	(125)	1,880	130
2002 Capital Improvement Revenue Bonds	7,720	-	(5,310)	2,410	1,135
2003 Capital Improvement Revenue Bonds	22,820	-	(5,510)	17,310	1,915
2005 Refunding Revenue Bonds	58,534	-	(1,294)	57,240	5,754
2006 Capital Improvement Revenue Bonds, Ser. A	79,630	-	(3,095)	76,535	3,220
2006 Capital Improvement Revenue Bonds, Ser. B	50,230	-	(1,000)	49,230	1,060
2006 Capital Improvement Revenue Bonds, Ser. C	25,605	-	-	25,605	-
2006 Capital Improvement Revenue Bonds, Ser. D	2,430	-	(620)	1,810	650
2006 Capital Improvement Revenue Bonds, Ser. E	80,803	-	-	80,803	-
Subtotal, revenue and other bonds	426,946	-	(22,644)	404,302	19,986
Notes Payable:					
1997 State Department of Boating & Waterways	530	-	(79)	451	82
1985 Marina Phase I	1,625	-	(42)	1,583	44
1985 Marina Phase II	2,481	-	(56)	2,425	58
1985 Marina Phase III	771	-	(115)	656	120
1985 Marina Phase IV	527	-	(66)	461	69
2008 Sacramento Marina South Basin	10,477	-	-	10,477	368
Subtotal, notes payable	$ 16,411	$ -	$ (358)	$ 16,053	$ 741

(dollar amounts expressed in thousands)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Activity (Continued)

GOVERNMENTAL ACTIVITIES (Continued):	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital Lease Obligations:					
JP Morgan Fleet Financing	$ 2,544	$ -	$ (554)	$ 1,990	$ 560
JP Morgan Capital Lease Refinance	3,340	-	(1,278)	2,062	805
Fire trucks and equipment #3	3,388	-	(423)	2,965	442
Liquid nitrate gas (LNG) - refueling trailer	174	-	(23)	151	24
Parking meters system with AutoVu	-	5,998	(583)	5,415	1,177
Bank of America - Marina South Basin	1,073	-	(94)	979	98
Subtotal, capital lease obligations	10,519	5,998	(2,955)	13,562	3,106
Plus deferred amounts:					
For issuance discounts	(143)	-	8	(135)	(8)
For issuance premiums	16,267	-	(957)	15,310	957
For gain on refunding	18	-	(18)	-	-
Subtotal deferred amounts	16,142	-	(967)	15,175	949
Subtotal, debt governmental activities	470,018	5,998	(26,924)	449,092	24,782
Other Long-term Liabilities:					
Accrued claims and judgements	62,706	15,615	(12,212)	66,109	17,092
Compensated absences	32,466	31,462	(31,963)	31,965	1,837
OPEB liability	112,258	34,509	(15,643)	131,124	-
Pollution remediation obligations	603	-	(71)	532	69
Derivative instrument - interest rate swap	10,426	-	(2,209)	8,217	-
Financing plan fee credits:					
North Natomas	36,438	-	(178)	36,260	198
Jacinto Creek	899	-	-	899	-
Park Development	3,713	53	(251)	3,515	166
Subtotal, other long-term liabilities	259,509	81,639	(62,527)	278,621	19,362
Total governmental activities	$ 729,527	$ 87,637	$ (89,451)	$ 727,713	$ 44,144

(dollar amounts expressed in thousands)

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Activity (Continued)

BUSINESS-TYPE ACTIVITIES:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue and other bonds:					
1993 Refunded Revenue Bonds, Series A	$ 47,901	$ -	$ (4,947)	$ 42,954	$ 5,213
1993 Refunded Revenue Bonds, Series B	21,267	-	(2,208)	19,059	2,320
2005 Refunding Revenue Bonds	97,410	-	(6,681)	90,729	7,016
2006 Capital Improvement Revenue Bonds, Ser. E	92,277	-	-	92,277	-
Water Revenue Bonds, Series 2013	215,195	-	-	215,195	3,540
Wastewater Revenue Bonds, Series 2013	30,855	-	-	30,855	-
Subtotal, revenue and other bonds	504,905	-	(13,836)	491,069	18,089
Notes Payable:					
State Water Resources Control Board	767	-	(146)	621	149
State Water Resources Control Board	17,189	-	(1,990)	15,199	2,033
State Water Resources Control Board	2,164	-	(286)	1,878	293
State Water Resources Control Board	2,837	-	(323)	2,514	332
State Water Resources Control Board	1,180	-	(134)	1,046	138
California Department of Education	40	-	(20)	20	20
California Department of Public Health	9,806	-	(396)	9,410	406
California Infrastructure and Economic Development Bank (I-Bank)	2,672	-	(72)	2,600	74
Subtotal, notes payable	36,655	-	(3,367)	33,288	3,445
Capital Lease Obligations:					
Recycle Containers #5	979	-	(646)	333	332
Refuse Trucks - Schedule 16	4,083	-	(974)	3,109	1,005
Sewer Cleaning Trucks - Schedule 17	575	-	(137)	438	545
JP Morgan Capital Lease Refinance	2,756	-	(538)	2,218	141
Subtotal, capital lease obligations	8,393	-	(2,295)	6,098	2,023
Less deferred amounts:					
For issuance discounts	(425)	-	60	(365)	(60)
For issuance premiums	51,632	-	(2,219)	49,413	2,219
Subtotal, deferred amounts	51,207	-	(2,159)	49,048	2,159
Subtotal, debt, business type activities	601,160	-	(21,657)	579,503	25,716
Other Long-term Liabilities:					
Compensated absences	6,951	6,180	(6,289)	6,842	358
OPEB liability	19,481	5,422	(1,830)	23,073	-
Accrued claims and judgments	357	1,242	-	1,599	1,599
Water fee credits	1,702	-	-	1,702	-
Liability for landfill closure	20,406	-	(19,229)	1,177	85
Subtotal, other long-term liabilties	48,897	12,844	(27,348)	34,393	2,042
Total business-type activities	$ 650,057	$ 12,844	$ (49,005)	$ 613,896	$ 27,758

(dollar amounts expressed in thousands)

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Activity (Continued)

COMPONENT UNIT:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Certificates of Participation					
Sacramento Regional Arts Facilities,					
2002 Series COPS	$ 13,335	$ -	$ (425)	$ 12,910	$ 440
Less deferred amounts:					
For issuance discounts	(99)	-	5	(94)	(5)
Total component unit	13,236	-	(420)	12,816	435
Total long-term liabilities	$ 1,392,820	$ 100,481	$ (138,876)	$ 1,354,425	$ 72,337

FY14 beginning balance of net loss on refunding of debt in the amount of $20,891 was reclassified to deferred outflows of resources in accordance with GASB 65.

The following is a list of long-term debt issues outstanding at June 30, 2014, including the amount of original debt issuance, a description of the debt issue, and disclosure of pledged revenue.

Revenue and Other Bonds

Issued Amount

$130,425 1993 Refunded Revenue Bonds, Series A
Authorized and issued September 1993, due in annual installments of $2,186 to $8,875 through November 2020, bearing interest rates of 4.5% to 5.13%, for the purpose of refunding the 1986 Public Facilities Certificates of Participation and a portion of the 1991 Marks-Roos Revenue Bonds.

$95,480 1993 Refunded Revenue Bonds, Series B
Authorized and issued September 1993, due in annual installments of $1,634 to $6,070 through November 2020, bearing interest rates of 4.5% to 5.13%, for the purpose of refunding the 1989 Public Facilities Certificates of Participation.

$7,290 1996 Lighting and Landscaping Bonds
Authorized and issued October 1996, due in annual installments of $235 to $565 through fiscal year 2017, bearing interest rates of 4.5% to 5.5%, for the purpose of financing park and lighting maintenance and capital improvements. The debt service on the bonds is payable from special assessments to be levied and collected from property owners. The City pledged future Citywide lighting and landscaping special assessment revenues to repay the bonds. The bonds are payable solely from special assessment revenue through September 2016. Total principal and interest remaining to be paid on the bonds is $1,746. Current year principal and interest paid was $582 and special assessment revenue in the Citywide Lighting and Landscaping District was $14,921.

$73,725 1997 Lease Revenue Bonds
Authorized and issued July 1997, due in annual installments of $1,060 to $2,665 through July 2017, at which time there will be a mandatory remarketing. The bonds were issued to finance the acquisition and lease back of a sports and entertainment arena. The bonds were issued as variable rate bonds for which a ten-year interest rate hedge was purchased to mitigate risk of interest rate fluctuations to a fixed rate of 5.607%. The debt service on the bonds is paid from lease revenue from the arena owner. The City pledged future lease revenues to repay the bonds. The bonds are payable solely from lease revenue through July 2027. Total remaining principal and interest of $90,513 will be paid using 100% of future lease revenue. Current year principal and interest paid was $5,485 and lease revenue was $5,485.

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Revenue and Other Bonds (Continued)

Issued Amount

$2,910 1999 Community Facilities District No. 2 Revenue Bonds, Series A
Authorized and issued January 1999, due in annual installments of $35 to $255 through September 2023, bearing interest rates of 4.8% to 6.25%, for the purpose of financing capital improvements of the North Natomas CFD of benefit to City property.

$160,475 2002 Capital Improvement Revenue Bonds
Authorized and issued July 2, 2002, for the purpose of financing certain capital projects within the City of Sacramento and to make a loan to the Redevelopment Agency of Sacramento for certain redevelopment projects within the City of Sacramento. In July 2005, $32,935 of the bonds were defeased through the issuance of the 2005 Refunding Revenue bonds, and in December 2006, $51,285 of the bonds were defeased through the issuance of the 2006 Series E Refunding Revenue bonds. The balance is due in annual installments of $250 to $5,310 through December 2017, bearing interest rates of 4% to 5.38%.

$68,470 2003 Capital Improvement Revenue Bonds
Authorized and issued September 30, 2003, with the net proceeds of $67,841 utilized for financing construction of the 911 Call Center and certain other capital projects within the City of Sacramento. In December 2006, $35,805 of the bonds were defeased through the issuance of the 2006 Series E Refunding Revenue bonds. The balance was due in annual installments of $150 to $3,360 through December 2033, bearing interest rates of 2.25% to 5%.

$167,860 2005 Refunding Revenue Bonds
Authorized and issued July 12, 2005, due in annual installments of $360 to $15,315 through December 1, 2029, bearing interest rates of 4% to 5%. Net proceeds of $187,563 were utilized for the purpose of establishing an irrevocable escrow to refund $173,440 principal amount of the outstanding 2000 Capital Improvement Revenue Bonds and a portion of the outstanding 1999, 2001 and 2002 Capital Improvement Revenue Bonds. As a result, the refunded bonds are considered defeased and the liabilities have been removed from the governmental and business-type activities columns of the statement of net position.

$95,900 2006 Capital Improvement Revenue Bonds Series A (Tax Exempt)
Authorized and issued June 15, 2006, due in annual installments of $2,060 to $5,070 through December 1, 2036, bearing interest rates of 3.75% to 5%. Net proceeds of $89,808 are being utilized for the purpose of financing certain public capital improvements and redevelopment projects including the expansion of the Crocker Art Museum, the new Valley Hi–North Laguna Library and other capital projects within the City of Sacramento.

$55,235 2006 Capital Improvement Revenue Bonds Series B (Taxable)
Authorized and issued June 15, 2006, due in annual installments of $720 to $3,760 through December 1, 2036, bearing interest rates of 5.4% to 5.8%. Net proceeds of $50,692 are being utilized for the purpose of financing certain public capital improvements and redevelopment projects including an arts rehearsal building, Pocket Area Library and other capital projects within the City of Sacramento.

$28,825 2006 Capital Improvement Revenue Bonds Series C (Tax Exempt)
Authorized and issued December 12, 2006, due in annual installments of $245 to $1,955 through December 1, 2036, bearing interest rates of 4% to 5%. Net proceeds of $30,500 were utilized for the purpose of financing the acquisition and improvements of the 300 Richards Boulevard land and building in the City of Sacramento.

NOTE 7 **– LONG-TERM LIABILITIES (Continued)**

Revenue and Other Bonds (Continued)

Issued Amount

$2,430 2006 Capital Improvement Revenue Bonds Series D (Tax Exempt)
Authorized and issued December 12, 2006, due in annual installments of $475 to $685 through December 1, 2016, bearing an interest rate of 5.16%. Net proceeds of $2,400 were utilized for the purpose of financing the acquisition and improvements of the 300 Richards Boulevard land and building in the City of Sacramento.

$186,950 2006 Capital Improvement Revenue Bonds Series E (Refunding)
Authorized and issued December 12, 2006, due in annual installments of $402 to $8,570 through December 1, 2033, bearing interest rates of 4% to 5.25%. Net proceeds of $216,661 plus cash of $13,441 have been utilized for the purpose of establishing an irrevocable escrow to defease $218,000 principal amount of the outstanding 2001 Capital Improvement Revenue Bonds and a portion of the outstanding 2002 and 2003 Capital Improvement Revenue Bonds, and the associated liabilities have been removed from the governmental and business-type activities columns of the statement of net position.

$215,195 Water Revenue Bonds, Series 2013
Authorized and issued March 2013, due in annual installments of $9,731 to $14,018 through fiscal year 2043, bearing interest rates of 1% to 5%, for the purpose of financing the costs of improvements to the City's municipal water system. The debt service on the bonds is secured by the pledge of, and payable solely from, the Trust Estate, which consist primarily of all system net revenues and trustee accounts held under the indenture. Total principal and interest remaining to be paid on the bonds is $406,453 as of June 30, 2014. Current year principal and interest paid was $9,731 and Water Fund system revenue was $94,070.

$30,855 Wastewater Revenue Bonds, Series 2013
Authorized and issued June 2013, due in annual installments of $951 to $1,958 through fiscal year 2043, bearing interest rates of 3% to 5%, for the purpose of financing the costs of improvements to the City's wastewater system. The debt service on the bonds is secured by a pledge of, and payable solely from, the Trust Estate, which consists primarily of all system net revenues and trustee accounts held under the indenture. Total principal and interest remaining to be paid on the bonds is $56,156 as of June 30, 2014. Current year principal and interest paid was $951 and Wastewater Fund system revenue was $27,544.

Certificates of Participation

$16,580 Sacramento Regional Arts Facilities 2002 Series Certificates of Participation (COPs)
Authorized and issued in August 2002, due in annual principal and interest installments of $754 to $1,063 through September 2032, bearing interest rates of 2% to 5%. Net proceeds of $16,428 were utilized for the purpose of financing and refinancing the acquisition, renovation and construction of the H Street Theatre facilities. The City pledged future lease revenues to repay the COPs. The COPs are payable solely from lease revenue through September 2032. Total remaining principal and interest of $19,834 will be paid using 100% of future lease revenue. Current year principal and interest paid was $1,052 and lease payments received were $1,052.

Notes Payable

$2,220 1985 Sacramento Marina Note Payable, Phase I
Authorized July 1985, issued November 1985, refinanced August 1998, to the California Department of Boating and Waterways, due in annual installments of $20 to $82 through August 2030, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina.

(dollar amounts expressed in thousands)

NOTE 7 **– LONG-TERM LIABILITIES (Continued)**

Notes Payable (Continued)

Issued Amount

$3,229	1985 Sacramento Marina Note Payable, Phase II Authorized July 1985, issued September 1987, refinanced August 1998, to the California Department of Boating and Waterways, due in annual installments of $27 to $150 through August 2037, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina.
$1,829	1985 Sacramento Marina Note Payable, Phase III Authorized July 1985, issued March 1988, refinanced August 1998, to the California Department of Boating and Waterways, due in annual installments of $50 to $120 through August 2018, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina.
$1,117	1985 Sacramento Marina Note Payable, Phase IV Authorized July 1985, issued February 1989, refinanced August 1998, to the California Department of Boating and Waterways, due in annual installments of $29 to $73 through August 2019, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina.
$10,477	2008 Sacramento Marina Note Payable, South Basin Authorized February 2005, the City has made loan draws of $9,000 plus accrued interest of $1,477 through June 30, 2013, from the California Department of Boating and Waterways, for the purpose of constructing the South Basin Improvements at the Sacramento Marina. Principal and interest is due in 30 annual installments of $204 to $662, through August 2041, bearing an interest rate of 4.603%. The City made a partial payment on its scheduled debt service in August 2012, and no payment for the year ended June 30, 2014. As a result of the missed payment, DB&W and the City are working together to restructure the loan.
$1,380	1997 State Department of Boating and Waterways Note Payable Authorized January 1997, issued May 1999, due in annual installments of $89 to $98 through 2018, for the purpose of financing a visitor dock at Old Sacramento.
$2,619	State Water Resources Control Board Note Payable Authorized July 1998, issued September 1998, due in annual installments of $166 through March 2018, bearing an interest rate of 2.6% for the purpose of financing the City's reservoir rehabilitation project. The City pledged future wastewater and storm drainage fee revenue to repay the note. The note is payable solely from the wastewater and storm drainage fee revenue through March 2018. Total principal and interest remaining to be paid on the note is $663. Current year principal and interest paid was $166 and wastewater and storm drain fee revenue was $63,433.
$37,016	State Water Resources Control Board Note Payable Authorized March 1999, issued beginning July 1999, due in annual installments of $2,373 through November 2020, bearing an interest rate of 2.2%, for the purpose of financing various wastewater projects. The City pledged future wastewater and storm drainage fee revenue to repay the note. The note is payable solely from the wastewater and storm drainage fee revenue through November 2020. Total principal and interest remaining to be paid on the note is $16,570. Current year principal and interest paid was $2,367 and wastewater and storm drain fee revenue was $63,433.

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Notes Payable (Continued)

Issued Amount

$5,177 State Water Resources Control Board Note Payable
Authorized March 2001, issued July 2001, due in annual installments of $342 through September 2019, bearing an interest rate of 2.6%, for the purpose of financing the construction of underground storage and pumping facilities. The City pledged future wastewater and storm drainage fee revenue to repay the note. The note is payable solely from the wastewater and storm drainage fee revenue through September 2019. Total principal and interest remaining to be paid on the note is $2,052. Current year principal and interest paid was $342 and wastewater and storm drain fee revenue was $63,433.

$2,603 State Water Resources Control Board Note Payable
Authorized June 2001, issued beginning May 2002, due in annual installments of $149 through May 2021, bearing an interest rate of 2.6%, for the purpose of financing the replacement of sewer lines. In fiscal year 2003 there was an additional draw of $250. The City pledged future wastewater and storm drainage fee revenue to repay the note. The note is payable solely from the wastewater and storm drainage fee revenue through May 2021. Total principal and interest remaining to be paid on the note is $1,155. Current year principal and interest paid was $165 and wastewater and storm drain fee revenue was $63,433.

$5,672 State Water Resources Control Board Note Payable
Authorized February 2002, issued beginning February 2002, due in annual installments of $397 through February 2021, bearing an interest rate of 2.6%, for the purpose of financing the replacement of sewer lines. The City pledged future wastewater and storm drainage fee revenue to repay the note. The note is payable solely from the wastewater and storm drainage fee revenue through February 2021. Total principal and interest remaining to be paid on the note is $2,780. Current year principal and interest paid was $397 and wastewater and storm drain fee revenue was $63,433.

$400 California Department of Education Note Payable
To finance the construction of temporary classrooms at Two Rivers School and Sequoia School with maturities of $20 per year through 2015. The note bears no interest.

$10,000 California Department of Public Health
Authorized September 2009 for the installation of approximately 13,000 water meters. The note, with a 2.5% interest rate, will be repaid over 20 years with annual principal and interest payments of approximately $639. The City pledged future water enterprise fund revenue to repay the note. The note is payable solely from water enterprise fund revenue through 2033.

$2,975 California Infrastructure and Economic Development Bank (I-Bank)
Authorized in December 2007, due in annual principal and interest installments from $187 to $196 through August 2032, bearing an interest rate of 3.17%, for the purpose of financing the purchase and construction of the Basin 31 Detention Basin. The City pledged future storm drainage fee revenue to repay the note. The note is payable solely from the storm drainage fee revenue through August 2032. Total principal and interest remaining to be paid on the note is $3,820. Current year principal and interest paid was $163 and storm drainage fee revenue was $35,889.

(dollar amounts expressed in thousands)

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Capital Lease Obligations

The City has entered into several long-term leases to finance the acquisition of building improvements and equipment. The leases qualify as capital leases for accounting purposes as defined under the GASB Statement No. 62 and have been recorded at the present value of the future minimum lease payments. As of June 30, 2014, future minimum lease payments to be made by the City's General, Solid Waste, Wastewater and Marina Funds are as follows:

Fiscal Year Ending June 30,	Governmental Activities	Business-Type Activities	Total
2015	$ 3,388	$ 2,156	$ 5,544
2016	3,388	1,817	5,205
2017	3,006	1,818	4,824
2018	2,271	570	2,841
2019	1,358	-	1,358
2020-2024	1,072	-	1,072
Total minimum lease payments	14,483	6,361	20,844
Less amounts representing interest	(921)	(263)	(1,184)
Net present value of minimum lease payments	$ 13,562	$ 6,098	$ 19,660

The following is a schedule of property under capital leases by major classes at June 30, 2014:

	Governmental Activities	Business-Type Activities	Total
Builidings and improvements	$ 1,523	$ -	$ 1,523
Equipment	18,859	13,386	32,245
Less: accumulated depreciation	(5,797)	(6,615)	(12,412)
Total	$ 14,585	$ 6,771	$ 21,356

Other Long-term Liabilities

Accrued claims and judgments – Estimated liabilities of the City's workers' compensation, auto, and general liability self-insurance programs administered through the Risk Management Internal Service Fund. The first year of salary continuation in the City's workers compensation program is accrued and paid by the City's General Fund, enterprise funds, and internal service funds.

Compensated absences – Estimated amounts due to employees for earned, but unused, compensated absence accounts, including leave balances for vacation, sick, holiday and compensated time off. Compensated absences are generally liquidated by the City's General Fund, enterprise funds, and internal service funds.

OPEB liability (other post-employment benefits) – Actuarially determined obligation for retiree medical benefits. The City established its OPEB liability at zero as of June 30, 2007. This liability reflects six years of contributing less than the annual required contribution. OPEB liabilities are generally liquidated by the City's General Fund, internal service funds and enterprise funds. See note 9 for more information.

Pollution remediation obligations – Estimated liabilities to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities.

Derivative instrument - interest rate swap – Amount represents the fair value of the interest rate swap associated with the 1997 Lease Revenue bonds. See additional disclosures regarding interest rate swap below.

(dollar amounts expressed in thousands)

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Other Long-term Liabilities (Continued)

Financing plan fee credits – Issued to developers as consideration for infrastructure and other capital improvements constructed on behalf of the City within the scope of the North Natomas, Jacinto Creek and other development impact fee programs. Credits are redeemable from or against future impact fees assessed within the geographic boundaries of the finance plan.

Water fee credits – Issued to developers as consideration for infrastructure constructed on behalf of the City. Credits are redeemable from or against future water development impact fees.

Liability for landfill closure – Estimated post-closure maintenance and monitoring costs for the closed landfill sites.

Future Debt Service Requirements

The following tables disclose the annual debt service requirements for the City and the Sacramento Regional Arts Facilities Financing Authority component unit long-term debt outstanding as of June 30, 2014.

Annual debt service requirements of governmental activities to maturity are as follows:

	Revenue Bonds		Notes Payable	
Fiscal Year Ending June 30,	Principal	Interest	Principal	Interest
2015	$ 19,986	$ 20,546	$ 741	$ 725
2016	21,221	19,574	586	700
2017	22,379	18,421	611	674
2018	21,629	17,309	640	645
2019	19,110	16,292	668	616
2020 - 2024	89,993	67,065	2,068	2,742
2025 - 2029	98,578	42,093	2,478	2,243
2030 - 2034	80,669	18,553	3,099	1,622
2035 - 2039	30,737	2,519	3,346	862
2040 2044	-	-	1,816	170
Subtotals	404,302	222,372	16,053	10,999
Less: Issuance discounts	(135)	-	-	-
Plus: Issuance premiums	15,310	-	-	-
Totals	$ 419,477	$ 222,372	$ 16,053	$ 10,999

(dollar amounts expressed in thousands)

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Future Debt Service Requirements (Continued)

Annual debt service requirements for business-type activities to maturity are as follows:

Fiscal Year Ending June 30,	Revenue Bonds Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest
2015	$ 18,089	$ 24,070	$ 3,445	$ 814
2016	19,504	23,190	3,506	733
2017	20,456	22,217	3,589	649
2018	21,494	21,155	3,673	564
2019	22,547	20,076	3,595	477
2020 - 2024	94,217	84,284	8,872	1,325
2025 - 2029	90,292	62,891	3,273	716
2030 - 2034	88,581	38,845	2,756	268
2035 - 2039	57,985	21,868	579	42
2040 - 2044	57,904	5,971	-	-
Subtotals	491,069	324,567	33,288	5,588
Less: Issuance discounts	(365)	-	-	-
Plus: Issuance premiums	49,413	-	-	-
Totals	$ 540,117	$ 324,567	$ 33,288	$ 5,588

Annual debt service requirements of component unit activities to maturity are as follows:

Fiscal Year Ending June 30,	Certificates of Participation Principal	Certificates of Participation Interest
2015	$ 440	$ 610
2016	460	591
2017	480	572
2018	500	551
2019	520	529
2020 - 2024	2,975	2,255
2025 - 2029	3,780	1,429
2030 - 2034	3,755	387
Subtotals	12,910	6,924
Less: Issuance discounts	(94)	-
Totals	$ 12,816	$ 6,924

Derivative Instrument - Interest Rate Swap

Objective of the interest rate swap. The Sacramento City Financing Authority (the "Authority") entered into an interest-rate swap in 2007 in connection with remarketing of its 1997 Lease Revenue Bonds (Arco Arena Acquisition) variable-rate bonds (the "Bonds"). In effect, the swap changed the Bonds variable rate to a synthetic fixed rate of 5.607% through the end of the swap agreement's term, thereby hedging the Authority's interest-rate risk and lowering the Authority's borrowing cost compared to the cost of issuing traditional fixed-rate bonds. As of June 30, 2014, the amount of outstanding Bonds was $62,015. The interest and principal payments on the Bonds are insured.

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Derivative Instrument - Interest Rate Swap (Continued)

Terms. The Bonds mature on July 15, 2027; are subject to remarketing on July 19, 2017; and carry an interest rate equal to 3-month London Interbank Offered Rate ("LIBOR") plus 0.25% (total rate not to exceed 14%), payable quarterly, until July 19, 2017. The swap was entered at the same time the Bonds were remarketed in July 2007. The swap agreement terminates on July 19, 2017, and has a notional amount as of June 30, 2014, of $62,015. The notional amount of the swap and the par amount of the Bonds each decline according to the same schedule through 2017. Under the swap, the Authority pays the swap provider a fixed interest payment of 5.607% and receives a variable-interest payment of LIBOR plus 0.25% (total rate not to exceed 14%). As of June 30, 2014, the 3-month LIBOR rate in effect was 0.23%. The Authority's payments to the swap provider are insured.

Fair value. As of June 30, 2014, the swap had a negative value to the Authority of $8,217, which reflects the decline in interest rates since 2007. (Because the interest rates on the Bonds adjust as LIBOR adjusts, the Bonds do not have a corresponding value increase.) The swap's value was estimated using the zero-coupon method, which calculates the future net-settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot-interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Provider credit risk. The value of the swap to the Authority depends on the "provider credit risk," which is the swap provider's ability to meet its payment obligations under the swap. Often this risk is addressed by requiring the swap provider to enter into a "collateral agreement" if its credit rating falls below specified levels. Such an agreement provides for the collateralization of the swap provider's obligations under the swap, as measured by the estimated "settlement amount" if the swap is terminated. But when the Authority entered into this swap, the swap provider, Goldman Sachs Capital Markets, L.P., was not rated by credit rating agencies, so a rated affiliate of the swap provider, The Goldman Sachs Group, Inc., provided credit support. Goldman Sachs Capital Markets, L.P. was subsequently replaced by a rated swap provider, Goldman Sachs Bank USA. The swap agreement requires the swap provider to enter into a collateral agreement if the credit support provider is rated A3 or lower by Moody's Investor Service or A- or lower by Standard & Poor's. As of June 30, 2014, the swap provider was rated A2 by Moody's Investors Services and A by Standard & Poor's, the credit support provider was rated Baa1 by Moody's Investors Service and A- by Standard & Poor's, and the swap provider and the Authority had not entered into a collateral agreement. As of June 30, 2014, the swap was a liability to the Authority in the amount of $8,217 and an asset in the same amount to the swap provider. Therefore, swap provider had not entered into a collateral agreement.

Basis risk. The swap agreement provides that the payment received by the Authority must be at LIBOR plus 0.25% (total rate not to exceed 14%), which is identical to the interest rate on the Bonds. This mitigates the Authority's exposure to basis risk.

Termination risk. Under certain circumstances, either the swap provider or the Authority may terminate the swap. If the swap is terminated, then the Authority would no longer pay a synthetic fixed-interest rate on the Bonds but would instead pay the variable rate. And if, at the time of termination, the swap has a negative value, then the Authority would be liable to the swap provider for a payment equal to the swap's value.

Rollover Risk. The Authority is exposed to rollover risk on the swap because the maturity date of the swap agreement is July 2017 whereas the Bonds mature in July 2027.

(dollar amounts expressed in thousands)

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Derivative Instrument - Interest Rate Swap (Continued)

Swap payments and associated debt. Using rates in effect on June 30, 2014 (LIBOR 0.23% plus 0.25%), the debt-service requirements of the Bonds and the net swap payments, assuming interest rates remain the same through the July 2017 termination date of the swap and tender date on the Bonds, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Interest Rate Swaps, Net	Total
2015	$ 2,225	$ 292	$ 3,082	$ 5,599
2016	2,475	286	3,007	5,768
2017	2,665	268	2,825	5,758
2018	54,650	66	700	55,416
TOTAL	$ 62,015	$ 912	$ 9,614	$ 72,541

The interest rates on the Bonds will vary after July 2017, when the swap terminates and the Bonds must be remarketed.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the U.S. Department of Treasury at least every five years. During the current year, the City performed calculations of excess investment earnings on various bonds and determined the liability to be zero at June 30, 2014.

Special Assessment Debt

Total matured and unmatured bonds outstanding related to special assessment and special tax districts are $151,085 at June 30, 2014. The City acts as an agent for the property owners in collecting special assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, when appropriate. The City is not liable for repayment of the special district bonds, and accordingly, they are not reflected in the accompanying basic financial statements. Cash held on deposit and corresponding amounts payable for the districts are reported in the Assessment Districts and Community Facilities Districts Agency Funds.

Conduit Debt

Outstanding obligations related to special facility and redevelopment agency revenue bonds total $260,840 at June 30, 2014. Special facility revenue bonds were issued to provide administrative and service facilities for four non-profit organizations and for offices leased to the State of California Department of General Services (State). The bonds issued are special limited obligations of the City, payable solely from and secured by a pledge of revenue to be received from loan or lease agreements between the City and the non-profit organizations or the State. The redevelopment agency bonds were issued by the Sacramento City Financing Authority to finance redevelopment activities and to refund certain other obligations of the redevelopment agency. The City is not liable for repayment of these bonds, and accordingly, they are not reflected in the accompanying basic financial statements.

(dollar amounts expressed in thousands)

NOTE 8 – **EMPLOYEE RETIREMENT PLANS**

Defined Benefit Plan Descriptions

The City of Sacramento provides defined benefit retirement benefits through the California Public Employees' Retirement System (CalPERS) and the Sacramento City Employees' Retirement System (SCERS). CalPERS is an agent multiple-employer public employee defined benefit pension plan. SCERS is a single-employer defined benefit pension plan.

CalPERS

All full-time and certain part-time City employees hired after January 28, 1977 and City safety employees, regardless of date of hire, are eligible to participate in CalPERS. CalPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and their beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office at 400 Q Street, Sacramento, CA 95814. A separate report for the City's plan within CalPERS is not available.

SCERS

All full-time, non-safety employees hired before January 29, 1977, are eligible to participate in SCERS. SCERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

The City reports SCERS as a pension trust fund. SCERS issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing the City of Sacramento Department of Finance, 915 I Street, 4th Floor, Sacramento, CA 95814. The following is a summary of significant accounting policies:

Basis of Accounting – SCERS' financial statements are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value, except mortgage loans which are recorded at amortized cost. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Net Position – The Pension Trust Fund's net position is determined on the same basis used by pension plan.

Funding Policy

Participants are required to contribute a percentage of their annual covered salary, as follows:

CalPERS	- Miscellaneous	6.75 – 7%
CalPERS	- Safety	9 – 12
SCERS	- (varies with entry age)	3 – 10

The City makes the following participant contributions on their behalf and for their account (percent of annual covered payroll):

CalPERS	- Certain miscellaneous employees	3%
CalPERS	- Safety	9

The City is required to contribute at actuarially determined rates. Rates for the fiscal year ended June 30, 2014 were as follows (percent of annual covered payroll):

CalPERS	- Miscellaneous	14.163%
CalPERS	- Safety	29.457
SCERS		423.4

NOTE 8 – **EMPLOYEE RETIREMENT PLANS (Continued)**

Annual Pension Cost

CalPERS

For the fiscal year ended June 30, 2014, the City's annual CalPERS pension cost of $49,861 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation, using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.30% to 14.20%. Both (a) and (b) included an inflation component of 2.75% and an annual production growth of .25%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15 year period. Unfunded actuarial accrued liabilities and excess assets as of June 30, 2011 are being amortized, using the level percentage of payroll method, over a closed period that depends on the plan's date of entry into CalPERS. The remaining amortization period at June 30, 2011 was 31 years for the safety employees' plan and 28 years for the miscellaneous employees' plan. Subsequent plan amendments are amortized as a level percentage of projected payrolls over a closed 20-year period. Annual gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 6% of unamortized gains and losses each year.

SCERS

For the fiscal year ended June 30, 2014, the City's annual SCERS pension cost of $9,649 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 6.50% investment rate of return (net of administrative expenses), (b) 3% projected annual salary increases, (c) an inflation component of 3%, and (d) 3.25% per year social security wage base adjustments. The actuarial value of the assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. Unfunded liabilities are being amortized over a 14 year rolling period, as a level dollar amount of projected payrolls.

Three-Year Trend Information

CalPERS – Miscellaneous

Fiscal Year	Annual Pension Cost (APC) (in millions)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	$18.8	100%	$ -
June 30, 2013	20.1	100	-
June 30, 2014	22.0	100	-

CalPERS – Safety

Fiscal Year	Annual Pension Cost (APC) (in millions)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	$29.7	100%	$ -
June 30, 2013	27.6	100	-
June 30, 2014	27.8	100	-

SCERS

Fiscal Year	Annual Pension Cost (APC) (in millions)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	$10.4	100%	$ -
June 30, 2013	10.6	100	-
June 30, 2014	9.6	100	-

NOTE 8 – **EMPLOYEE RETIREMENT PLANS (Continued)**

Funded Status

The funded status of the plans as of the most recent actuarial valuation dates is as follows (dollars in millions):

Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	(Overfunded) Unfunded AAL (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	(Overfunded) Unfunded AAL as a % of Covered Payroll {(b) - (a)}/(c)
CalPERS - Miscellaneous						
6/30/13	$ 677	$ 914	$ 237	74%	$ 151	157%
CalPERS - Safety						
6/30/13	992	1,371	379	72%	108	364%
SCERS						
6/30/14	313	373	60	84%	2	2,643%

The actuarial assumptions used by CalPERS to determine the annual required contributions for the fiscal year ended June 30, 2014 are the same as the prior year. The assumptions for the SCERS plan are the same as those used to determine the annual required contributions for the fiscal year ended June 30, 2014.

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over 5-year period. CalPERS will no longer use an actuarial value of assets and will use the market value of assets. This direct rate smoothing method is equivalent to a method using a 5 year asset smoothing period with no actuarial value of asset corridor and a 25 year amortization period for gains and losses. The change in asset value will also be amortized over 30 years with a 5-year ramp-up/ramp/down.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of the assets are increasing or decreasing over time relative to AALs for benefits.

Defined Contribution Plan

The City also provides defined contribution retirement benefits through the City of Sacramento 401(a) Money Purchase Plan (the Plan). The Plan is administered by the International City Management Association Retirement Corporation. Plan provisions and contribution requirements are established and may be amended by City Council. Unrepresented exempt and certain represented employees may elect to participate. Participating employees of the aforementioned groups are required to contribute 5% and 2%, and the City contributes 4% and 2%, respectively, of covered salary. For the year ended June 30, 2014, employees contributed $2,732 and the City contributed $2,354 to the Plan.

(dollar amounts expressed in thousands)

NOTE 9 – **POST-EMPLOYMENT HEALTH AND DENTAL CARE BENEFITS**

Plan Description

The City provides contributions for post-employment medical, dental and vision benefits to employees who retire directly from the City and their dependents through a single-employer defined benefit OPEB plan (the plan). Participants have the choice of enrolling in one of several health plans, one of two dental plans and one vision plan. To be eligible for the City paid benefits, the employee must retire with a minimum of ten full years of active service and be 55 or 50 years of age for miscellaneous and safety employees, respectively. Participants with a minimum of twenty years of service are eligible for 100% of the maximum benefit. Participants with more than fifteen years but less than twenty years of service are eligible for 75% of the maximum benefit. Participants with more than ten years but less than fifteen years of service are eligible for 50% of the maximum benefit. The post-retirement health care and dental care employer contributions range from $0 and $780 per month per participant, which covers between 0% and 100% of the benefit cost, depending on the choice of plan and number of dependents. The post employment health, dental and vision care contributions are defined by labor agreements and resolutions approved by the City Council. The City does not issue a separate stand-alone financial report for its OPEB plan.

Funding Policy

The City is currently funding the OPEB plan on a pay-as-you-go basis. However, the City Council authorized the City Manager to establish an OPEB trust fund with CalPERS. As of June 30, 2014, the City had deposited $4,000 to the trust fund from the General Fund. Additional deposits may be made in the future.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The current ARC rate is 16.3 percent of annual covered payroll. The following table shows the components of the City's annual OPEB cost for the year, the amount contributed to the plan, and the changes in the City's net OPEB obligation.

Annual required contribution (ARC)	$ 43,974
Interest on beginning OPEB liability	5,928
Adjustment to the ARC	(9,971)
Annual OPEB cost	39,931
Contributions made	(13,473)
Trust prefunding	(4,000)
Increase in net OPEB obligation	22,458
Net OPEB obligation - Beginning of year	131,739
Net OPEB obligation - End of year	$ 154,197
Covered payroll (active plan members)	$ 257,498
UAAL as a percentage of covered payroll	168.4%

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current fiscal year and the two preceding years were as follows:

Fiscal year ended	Annual OPEB Cost	Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	$ 37,191	$ 12,191	33%	$ 105,203
6/30/2013	39,379	12,843	33	131,739
6/30/2014	39,930	17,473	43	154,197

NOTE 9 – **POST-EMPLOYMENT HEALTH AND DENTAL CARE BENEFITS (Continued)**

Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date of the plan was 0% funded. The actuarial accrued liability was $433,695 and the actuarial value of assets was $0 resulting in an unfunded actuarial accrued liability (UAAL) of $433,695. The annual covered payroll was $257,498 and the ratio of the unfunded actuarial accrued liability to the annual covered payroll was 168.4%. The Schedule of Funding Progress is presented as RSI following the notes to the financial statements.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into future. Examples of these estimates and assumptions include future employment trends, mortality and the health care cost trend. Amounts are determined regarding the funded status of the plan, and the annual required contribution of the employer are subject to the continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

In the June 30, 2013, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions utilized a 3% inflation rate, a 4.5% discount rate and a medical trend rate of 8.7% for fiscal year 2014, reduced by decrements of 0.5% each year to an ultimate rate of 5%. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2013 was 23 years.

NOTE 10 **– FUND EQUITY AND EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

At June 30, 2014, the government-wide statement of net position reported restricted net position of $186,999 in governmental activities. Of this amount, $12,703 is restricted for enabling legislation.

The Culture and Leisure Fund, a special revenue fund, had a deficit fund balance of $3,209 as of June 30, 2014. The Golf program within this fund had a deficit balance of $5,950. It is anticipated that this deficit will be funded by future operating subsidies and surpluses.

For the fiscal year ended June 30, 2014, expenditures exceeded appropriations in the Parks and Recreation special revenue funds by $68. This overspending was funded by revenue collected in excess of budgeted amounts.

(dollar amounts expressed in thousands)

NOTE 11 – **INTERFUND TRANSACTIONS**

Interfund Transfers

Interfund transfers report the nonreciprocal contribution of resources from one fund to another. The following is a summary of transfers for the fiscal year ended June 30, 2014:

	Description	Transfers In	Transfers Out	Net Transfers
Governmental activities:				
General Fund	Debt service	$ 2,117	$ (22,329)	$ (20,212)
General Fund	In-lieu tax transfers	27,064	-	27,064
General Fund	Program support	743	(1,089)	(346)
Capital Grants Fund	Program support	-	(11)	(11)
Other Governmental Funds	Debt service	28,566	(6,737)	21,829
Other Governmental Funds	Program support	5,094	(4,361)	733
Internal Service Funds	Debt service	414	(51)	363
Internal Service Funds	Program support	4	(322)	(318)
Adjustment for transfer of capital assets between governmental activities and business-type activities	Transfer of capital assets	61	(592)	(531)
Total governmental activities		64,063	(35,492)	28,571
Business-type activities:				
Water Fund	Debt service	-	(38)	(38)
Water Fund	In-lieu tax transfers	-	(10,216)	(10,216)
Water Fund	Program support	298	(455)	(157)
Wastewater Fund	Debt service	-	(51)	(51)
Wastewater Fund	In-lieu tax transfers	-	(3,005)	(3,005)
Wastewater Fund	Program support	4	-	4
Storm Drainage Fund	Debt service	-	(83)	(83)
Storm Drainage Fund	In-lieu tax transfers	-	(3,933)	(3,933)
Storm Drainage Fund	Program support	64	-	64
Solid Waste Fund	Debt service	-	(121)	(121)
Solid Waste Fund	In-lieu tax transfers	-	(6,344)	(6,344)
Solid Waste Fund	Program support	67	-	67
Community Center Fund	In-lieu tax transfers	-	(1,532)	(1,532)
Community Center Fund	Program support	-	(36)	(36)
Other Enterprise Funds	Debt service	-	(1,688)	(1,688)
Other Enterprise Funds	In-lieu tax transfers	-	(2,034)	(2,034)
Other Enterprise Funds	Program support	1	-	1
Adjustment for transfer of capital assets between governmental activities and business-type activities	Transfer of capital assets	592	(61)	531
Total business-type activities		1,026	(29,597)	(28,571)
Total government-wide statements		$ 65,089	$ (65,089)	$ -

(dollar amounts expressed in thousands)

NOTE 11 – **INTERFUND TRANSACTIONS (Continued)**

Interfund Balances

Interfund balances report lending transactions between funds. The following is a summary of interfund balances as of June 30, 2014:

	Receivables	Payables	Interfund Balances
Capital Grants Fund	$ -	$ (3,009)	$ (3,009)
Other Governmental Funds	-	(7,241)	(7,241)
Internal Service Funds	16,690	-	16,690
Total governmental activities	16,690	(10,250)	6,440
Community Center Fund	-	(6,440)	(6,440)
Total business-type activities	-	(6,440)	(6,440)
Total	$ 16,690	$ (16,690)	$ -

$16,690 was loaned by the City's internal service funds to cover short-term operating deficits (approximately $3,009) and to assist in development of community resources (approximately $13,681).

$3,009 was borrowed by the Capital Grants Fund for short-term loans.

$7,241 was borrowed by the Golf Fund for development of community resources.

$6,440 was borrowed by the Community Center Fund for development of community resources.

(dollar amounts expressed in thousands)

NOTE 12 **– RISK MANAGEMENT**

The City is exposed to various risks of loss related to following: worker's compensation; torts including errors and omissions; employment practices; theft of, damage to and destruction of assets; and natural disasters for which the City self-insures and/or carries commercial insurance. Earthquake damage is not included in the property insurance coverage carried by the City.

The Risk Management Internal Service Fund self-insures the first $2,000 of each workers' compensation claim. Excess worker's compensation insurance is purchased through the California State Association of Counties' Excess Insurance Authority and it provides statutory coverage over the City's $2,000 self-insured retention. The fund self-insures the first $2,000 of general and auto liability claims plus claim costs that exceed commercial insurance coverage. Commercial insurance for general and automobile liability claims provides $30,000 in coverage, with a $1,000 loss corridor deductible, for claims over the City's self-insured retention.

Liabilities are estimated based on recommendations from an independent actuarial evaluation. Liabilities are based on estimated ultimate cost of settling claims, including effects of inflation and other social and economic factors. Estimated liability is then discounted by the City's expected rate of return and anticipated timing of cash outlays to determine the present value of the liability. For the fiscal year ended June 30, 2014, the expected rate of return was 3 percent. Settled claims have not exceeded insurance coverage for each of the past three fiscal years.

All funds of the City participate in the program and make payments to the Risk Management Internal Service Fund based on estimates of the amounts needed to pay operating costs, insurance premiums, and prior and current year claims. At June 30, 2014, the Risk Management Internal Service Fund had a net position of $36,748.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, economic and social factors, and trends in damage awards. Accordingly, claims are reevaluated periodically to consider the effects of these factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

Changes in the Risk Management Internal Service Fund's claims liability for the past two fiscal years are summarized as follows:

	2014	2013
Accrued claims and judgements, July 1	$ 59,850	$ 55,933
Incurred claims and adjustment expenses	15,469	16,445
Claim payments	(12,212)	(12,528)
Accrued claims and judgements, June 30	$ 63,107	$ 59,850

(dollar amounts expressed in thousands)

NOTE 13 – **COMMITMENTS AND CONTINGENCIES**

Commitment of Enterprise Fund Revenues

Revenues of the Wastewater and Storm Drainage Enterprise Funds are pledged to the payment of principal and interest on the State Water Resources Control Board Notes Payable. Revenue of the Wastewater Enterprise Fund is pledged to the payment of principal and interest on the Wastewater Revenue Bonds, Series 2013. Revenue of the Water Enterprise Fund is pledged to the payment of principal and interest on the California Department of Public Health Notes Payable and the Water Revenue Bonds, Series 2013. Revenue of the Storm Drainage Enterprise Fund is pledged to the payment of principal and interest on the California Infrastructure and Economic Development Bank Loan. See note 7 for more information.

Construction and Other Commitments

The City has commitments of $190,477 for contracts awarded but not completed as of June 30, 2014. The following table shows the distribution of those commitments among major and nonmajor funds.

Governmental Activities:			Business-type Activities:		
General Fund	$	5,656	Water Fund	$	103,415
Measure U		598	Wastewater Fund		1,875
Capital Grants Fund		48,843	Storm Drainage Fund		2,433
Other governmental funds		19,145	Solid Waste Fund		1,433
Internal service funds		5,161	Community Center Fund		1,410
			Other enterprise funds		508
Total governmental activities	$	79,403	Total business-type activities	$	111,074

The major contracts outstanding are $92,293 for water treatment plant upgrades and replacements, $34,299 for road and interchange improvements on Consumnes Boulevard, $8,209 for construction of the 5th Street and Railyards Boulevard development project, $7,532 for development and improvement of City parks $3,189 for design and construction of intermodal transportation facility, $3,159 for a revenue control system upgrade in the parking garages, $2,655 for the residential water meter retrofit program, $1,911 for replacement of the I Street Bridge, and $1,599 for the rehabilitation of the Guy West Bridge.

Contingent Liabilities

The City participates in a number of federal, state and local grant programs, the principal of which is the Federal Highway Planning and Construction program. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs for earlier years and the year ended June 30, 2014 have not been completed in all cases; accordingly, final determination of the City's compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City believes any such claims would be immaterial to the City's financial position at June 30, 2014. Receipt of these grant revenues is not assured in the future.

The City has engaged an actuarial firm to review the accuracy of SCERS pension benefit calculations. The actuarial review is expected to be completed by February 2015 and, as a result, the final determination of the amount, if any, owed by the City to SCERS cannot be determined at this time. However, the City believes any amount due to the plan would be immaterial to the City's financial position at June 30, 2014.

Litigation

Various claims and lawsuits are pending against the City. As discussed in Note 12, the City is primarily self-insured and has accrued a liability for estimated claims outstanding. Although the outcome of these claims and lawsuits is not presently determinable, management, after consultation with legal counsel, is of the opinion that final outcome of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 13 – **COMMITMENTS AND CONTINGENCIES (Continued)**

Closure and Postclosure Care Cost

The City has several landfill sites which have stopped accepting waste, have been covered, and are closed. State and federal laws and regulations require that the City perform certain maintenance and monitoring functions at these sites after closure. A recent engineering report estimated that $1,177 is required for future postclosure monitoring costs as of June 30, 2014. As a result of these recent reports, a special item in the amount of $18,527 has been recognized in the Solid Waste Fund at June 30, 2014. The estimate is based on current cost and may change due to inflation or deflation, technology, or applicable laws and regulations. The City received approval from state regulators to fund the postclosure costs, along with cost increases due to inflation, with user charges for solid waste disposal.

Pollution Remediation Obligations

A pollution remediation obligation is an obligation to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. The City is responsible for pollution remediation activities at several sites that have soil contaminated with petroleum, hydrocarbons, and/or metals. Regulatory agencies providing oversight of the City's pollution remediation obligations and activities include the State of California Regional Water Quality Control Board, the State of California Department of Toxic Substance Control, and the Sacramento County Department of Environmental Management. The estimated obligation was $603 at June 30, 2013 and $532 at June 30, 2014. Pollution remediation outlays totaled approximately $86 for the fiscal year ended June 30, 2014. Pollution remediation obligations are measured based on outlays expected to be incurred to settle all estimable remediation efforts. Pollution remediation obligations are measured at the current value of reasonable and supportable assumptions about future events that may affect the eventual settlement of the obligations. Pollution remediation obligations are measured using the expected cash flow technique, which measures the obligation as the sum of probability-weighted amounts in a range of possible cash flows. Estimates are based on all currently available information, as well as the facts and circumstances of each situation, but may change due to price changes, changes in laws or regulations, changes in remediation technologies, or as additional information become available. Estimated recoveries from other parties that are included in the calculation of the City's pollution remediation obligations total $80.

NOTE 14 – **JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS**

JOINT VENTURES

Sacramento Housing and Redevelopment Agency

The City is a participant with the County of Sacramento in the Sacramento Housing and Redevelopment Agency (SHRA). SHRA is a stand-alone agency governed by the County Board of Supervisors over County housing activities and the City Council over City housing activities. Although the City does not have an equity interest in SHRA, it does have an ongoing financial interest. Based upon the approval process for activities of the Housing Authority of the City of Sacramento (Housing Authority), the City has the ability to directly influence SHRA to undertake projects for the citizenry of the City. Because the City's primary government does not have an equity interest in SHRA, SHRA's financial information is not included in these financial statements. Separately issued financial statement may be obtained from the Sacramento Housing and Redevelopment Agency, 801 12th Street, Sacramento, California, 95814.

SHRA administered the redevelopment agencies of the City and County until February 1, 2012. In 2011 the California Legislature enacted AB 1x 26, which coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of redevelopment agencies. Upon the dissolution of the redevelopment agency, the City elected to become the successor agency for the non-housing redevelopment agency activities. More information can be found in Note 15 – Successor Agency Trust Fund. The City designated the Housing Authority as the local authority to retain the housing assets and functions previously performed by the redevelopment agency, and the Housing Authority affirmatively elected pursuant to Health and Safety Code Section 34176 that it would serve as the "Successor Housing Agency" to the former redevelopment agency.

NOTE 14 – **JOINTLY GOVERNED AND RELATED ORGANIZATIONS (Continued)**

Sacramento Public Library Authority

The City is a participant with the County of Sacramento and the cities of Citrus Heights, Elk Grove, Galt, Isleton and Rancho Cordova in the Sacramento Public Library Authority (Library), a joint powers agency created to provide library services to the residents of the participating municipalities. The Library is governed by a board made up of five County appointees and various numbers of appointees from each city, depending upon population. As of June 30, 2014, five of seventeen members of the Library board were appointed by the City. The current joint powers agreement was effective beginning July 1, 2007. After June 30, 2010, any party may withdraw from the Authority upon no less than one year's written notice. Upon withdrawal a party shall retain ownership of those capital facilities to which it holds title. The City is committed to fund annual contributions to operate library branches in the City. The City's General Fund contributions for the fiscal year ended June 30, 2014, were $7,635. The City also contributed the use of its library facilities to the Library. In order to provide funding for additional services and hours in City libraries, the City also levies and passes through to the Library a parcel tax which totaled $4,846 for the fiscal year ended June 30, 2014. Financial statements may be obtained from the Sacramento Public Library Authority, 828 I Street, Sacramento, California, 95814.

Sacramento Regional Fire/EMS Communication Center

The City is a participant with Sacramento Metropolitan Fire District and other local fire agencies in the Sacramento Regional Fire/EMS Communication Center (SRFECC), a fire dispatch center. SRFECC provides fire protection and emergency medical service dispatching for 1,000 square miles and 1.3 million residents in Sacramento and Placer Counties. The City provided $3,492 of support to SRFECC during the fiscal year ended June 30, 2014. Financial statements may be obtained from the Sacramento Regional Fire/EMS Communication Center, 10230 Systems Parkway, Sacramento, California, 95827.

Northern California Regional Public Safety Training Authority

The City is a participant with the County of Sacramento, the Los Rios Community College District and the Regional Fire and Rescue Authority in the Northern California Regional Public Safety Training Authority (NCRPSTA) which operates the Northern California Regional Public Safety Training College located at McClellan Park. During the fiscal year ended June 30, 2014, the City provided $451 of annual support to the NCRPSTA. The City also subleases space from the NCRPSTA at the McClellan Park site for various public safety emergency services offices and trainings. Rent payments during the fiscal year ended June 30, 2014 were $102. The City also paid $71 to provide upgrades to the firing ranges at NCRPSTA facilities and to reimburse costs for facility improvements. Financial statements may be obtained from the NCRPSTA Administrative Offices, 2409 Dean Street, Suite 119, McClellan, California, 95652.

Regional Fire and Rescue Training Authority

The City is a participant with the Sacramento Metropolitan Fire District and the California Governor's Office of Emergency Services in the Regional Fire and Rescue Training Authority which provides training for fire and rescue personnel throughout the region as well as operating the California Regional Fire Academy. During the fiscal year ended June 30, 2014, the City provided general support of $45, paid $210 for training courses for City staff and provided staff support. Financial statements may be obtained from the Regional Fire and Rescue Training Authority Business Office, 9320 Tech Center Drive, Sacramento, CA 95826.

NOTE 14 – **JOINTLY GOVERNED AND RELATED ORGANIZATIONS (Continued)**

JOINTLY GOVERNED ORGANIZATIONS WITH RELATED PARTY TRANSACTIONS

The City participates in several jointly governed organizations for which it appoints a minority of board members. The City may also provide minor financial support or have other financial transactions with these organizations, but it does not have a financial interest in or responsibility to the organizations. The following organizations had financial transactions with the City during the fiscal year ended June 30, 2014:

The City provided $74 in annual support and $6 in project management fees to the Regional Water Authority.

The City provided $62 in annual support and $41 for participation in the Downtown/Riverfront transit project to the Sacramento Area Council of Governments.

The City processed payroll for the Sacramento Area Flood Control Agency (SAFCA) and received an administrative fee for the service. During FY14, the City also received $460 from SAFCA in reimbursement for levee maintenance costs.

The City paid $93 for services provided related to safe neighborhood and gang violence reduction programs to the Sacramento Employment and Training Agency.

The City provided $114 in annual support to the Sacramento Groundwater Authority.

NOTE 15 – **SUCCESSOR AGENCY TRUST FUND**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) which dissolved all redevelopment agencies in the State of California. The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. Successor agencies are allocated property tax revenue in an amount necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011), all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entity as of February 1, 2012.

On January 31, 2012, the City Council elected to become the successor agency for the former Redevelopment Agency of the City of Sacramento (Agency) in accordance with the Bill. Also on January 1, 2012, the City Council elected not to serve as the successor agency for the former redevelopment agency’s housing assets and functions, but instead designated the City’s Housing Authority to serve as the successor housing agency.

Prior to February 1, 2012, California Redevelopment Law provided tax increment financing as a source of revenue to redevelopment agencies to fund redevelopment activities. Once a redevelopment area was adopted, the former Agency could only receive tax increment to the extent that it could show on an annual basis that it has incurred indebtedness that must be repaid with tax increment. Due to the nature of redevelopment financing, the former Agency liabilities exceeded its assts. Therefore, the Agency historically carried a deficit, which was expected to be reduced as future tax increment revenues were received and used to repay its outstanding long-term debt. This deficit was transferred to the successor agency on February 1, 2012. At June 30, 2014, the successor agency had a deficit of $193,694 which will be eliminated with future property tax revenue distributions from the Redevelopment Property Tax Trust Fund administered by the County Auditor-Controller.

(dollar amounts expressed in thousands)

NOTE 15 – **SUCCESSOR AGENCY TRUST FUND (Continued)**

Assembly Bill 1484, enacted on June 27, 2012 required two due diligence reviews to be performed to determine if successor agencies held unobligated cash balances available for distribution to affected taxing entities. The State Department of Finance (DOF) concurred with the balances identified by the City as available for distribution to the affected taxing entities. A payment of $4,710 was transferred to the County Auditor-Controller on September 16, 2013 for distribution to the taxing entities, as determined during the due diligence reviews, and pursuant to HSC section 34179.6(f).

On September 20, 2013, the DOF granted RASA a Finding of Completion. Pursuant to Health and Safety Code (HSC) section 34179.7, the DOF has verified that the RASA does not owe any amounts to the taxing entities as determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5. With a finding of Completion, the RASA may place loan agreements between the former Agency and the City on the ROPS, as an enforceable obligation; utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants; and submit a Long-Range Property Management Plan (“LRPMP”) to the Oversight Board and the DOF approval. The LRPMP addresses the disposition and use of real properties held by RASA.

On September 10, 2013, the Oversight Board and RASA filed a writ of mandate (Successor Agency to the Redevelopment Agency of the City of Sacramento, et al. v. Matosantos, et al., Sacramento Superior Court Case No. 34-2013-80001637) to overturn DOF’s final determination that the 700 Block Agreements were no longer enforceable obligations. At a court hearing on May 30, 2014, the parties reached the basic terms of a settlement to allow for the 700 Block Property and the $1,026 in bond funds to be transferred to the City to allow for the 700 Block of K Street Project to be implemented, but the $2,574 in tax increment funds would be forfeited. The Settlement Agreement has been approved by the DOF, the Developer, RASA and the Oversight Board.

Capital Assets

The following is a summary of changes in capital assets:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated/amortized				
Land	$ 45,566	$ -	$ -	$ 45,566
Depreciable/amortizable capital assets				
Buildings and improvements	16,315	-	-	16,315
Less accumulated depreciation/amortization for:				
Buildings and improvements	(2,416)	(408)	-	(2,824)
Depreciable/amortizable capital assets, net	13,899	(408)	-	13,491
Total activities capital assets, net	$ 59,465	$ (408)	$ -	$ 59,057

Note: Beginning balance was restated to exclude 600 K Street and 111 N 12th Street properties with a net book value of $2,398 at June 30, 2013. Title to these properties were transferred prior to FY14.

(dollar amounts expressed in thousands)

NOTE 15 – **SUCCESSOR AGENCY TRUST FUND (Continued)**

Long-term Debt

The following is a summary of changes in long-term debt:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
1998 Merged Downtown TABS, Series A	$ 4,530	$ -	$ (4,530)	$ -	$ -
1998 Merged Downtown TX TABS, Series B	1,475	-	(1,475)	-	-
1998 Merged Downtown TX TABS, Series C	2,510	-	(2,510)	-	-
2000 Merged Downtown, Series A	745	-	(745)	-	-
Subtotal, revenue and other bonds	$ 9,260	$ -	$ (9,260)	$ -	$ -
Notes Payable:					
1993 Merged Downtown TABS (1) (2)	$ 39,453	$ 1,913	$ (373)	$ 40,993	$ 3,268
1999 Oak Park Refunding	1,990	-	(155)	1,835	160
2002 Merged Downtown TABS	9,030	-	(1,965)	7,065	1,630
2002 Merged Downtown Master Lease	1,950	-	(1,950)	-	-
2002 Stockton Blvd Master Lease	430	-	(80)	350	80
2003 Alkali Flat TE TABS, Series C	4,785	-	(385)	4,400	400
2003 Del Paso TE TABS, Series A (1) (2)	7,734	252	-	7,986	-
2003 North Sacramento TE TABS, Series C	4,530	-	(80)	4,450	85
2005 Del Paso Master Lease	1,300	-	(160)	1,140	165
2005 Del Paso Refunding	5,335	-	(660)	4,675	695
2005 Merged Downtown Master Lease Refunding	8,865	-	(25)	8,840	2,050
2005 Merged Downtown TE, Series A (1) (2)	115,620	5,738	-	121,358	-
2005 Merged Downtown TX, Series B	32,305	-	(435)	31,870	465
2005 North Sacramento Master Lease Refund	4,190	-	(160)	4,030	180
2005 Oak Park Master Lease Refunding	1,120	-	(85)	1,035	90
2005 Oak Park TE, Series (1) (2)	9,686	150	-	9,836	-
2005 Oak Park TX, Series B	7,070	-	(820)	6,250	865
2005 Richards Master Lease Refunding	4,820	-	(190)	4,630	200
2006 65th Street TE Master Lease, Series A	1,570	-	(35)	1,535	40
2006 65th Street TX Master Lease, Series B	3,815	-	(75)	3,740	80
2006 Del Paso TE, Series A	5,200	-	(60)	5,140	60
2006 Del Paso TX, Series B	2,325	-	(135)	2,190	140
2006 North Sacramento TE Master Lease, Series A	475	-	(10)	465	10
2006 North Sacramento TX Master Lease, Series B	4,460	-	(90)	4,370	95
2006 Oak Park Refunding TE, Series A	7,830	-	(655)	7,175	680
2006 Stockton Blvd Master Lease	1,990	-	-	1,990	-
2008 BOA Public Capital Corporation	2,598	-	(118)	2,480	124
2009 Army Depot TX Swap	3,074	-	(62)	3,012	65
2009 Army Depot TE Swap	6,555	-	(155)	6,400	160
2009 River District TX Swap	2,876	-	(58)	2,818	60
2009-10 SERAF Borrowing	4,000	-	-	4,000	1,602
Boating and Waterways Loan	530	-	(79)	451	82
Globe Mills	4,478	-	(209)	4,269	222
City of Sacramento CIEDB - Utilities/Detention Basin	1,336	-	(36)	1,300	37
Franklin Blvd Redevelopment Area	152	-	(47)	105	51
North Sacramento CIEDB Loan	3,618	-	(111)	3,507	115
Railyards Parking Loan	305	1	-	306	26
Stockton Blvd CIEDB Loan	3,028	-	(95)	2,933	97
Subtotal, notes payable	320,428	8,054	(9,553)	318,929	14,079
Total, long-term debt	$ 329,688	$ 8,054	$ (18,813)	$ 318,929	$ 14,079

Notes: (1) Beginning balance was restated to reflect accreted value of the 1993 Merged Downtown TABS, 2003 Del Paso TE TABS, Series A, 2005 Merged Downtown TE TABS, Series A, and 2005 Oak Park TE, Series A for the fiscal year ended June 30, 2013.
(2) Increase in accreted value of the 1993 Merged Downtown TABS, 2003 Del Paso TE TABS, Series A, 2005 Merged Downtown TE TABS, Series A, and 2005 Oak Park TE, Series A for the fiscal year ended June 30, 2014 was recorded as additions.

(dollar amounts expressed in thousands)

NOTE 15 – **SUCCESSOR AGENCY TRUST FUND (Continued)**

Future Debt Service Requirements

The following tables disclose the annual debt service requirements outstanding as of June 30, 2014:

Fiscal Year Ending June 30,	Notes Payable Principal	Notes Payable Interest
2015	$ 23,231	$ 6,788
2016	22,800	6,321
2017	23,184	5,852
2018	23,655	5,384
2019	21,083	4,746
2020 - 2024	112,097	15,055
2025 - 2029	105,700	9,676
2030 - 2034	84,879	4,583
2035 - 2038	15,008	451
Subtotal	431,637	58,856
Less: Unaccreted interst	(112,708)	-
Total	$ 318,929	$ 58,856

Special Item

The special item recognized in the fiduciary fund statements was for the transfer of housing loans with a book value of $3,104 at June 30, 2014 to the Housing Authority of the City of Sacramento, the designated Housing Successor Agency for the City. These loans met the definition of a housing asset pursuant to HSC section 34176 (e) (3).

Net Position (Deficit) Restatement

The beginning net position (deficit) has been restated and decreased by $99,327. The capital asset beginning balance has been restated to delete two parcels recorded in error, which were transferred on June 30, 2012. The loan receivable beginning balance has been restated to its estimated net realizable value by establishing an allowance for deferred and forgivable loans. In addition, seven loans identified as housing assets were transferred in the prior year and one loan was written off in FY12. The long-term debt beginning balance has been restated to include accreted interest on the 1993 Merged Downtown TABS, 2003 Del Paso TE TABS, Series A, 2005 Merged Downtown TE, Series A, and 2005 Oak Park TE, Series A capital appreciation bonds.

The net positon (deficit) reported in the fiduciary fund statements as of June 30, 2013, has been restated as follows:

	Private Purpose Trust Fund
Fiduciary net position (deficit), as of June 30, 2013, as originally reported	$ (100,909)
Restatements:	
Captial asset adjustment	(2,398)
Loan receivable adjustment	(35,147)
Long-term debt adjustment	(61,782)
Total restatements	(99,327)
Fiduciary net position (deficit), as of June 30, 2013, as restated	$ (200,236)

(dollar amounts expressed in thousands)

NOTE 15 – **SUCCESSOR AGENCY TRUST FUND (Continued)**

Subsequent Event

On July 21, 2014, the Oversight Board adopted Resolution No. 2014-0020 to authorize actions to implement the 700 Block of K Street Settlement Agreement. The Oversight Board resolved the assignment of the 700 Block of K Street Project Disposition and Development Agreement with 700 Block, LLC, the Funding Commitment Letter with the Downtown Sacramento Revitalization Corporation by the Agency, the transfer of the $1,026 in Merged Downtown tax increment bond funds allocated for the 700 Block of K Street Project to the City, the transfer of the 700 Block properties with a net book value of $20,610 at June 30, 2014 from RASA to the City, and the amendment to LRPMP to reflect the transfer.

On April 29, 2014, the Oversight Board adopted Resolution No. 2014-0002 to authorize the transfer of 38 government use parcels with a book value of $9,999 at June 30, 2014 to the City of Sacramento. DOF approved the transfer of 25 parcels and disallowed transfer of 13 parcels to the City for governmental purposes. It is their understanding that these parcels serve a commercial purpose, or are vacant lots subject to future development. Therefore, these assets do not meet the definition of governmental purpose and cannot be transferred to the City pursuant to HSC section 34181 (a). The Agency requested reconsideration of the seven disallowed transfer of parcels in the Old Sacramento Historic District to the City for governmental purpose. However, Finance upholds its determination.

OB Resolution No. 2014-0016, authorizing Exclusive Right to Negotiate Agreement (ERN) with Domus Development, LLC for the 1022-1341 Del Paso Boulevard properties, is approved by DOF. The Agency will enter in an ERN in order to establish the terms and conditions of a purchase and sales agreement that will lead to the Agency's disposition of seven properties located at 1022-1314 Del Paso Boulevard. These properties have been included in the Agency's LRPMP. However, actual disposition of the properties cannot take place until receipt of Finance's approval of the LRPMP.

The OPEB liability reported in the private-purpose trust fund is an allocation of the SHRA OPEB liability for the former redevelopment agency employees.

NOTE 16 – **SHORT-TERM DEBT**

The City issued $32,630 of Tax and Revenue Anticipation Notes (TRANs) on July 18, 2013, and redeemed them on June 27, 2014. The notes were issued to supplement City General Fund cash flows until taxes and other revenues were collected. Short-term activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Tax and Revenue Anticipation Notes	$ -	$ 32,630	$ (32,630)	$ -

NOTE 17 – **SPECIAL ITEMS**

The City recognized two special item transactions during the fiscal year ended June 30, 2014. A special item, due to the change in estimated landfill closure liability, of $18,527 was recognized in the Solid Waste Fund. A special item for forgiveness of $2,500 of the Crocker Art Museum Association loan receivable, approved by the City Council in Resolution 2013-1444 and ratified in Resolution 2013-0247, was recognized in the government-wide statement of activities by the City during the fiscal year ended June 30, 2014.

(dollar amounts expressed in thousands)

NOTE 18 – **SERVICE CONCESSION ARRANGEMENT FOR CITY GOLF COURSES**

In the prior fiscal year, the City entered into agreement number 2011-1245 with Morton Golf LLC (Morton) under which Morton will operate and collect user fees from City golf courses over the next 10 years. Morton will pay the City minimum installment payments plus a percentage of gross revenues over the 10 year period. The present value of the installment payments was estimated to be $10,634. Morton is required to operate and maintain the golf courses in accordance with the agreement. The City reports a deferred inflow and loan receivable of $7,976 in the government-wide statement of net position as of June 30, 2014.

NOTE 19 – **RECLASSIFICATIONS AND RESTATEMENTS**

Implementation of GASB 65

For the year ended June 30, 2014, the City implemented GASB 65 which requires debt issuance costs to be expensed when incurred, instead of amortizing these costs over the life of the bonds. As a result, in accordance with the pronouncement, the beginning net position of government-wide statements and the beginning fund balance/net position of certain fund statements has been restated. In addition, the beginning net position of the City's component unit has been restated. The restatement, as shown in the tables below, is to remove debt issuance costs previously reported as deferred charges.

Fund Reclassification

The City reclassified the Marina fund from a business-type activity to a governmental activity in the fiscal year ended June 30, 2014. The City's Marina activity has been reclassified from a non-major enterprise fund to the non-major Culture and Leisure Special Revenue Fund. Beginning governmental and business-type activities net position and beginning governmental fund balance, as shown in the tables below, have been restated to reflect this reclassification.

Net position reported in the government-wide statements as of June 30, 2013, has been restated as follows:

	Net position, as of June 30, 2013, as originally reported	Restatement due to the implementation of GASB 65	Reclassification of the Marina Fund	Total Reclassifications and Restatements	Net position, as of June 30, 2013, as restated
Governmental activites	$ 1,579,083	$ (2,894)	$ (2,587)	$ (5,481)	$ 1,573,602
Business-type activites	895,888	(4,534)	2,587	(1,947)	893,941
Total	$ 2,474,971	$ (7,428)	$ -	$ (7,428)	$ 2,467,543
Component unit	$ 573	$ (362)	$ -	$ (362)	$ 211

Fund balance reported in other governmental funds as of June 30, 2013, has been restated as follows:

	Net position, as of June 30, 2013, as originally reported	Restatement due to the implementation of GASB 65	Reclassification of the Marina Fund	Total Reclassifications and Restatements	Net position, as of June 30, 2013, as restated
Other governmental funds	$ 218,855	$ -	$ 1,051	$ 1,051	$ 219,906

(dollar amounts expressed in thousands)

NOTE 19 – **RECLASSIFICATIONS AND RESTATEMENTS (Continued)**

Fund Reclassification (Continued)

Net position reported in the proprietary funds as of June 30, 2013, has been restated as follows:

	Net position, as of June 30, 2013, as originally reported	Restatement due to the implementation of GASB 65	Reclassification of the Marina Fund	Total Reclassifications and Restatements	Net position, as of June 30, 2013, as restated
Water Fund	$ 387,070	$ (2,891)	$ -	$ (2,891)	$ 384,179
Wastewater Fund	126,876	(493)	-	(493)	126,383
Storm Drainage Fund	299,645	(31)	-	(31)	299,614
Solid Waste Fund	(2,888)	(145)	-	(145)	(3,033)
Community Center Fund	44,798	(764)	-	(764)	44,034
Other enterprise funds	40,387	(210)	2,587	2,377	42,764
Total	$ 895,888	$ (4,534)	$ 2,587	$ (1,947)	$ 893,941
Internal service funds	$ 94,104	$ (25)	$ -	$ (25)	$ 94,079

NOTE 20 – **SUBSEQUENT EVENT**

On July 30, 2014, the City entered into a forward bond purchase agreement in connection with the Entertainment and Sport Center (ESC) project and financing plan approved by the City Council on May 20, 2014. The forward commitment allows for the simultaneous close of the financing with Sacramento Basketball Holdings, LLC (SBH), the owners of the Sacrament Kings NBA Basketball franchise, in summer 2014 and the commencement of construction, and ensures that the City will have the funds available after all outstanding matters have been resolved. Development of the ESC is expected to transform Downtown Plaza into a center of entertainment and activity and provide Sacramento with a first-class venue for sports, entertainment and cultural events.

The total development cost for ESC is estimated to be $477,000. Of that amount, $223,130 in cash will come from the City of Sacramento and $253,870 will come from SBH and their affiliates. The City's cash contributions come from three sources: a) net proceeds from sale of lease-revenue bonds backed by General Fund totaling $212,500, b) Parking Fund $5,630, and c) Master Owner Participation Agreement (MOPA) Fund proceeds from the City's sale of the Sheraton Grand Hotel $5,000. The gross borrowing of the lease-revenue bonds – including the debt service reserve, capitalized interest and the cost of issuance is estimated at $298,400 (and may not exceed $325,000). The source of the annual debt-service payments will be revenues generated by the City's parking system, ESC facility lease payments made to the City, other ESC generated revenues, and hotel taxes.

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Required Supplementary Information

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City of Sacramento
Required Supplementary Information
Schedule of Funding Progress (Unaudited)
Pension Plans
(in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a) *	Actuarial Accrued Liability (AAL) – Entry Age (b)	(Overfunded) Unfunded AAL (b) – (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	(Overfunded) Unfunded AAL as a % of Covered Payroll {(b)-(a)}/(c)
CalPERS - Miscellaneous						
6/30/11	$ 660	$ 819	$ 159	81%	$ 165	96%
6/30/12	709	861	152	82	151	101
6/30/13	677	914	237	74	151	157
CalPERS - Safety						
6/30/11	1,035	1,249	214	83	109	196
6/30/12	1,077	1,313	236	82	108	219
6/30/13	992	1,371	379	72	104	364
SCERS						
6/30/12	294	389	95	76	3	3,211
6/30/13	292	382	90	76	2	3,949
6/30/14	313	373	60	84	2	2,643

* Beginning with the June 30, 2013 valuation, Actuarial Value of Assets equal Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

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City of Sacramento
Required Supplementary Information
Schedule of Funding Progress (Unaudited)
Other Post Employment Benefits
(in millions)

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Valued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2011	$ -	$ 440	$ 440	0.00%	$ 254	173.4%
6/30/2012	-	447	447	0.00	262	170.9
6/30/2013	-	434	434	0.00	257	168.4

Notes to the Required Supplementary Information

1. This information is intended to help users assess the OPEB funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits and make comparisons with other public employers.

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OTHER GOVERNMENTAL FUNDS

Other governmental funds are nonmajor funds reported in the other governmental funds column of the governmental funds financial statements and include:

SPECIAL REVENUE FUNDS are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. These funds are generally required by statute, charter or ordinance to finance specific governmental functions. The individual funds are listed in the special revenue funds section of the CAFR.

OTHER DEBT SERVICE FUNDS are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest, or that are being accumulated for principal and interest maturing in future years. The individual funds are listed in the other debt service funds section of the CAFR.

OTHER CAPITAL PROJECTS FUNDS are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for governmental capital assets. The individual funds are listed in the other capital projects funds section of the CAFR.

PERMANENT FUNDS are used to account for and report resources that are held by the City which are legally restricted to the extent that only earnings may be used for purposes that support City programs. The individual funds are listed in the permanent funds section of the CAFR.

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City of Sacramento
Other Governmental Funds
Combining Balance Sheet
June 30, 2014
(in thousands)

	Special Revenue Funds	Other Debt Service Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS					
Cash and investments held by City	$ 126,966	$ 7,397	$ 63,134	$ 5,200	$ 202,697
Cash and investments held by fiscal agent	16	294	-	-	310
Securities lending assets	255	-	67	250	572
Receivables, net:					
Accounts	3,736	-	19	-	3,755
Loans	1,266	3,934	2,500	-	7,700
Intergovernmental	9,822	42,523	-	-	52,345
Interest	92	2	114	11	219
Prepaid items	24	-	-	-	24
Restricted assets:					
Cash and investments held by City	669	826	7,800	-	9,295
Cash and investments held by fiscal agent	732	15,565	-	-	16,297
Total assets	$ 143,578	$ 70,541	$ 73,634	$ 5,461	$ 293,214
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Securities lending obligations	$ 715	$ -	$ 1,065	$ 270	$ 2,050
Accounts payable	6,193	-	1,637	-	7,830
Accrued payroll	177	-	-	-	177
Accrued claims and judgements	1,601	-	-	-	1,601
Matured notes and interest payable	662	-	-	-	662
Deposits	1,258	846	95	-	2,199
Unearned revenue	345	-	604	-	949
Advances from other funds	7,241	-	-	-	7,241
Total liabilities	18,192	846	3,401	270	22,709
Deferred Inflows of resources:					
Unavailable revenue	5,595	46,009	2,514	-	54,118
Total deferred inflows of resources	5,595	46,009	2,514	-	54,118
Fund balances:					
Nonspendable:					
Prepaid items	24	-	-	-	24
Noncurrent assets	-	451	-	-	451
Permanent fund principal	-	-	-	878	878
Restricted:					
Capital projects	56,963	-	67,259	-	124,222
Debt service	1,983	15,565	-	-	17,548
Public works programs	11,830	-	-	-	11,830
Economic development programs	22,484	-	-	-	22,484
Other programs	25,151	-	460	4,313	29,924
Committed:					
Capital projects	3,288	-	-	-	3,288
Debt service	-	6,583	-	-	6,583
Economic development programs	5,125	-	-	-	5,125
Other programs	3,382	-	-	-	3,382
Assigned:					
Debt service	-	973	-	-	973
Unrealized investment gains	-	3	-	-	3
Other programs	1,721	111	-	-	1,832
Unassigned	(12,160)	-	-	-	(12,160)
Total fund balances	119,791	23,686	67,719	5,191	216,387
Total liabilities, deferred inflows of resources and fund balances	$ 143,578	$ 70,541	$ 73,634	$ 5,461	$ 293,214

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City of Sacramento
Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Special Revenue Funds	Other Debt Service Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:					
Taxes	$ 3,061	$ -	$ -	$ -	$ 3,061
Intergovernmental	58,531	3,135	-	-	61,666
Charges for services	7,570	-	-	-	7,570
Fines, forfeits and penalties	654	-	-	-	654
Interest, rents, and concessions	4,118	2,919	747	747	8,531
Community service fees	3,175	-	1,518	-	4,693
Assessment levies	36,298	-	2,322	-	38,620
Contributions and donations	1,699	1,355	11	1	3,066
Miscellaneous	289	-	-	-	289
Total revenues	115,395	7,409	4,598	748	128,150
Expenditures:					
Current:					
General government	3,170	-	278	99	3,547
Police	8,851	-	-	-	8,851
Fire	4,190	-	-	-	4,190
General services	128	-	-	-	128
Public works	28,936	-	-	-	28,936
Convention, culture and leisure	5,756	-	-	-	5,756
Economic development	9,814	-	-	-	9,814
Parks and recreation	17,031	-	162	-	17,193
Community development	3,975	-	289	-	4,264
Library	4,846	-	-	-	4,846
Utilities	512	-	-	-	512
Capital outlay	23,856	-	6,927	-	30,783
Debt service:					
Principal	1,602	19,360	429	-	21,391
Interest and fiscal charges	1,393	17,529	52	-	18,974
Total expenditures	114,060	36,889	8,137	99	159,185
Excess (deficiency) of revenues over (under) expenditures	1,335	(29,480)	(3,539)	649	(31,035)
Other financing sources (uses):					
Transfers in	5,095	28,565	-	-	33,660
Transfers out	(4,361)	(86)	(6,651)	-	(11,098)
Issuance of long-term debt	-	-	52	-	52
Proceeds from sale of capital assets	597	4,305	-	-	4,902
Total other financing sources (uses)	1,331	32,784	(6,599)	-	27,516
Net change in fund balances	2,666	3,304	(10,138)	649	(3,519)
Fund balances, beginning of year, as restated	117,125	20,382	77,857	4,542	219,906
Fund balances, end of year	$ 119,791	$ 23,686	$ 67,719	$ 5,191	$ 216,387

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SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. These funds are generally required by statute, charter or ordinance to finance specific government functions. The following special revenue funds have been classified as nonmajor funds:

THE TRANSPORTATION AND DEVELOPMENT FUND accounts for the receipts and disbursements of taxes, fees and fines which are used to construct and maintain streets, bridges and bikeways as well as for traffic safety and community development activities. Programs in the Transportation and Development Fund include the State Gasoline Tax Program, the Sacramento Transportation Sales Tax Program, the Major Street Construction Tax Program, the Transportation Development Act Program and the Private Development Program.

THE CULTURE AND LEISURE FUND is used to account for a variety of cultural arts and leisure activities. Programs in the Culture and Leisure Fund include the Sacramento Zoo, Fairytale Town, Art in Public Places, Old Sacramento Market, H Street Theatre, Golf, Marina, the Crocker Master Trust and the Winchester G. and Mary Alice Felt Endowment.

THE PARKS AND RECREATION FUND is used to account for a variety of parks programs and recreation activities. Programs in the Parks and Recreation Fund include START, Quimby, Special Recreation, Land Park, Sutter Park Sites, Special Program Donations and the Ethel MacLeod Hart Trust.

THE ECONOMIC DEVELOPMENT FUND accounts for the receipts and disbursements of former redevelopment property tax revenues as well as the Brownfield Revolving Loan Program and the Sheraton Master Owner Participation Agreement (MOPA).

THE OPERATING GRANTS FUND is used to account for federal, state and other agency grants received for various specific purposes.

THE CCOMWP FUND is used to account for the revenue and expenditures associated with the City/County Office of Metropolitan Water Planning. The CCOMWP was formed to develop the Water Forum Agreement with objectives to provide a reliable water supply for planned development to the year 2030, and to preserve the region’s Lower American River.

SPECIAL REVENUE FUNDS (continued)

THE SPECIAL DISTRICTS SPECIAL REVENUE FUND is used to account for a variety of programs that provide infrastructure maintenance and other services for specific areas of the City where special assessments or special taxes are levied. The Special Districts Special Revenue Fund includes the Business Improvement Districts Program, the Landscaping and Lighting Districts Program, the Maintenance Benefit Area Program and the Assessment District Maintenance Program.

THE CAL EPA FUND is used to account for the expenditures associated with the maintenance of the Joe Serna, Jr. California EPA Headquarters Building.

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City of Sacramento
Special Revenue Funds
Combining Balance Sheet
June 30, 2014
(in thousands)

	Transportation and Development Fund	Culture and Leisure Fund	Parks and Recreation Fund	Economic Development Fund
ASSETS				
Cash and investments held by City	$ 57,655	$ 3,856	$ 13,600	$ 26,471
Cash and investments held by fiscal agent	-	16	-	-
Securities lending assets	-	-	208	47
Receivables, net:				
Accounts	727	318	116	-
Loans	-	61	-	1,205
Intergovernmental	3,822	-	849	-
Interest	-	-	3	89
Prepaid items	-	-	11	-
Restricted assets:				
Cash and investments held by City	-	70	-	-
Cash and investments held by fiscal agent	-	732	-	-
Total assets	$ 62,204	$ 5,053	$ 14,787	$ 27,812
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Securities lending obligations	$ 222	$ -	$ 299	$ 194
Accounts payable	2,457	25	731	-
Accrued payroll	-	22	141	-
Accrued claims and judgements	1,601	-	-	-
Matured notes and interest payable	-	662	-	-
Deposits	889	143	135	-
Unearned revenue	-	22	231	-
Advances from other funds	-	7,241	-	-
Total liabilities	5,169	8,115	1,537	194
Deferred Inflows of resources:				
Unavailable revenue	2122	147	74	9
Total deferred inflows of resources	2122	147	74	9
Fund balances:				
Nonspendable:				
Prepaid items	-	-	11	-
Restricted:				
Capital projects	42,880	-	8,853	-
Debt service	-	802	-	-
Public works programs	11,830	-	-	-
Economic development programs	-	-	-	22,484
Other programs	-	2,038	2,592	-
Committed:				
Capital projects	240	447	101	-
Economic development programs	-	-	-	5,125
Other programs	1,752	11	1,619	-
Assigned:				
Other programs	-	598	-	-
Unassigned	(1,789)	(7,105)	-	-
Total fund balances (deficit)	54,913	(3,209)	13,176	27,609
Total liabilities, deferred inflows of resources and fund balances	$ 62,204	$ 5,053	$ 14,787	$ 27,812

City of Sacramento
Special Revenue Funds
Combining Balance Sheet
June 30, 2014
(in thousands)

	Operating Grants Fund	CCOMWP Fund	Special Districts Special Revenue Fund	Cal EPA Fund	Total Special Revenue Funds
ASSETS					
Cash and investments held by City	$ 2,795	$ 1,587	$ 17,416	$ 3,586	$ 126,966
Cash and investments held by fiscal agent	-	-	-	-	16
Securities lending assets	-	-	-	-	255
Receivables, net:					
Accounts	1,051	321	1,203	-	3,736
Loans	-	-	-	-	1,266
Intergovernmental	5,114	-	-	37	9,822
Interest	-	-	-	-	92
Prepaid items	10	3	-	-	24
Restricted assets:					
Cash and investments held by City	-	-	599	-	669
Cash and investments held by fiscal agent	-	-	-	-	732
Total assets	$ 8,970	$ 1,911	$ 19,218	$ 3,623	$ 143,578
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Securities lending obligations	$ -	$ -	$ -	$ -	$ 715
Accounts payable	1,895	183	902	-	6,193
Accrued payroll	-	14	-	-	177
Accrued claims and judgements	-	-	-	-	1,601
Matured notes and interest payable	-	-	-	-	662
Deposits	91	-	-	-	1,258
Unearned revenue	92	-	-	-	345
Advances from other funds	-	-	-	-	7,241
Total liabilities	2,078	197	902	-	18,192
Deferred Inflows of resources:					
Unavailable revenue	3,243	-	-	-	5,595
Total deferred inflows of resources	3,243	-	-	-	5,595
Fund balances:					
Nonspendable:					
Prepaid items	10	3	-	-	24
Restricted:					
Capital projects	-	-	5,230	-	56,963
Debt service	-	-	1,181	-	1,983
Public works programs	-	-	-	-	11,830
Economic development programs	-	-	-	-	22,484
Other programs	6,892	1,711	11,918	-	25,151
Committed:					
Capital projects	-	-	-	2,500	3,288
Economic development programs	-	-	-	-	5,125
Other programs	-	-	-	-	3,382
Assigned:					
Other programs	-	-	-	1,123	1,721
Unassigned	(3,253)	-	(13)	-	(12,160)
Total fund balances (deficit)	3,649	1,714	18,316	3,623	119,791
Total liabilities, deferred inflows of resources and fund balances	$ 8,970	$ 1,911	$ 19,218	$ 3,623	$ 143,578

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City of Sacramento
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Transportation and Development Fund	Culture and Leisure Fund	Parks and Recreation Fund	Economic Development Fund
Revenues:				
Taxes	$ 595	$ -	$ -	$ 2,466
Intergovernmental	36,267	-	4,983	-
Charges for services	5,005	1,424	291	-
Fines, forfeits and penalties	654	-	-	-
Interest, rents, and concessions	537	1,555	1,490	291
Community service fees	197	-	2,978	-
Assessment levies	90	-	-	-
Contributions and donations	-	38	245	-
Miscellaneous	-	19	-	270
Total revenues	43,345	3,036	9,987	3,027
Expenditures:				
Current:				
General government	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
General services	-	-	-	-
Public works	17,028	-	-	-
Convention, culture and leisure	-	1,055	-	-
Economic development	-	-	-	1,643
Parks and recreation	-	-	9,351	-
Community development	3,736	-	-	-
Library	-	-	-	-
Utilities	-	-	-	-
Capital outlay	19,961	252	1,830	-
Debt service:				
Principal	-	1,122	-	-
Interest and fiscal charges	-	1,291	-	-
Total expenditures	40,725	3,720	11,181	1,643
Excess (deficiency) of revenues over (under) expenditures	2,620	(684)	(1,194)	1,384
Other financing sources (uses):				
Transfers in	3,968	-	553	119
Transfers out	(3,553)	-	(288)	(119)
Proceeds from sale of capital assets	-	-	-	597
Total other financing sources (uses)	415	-	265	597
Net change in fund balances	3,035	(684)	(929)	1,981
Fund balances (deficit), beginning of year, as restated	51,878	(2,525)	14,105	25,628
Fund balances (deficit), end of year	$ 54,913	$ (3,209)	$ 13,176	$ 27,609

City of Sacramento
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Operating Grants Fund	CCOMWP Fund	Special Districts Special Revenue Fund	Cal EPA Fund	Total Special Revenue Funds
Revenues:					
Taxes	$ -	$ -	$ -	$ -	$ 3,061
Intergovernmental	15,405	1,695	-	181	58,531
Charges for services	850	-	-	-	7,570
Fines, forfeits and penalties	-	-	-	-	654
Interest, rents, and concessions	-	13	201	31	4,118
Community service fees	-	-	-	-	3,175
Assessment levies	-	-	36,208	-	36,298
Contributions and donations	1,416	-	-	-	1,699
Miscellaneous	-	-	-	-	289
Total revenues	17,671	1,708	36,409	212	115,395
Expenditures:					
Current:					
General government	-	2,304	866	-	3,170
Police	8,851	-	-	-	8,851
Fire	4,190	-	-	-	4,190
General services	17	-	100	11	128
Public works	-	-	11,908	-	28,936
Convention, culture and leisure	67	-	4,634	-	5,756
Economic development	1,536	-	6,635	-	9,814
Parks and recreation	2,016	-	5,664	-	17,031
Community development	103	-	136	-	3,975
Library	-	-	4,846	-	4,846
Utilities	-	-	512	-	512
Capital outlay	478	-	1,335	-	23,856
Debt service:					
Principal	-	-	480	-	1,602
Interest and fiscal charges	-	-	102	-	1,393
Total expenditures	17,258	2,304	37,218	11	114,060
Excess (deficiency) of revenues over (under) expenditures	413	(596)	(809)	201	1,335
Other financing sources (uses):					
Transfers in	-	455	-	-	5,095
Transfers out	-	-	(401)	-	(4,361)
Proceeds from sale of capital assets	-	-	-	-	597
Total other financing sources (uses)	-	455	(401)	-	1,331
Net change in fund balances	413	(141)	(1,210)	201	2,666
Fund balances (deficit), beginning of year, as restated	3,236	1,855	19,526	3,422	117,125
Fund balances (deficit), end of year	$ 3,649	$ 1,714	$ 18,316	$ 3,623	$ 119,791

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City of Sacramento

Transportation and Development Special Revenue Fund
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2014

(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 21,619	$ 22,019	$ 24,099	$ 2,080
Fines, forfeits and penalties	800	400	654	254
Interest, rents, and concessions	213	213	223	10
Total revenues	22,632	22,632	24,976	2,344
Expenditures:				
Current:				
Public works	17,030	17,418	16,758	660
Capital outlay	18,739	17,507	7,315	10,192
Total expenditures	35,769	34,925	24,073	10,852
Net change in fund balance for budgeted activities	$ (13,137)	$ (12,293)	903	$ 13,196
Net change in fund balance for Transportation and Development Special Revenue Fund activities for which annual budgets are not adopted.			2,132	
Net change in fund balance			$ 3,035	

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City of Sacramento
Culture and Leisure Special Revenue Fund
Schedule of Revenues, Expenditures and Change in Fund Balance
- Budget and Actual
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	$ 1,435	$ 1,687	$ 1,424	$ (263)
Interest, rents and concessions	1,521	1,521	1,540	19
Contributions and donations	45	45	38	(7)
Total revenues	3,001	3,253	3,002	(251)
Expenditures:				
Current:				
Convention, culture and leisure	1,077	1,367	1,055	312
Capital outlay	623	705	238	467
Debt service:				
Principal	1,171	1,034	1,122	(88)
Interest and fiscal charges	1,252	810	1,291	(481)
Total expenditures	4,123	3,916	3,706	210
Net change in fund balance for budgeted activities	$ (1,122)	$ (663)	(704)	$ (41)
Net change in fund balance for Culture and Leisure Special Revenue Fund activities for which annual budgets are not adopted.			20	
Net change in fund balance			$ (684)	

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City of Sacramento

Parks and Recreation Special Revenue Fund

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Intergovernmental	$ 5,208	$ 5,524	$ 4,983	$ (541)
Charges for services	10	10	291	281
Interest, rents and concessions	702	702	987	285
Community service fees	1,704	1,791	2,144	353
Contributions and donations	12	12	9	(3)
Total revenues	7,636	8,039	8,414	375
Expenditures:				
Current:				
Parks and recreation	8,254	8,774	8,943	(169)
Capital outlay	82	101	-	101
Total expenditures	8,336	8,875	8,943	(68)
Excess (deficiency) of revenues over (under) expenditures	(700)	(836)	(529)	307
Other financing sources (uses):				
Transfers in	553	553	553	-
Transfers out	-	-	(19)	(19)
Total other financing sources (uses)	553	553	534	(19)
Net change in fund balance for budgeted activities	$ (147)	$ (283)	5	$ 288
Net change in fund balance for Parks and Recreation Special Revenue Fund activities for which annual budgets are not adopted.			(934)	
Net change in fund balance			$ (929)	

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City of Sacramento
CCOMWP Special Revenue Fund
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:				
Intergovernmental	$ 1,023	$ 1,613	$ 1,695	$ 82
Interest, rents and concessions	-	-	13	13
Total revenues	1,023	1,613	1,708	95
Expenditures:				
Current:				
General government	2,730	3,320	2,304	1,016
Excess (deficiency) of revenues over (under) expenditures	(1,707)	(1,707)	(596)	1,111
Other financing sources				
Operating transfers in	455	455	455	-
Net change in fund balance	$ (1,252)	$ (1,252)	$ (141)	$ 1,111

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City of Sacramento

Special Districts Special Revenue Fund

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2014

(in thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:				
Interest, rents, and concessions	$ -	$ -	$ 201	$ 201
Assessment levies	32,676	36,111	36,208	97
Total revenues	32,676	36,111	36,409	298
Expenditures:				
Current:				
General government	852	818	866	(48)
General services	112	112	100	12
Public works	12,702	11,801	11,908	(107)
Convention, culture and leisure	2,128	5,218	4,634	584
Economic development	6,978	8,975	6,635	2,340
Parks and recreation	5,466	5,693	5,664	29
Community development	150	150	136	14
Library	4,889	4,889	4,846	43
Utilities	1,120	805	512	293
Capital outlay	4,064	4,064	1,335	2,729
Debt service:				
Principal	480	480	480	-
Interest and fiscal charges	102	102	102	-
Total expenditures	39,043	43,107	37,218	5,889
Other financing sources (uses):				
Transfers out	-	-	(401)	401
Total other financing sources (uses)	-	-	(401)	401
Net change in fund balance	$ (6,367)	$ (6,996)	$ (1,210)	$ (5,190)

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City of Sacramento
Cal EPA Special Revenue Fund
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 7,874	$ 7,874	$ 181	$ (7,693)
Interest, rents, and concessions	-	-	31	31
Total revenues	7,874	7,874	212	(7,662)
Expenditures:				
Current:				
General services	7,702	7,702	11	7,691
Net change in fund balance	$ 172	$ 172	$ 201	$ 29

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OTHER DEBT SERVICE FUNDS

Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest, or that are being accumulated for principal and interest maturing in future years. The following debt service funds have been classified as nonmajor funds:

THE 1993 SERIES A REVENUE BOND FUND is used to account for refunded debt service activities related to the City of Sacramento's 1986 COP issue and for the debt service activity related to the partial refunding of the City of Sacramento's 1991 Marks-Roos Revenue Bond issuance.

THE 1993 SERIES B REVENUE BOND FUND is used to account for refunded debt service activities related to the City of Sacramento's 1989 COP issuance.

THE 2002 CAPITAL IMPROVEMENT REVENUE BOND FUND is used to account for debt service activities related to financing various capital improvements and redevelopment projects including the new Civic Center, I-5 Arena Interchange and certain fire trucks and fire stations. These bonds were partially refunded with the 2005 Refunding Revenue Bonds, and with the 2006 Series E Refunding Revenue Bonds.

THE 2002 REFUNDING REVENUE BOND LIGHT RAIL PROJECTS FUND is used to account for refunded debt service activities related to the City of Sacramento's 1991 Refunded Certificates of Participation (Light Rail Transit Projects).

THE 2002 REFUNDING REVENUE BOND PUBLIC FACILITIES PROJECTS FUND is used to account for refunded debt service activities related to the City of Sacramento's 1991 Refunded Certificates of Participation (1987 Public Facilities Projects).

THE 2003 CAPITAL IMPROVEMENT REVENUE BOND FUND is used to account for debt service activities related to financing the acquisition and construction of the 911 Dispatch and Training Facility, a regional park, a corporation yard, a library, fire stations and other municipal projects. These bonds were partially refunded by the 2006 Series E Refunding Revenue Bonds.

THE 2005 REFUNDING REVENUE BOND FUND is used to account for refunded debt service related to refinancing all of the 2000 Capital Improvement Revenue Bonds and a portion of the 1999, 2001 and 2002 Capital Improvement Revenue Bonds.

THE 2006 SERIES A REVENUE BOND FUND is used to account for debt service activities related to financing the expansion of the Crocker Art Museum and other public capital improvements and redevelopment projects.

OTHER DEBT SERVICE FUNDS (continued)

THE 2006 SERIES B REVENUE BOND FUND is used to account for debt service activities related to financing an arts rehearsal facility and other public capital improvements and redevelopment projects.

THE 2006 SERIES C REVENUE BOND FUND is used to account for debt service activities related to financing the City's new Richards Boulevard building and improvements.

THE 2006 SERIES D REVENUE BOND FUND is used to account for debt service activities related to financing the City's new Richards Boulevard building and improvements.

THE 2006 SERIES E REVENUE BOND FUND is used to account for refunding debt service related to refinancing all of the 2001 Capital Improvement Revenue Bonds and a portion of the 2002 and 2003 Capital Improvement Revenue Bonds.

THE OTHER CITY DEBT FUND is used to account for debt service activities related to financing equipment for street lighting and other programs of the City.

City of Sacramento
Other Debt Service Funds
Combining Balance Sheet
June 30, 2014
(in thousands)

	1993 Series A Revenue Bond Fund	1993 Series B Revenue Bond Fund	2002 Capital Improvement Revenue Bond Fund
ASSETS			
Assets:			
Cash and investments held by City	$ 24	$ 381	$ 132
Cash and investments held by fiscal agent	26	72	-
Receivables, net:			
Loans	-	-	-
Intergovernmental	-	-	350
Interest	1	1	-
Restricted assets:			
Cash and investments held by City	-	-	-
Cash and investments held by fiscal agent	1,212	3,314	-
Total assets	$ 1,263	$ 3,768	$ 482
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Deposits	$ -	$ -	$ -
Total liabilities	-	-	-
Deferred Inflows of resources:			
Unavailable revenue	1	1	350
Total deferred inflows of resources	1	1	350
Fund balances:			
Nonspendable:			
Noncurrent assets	-	-	-
Restricted:			
Debt service	1,212	3,314	-
Committed:			
Debt service	-	-	-
Assigned:			
Debt service	49	451	21
Unrealized investment gains	1	2	-
Other programs	-	-	111
Total fund balances	1,262	3,767	132
Total liabilities, deferred inflows of resources and fund balances	$ 1,263	$ 3,768	$ 482

(continued)

City of Sacramento
Other Debt Service Funds
Combining Balance Sheet
June 30, 2014
(in thousands)

	2005 Refunding Revenue Bond Fund	2006 Series A Revenue Bond Fund	2006 Series B Revenue Bond Fund
ASSETS			
Assets:			
Cash and investments held by City	$ -	$ 85	$ 6,708
Cash and investments held by fiscal agent	-	158	38
Receivables, net:			
Loans	-	3,484	-
Intergovernmental	19,675	7,702	12,806
Interest	-	-	-
Restricted assets:			
Cash and investments held by City	-	826	-
Cash and investments held by fiscal agent	-	6,808	3,960
Total assets	$ 19,675	$ 19,063	$ 23,512
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Deposits	$ -	$ 826	$ 20
Total liabilities	-	826	20
Deferred Inflows of resources:			
Unavailable revenue	19,675	11,186	12,806
Total deferred inflows of resources	19,675	11,186	12,806
Fund balances:			
Nonspendable:			
Noncurrent assets	-	-	-
Restricted:			
Debt service	-	6,808	3,960
Committed:			
Debt service	-	-	6,583
Assigned:			
Debt service	-	243	143
Unrealized investment gains	-	-	-
Other programs	-	-	-
Total fund balances	-	7,051	10,686
Total liabilities, deferred inflows of resources and fund balances	$ 19,675	$ 19,063	$ 23,512

(continued)

City of Sacramento
Other Debt Service Funds
Combining Balance Sheet
June 30, 2014
(in thousands)

	2006 Series D Revenue Bond Fund	2006 Series E Revenue Bond Fund	Other City Debt Fund	Total Other Debt Service Funds
ASSETS				
Assets:				
Cash and investments held by City	$ 3	$ 45	$ 19	$ 7,397
Cash and investments held by fiscal agent	-	-	-	294
Receivables, net:				
Loans	-	-	450	3,934
Intergovernmental	-	1,990	-	42,523
Interest	-	-	-	2
Restricted assets:				
Cash and investments held by City	-	-	-	826
Cash and investments held by fiscal agent	-	-	271	15,565
Total assets	$ 3	$ 2,035	$ 740	$ 70,541
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Deposits	$ -	$ -	$ -	$ 846
	-	-		
Total liabilities	-	-	-	846
Deferred Inflows of resources:				
Unavailable revenue	-	1,990	-	46,009
Total deferred inflows of resources	-	1,990	-	46,009
Fund balances:				
Nonspendable:				
Noncurrent assets	-	-	451	451
Restricted:				
Debt service	-	-	271	15,565
Committed:				
Debt service	-	-	-	6,583
Assigned:				
Debt service	3	45	18	973
Unrealized investment gains	-	-	-	3
Other programs	-	-	-	111
Total fund balances	3	45	740	23,686
Total liabilities, deferred inflows of resources and fund balances	$ 3	$ 2,035	$ 740	$ 70,541

City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014
(in thousands)

	1993 Series A Revenue Bond Fund	1993 Series B Revenue Bond Fund	2002 Capital Improvement Revenue Bond Fund	2002 Refunding Revenue Bond Light Rail Projects Fund
Revenues:				
Intergovernmental	$ -	$ -	$ 2,030	$ -
Interest, rents, and concessions	9	25	63	-
Contributions from property owners	-	-	-	-
Total revenues	9	25	2,093	-
Expenditures:				
Debt service:				
Principal	709	2,022	4,995	-
Interest and fiscal charges	355	985	199	-
Total expenditures	1,064	3,007	5,194	-
Excess (deficiency) of revenues over (under) expenditures	(1,055)	(2,982)	(3,101)	-
Other financing sources:				
Transfers in	1,031	2,925	2,953	-
Transfers out	-	-	-	(39)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	1,031	2,925	2,953	(39)
Net change in fund balances	(24)	(57)	(148)	(39)
Fund balances, beginning of year	1,286	3,824	280	39
Fund balances, end of year	$ 1,262	$ 3,767	$ 132	$ -

City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014
(in thousands)

	2002 Refunding Revenue Bond Public Facilities Projects Fund	2003 Capital Improvement Revenue Bond Fund	2005 Refunding Revenue Bond Fund
Revenues:			
Intergovernmental	$ -	$ -	$ 620
Interest, rents, and concessions	-	-	978
Contributions from property owners	-	-	-
Total revenues	-	-	1,598
Expenditures:			
Debt service:			
Principal	-	5,510	1,205
Interest and fiscal charges	-	874	2,732
Total expenditures	-	6,384	3,937
Excess (deficiency) of revenues over (under) expenditures	-	(6,384)	(2,339)
Other financing sources:			
Transfers in	-	6,384	2,339
Transfers out	(47)	-	-
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	(47)	6,384	2,339
Net change in fund balances	(47)	-	-
Fund balances, beginning of year	47	-	-
Fund balances, end of year	$ -	$ -	$ -

(continued)

City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014
(in thousands)

	2006 Series A Revenue Bond Fund	2006 Series B Revenue Bond Fund	2006 Series C Revenue Bond Fund	2006 Series D Revenue Bond Fund
Revenues:				
Intergovernmental	$ 200	$ 285	$ -	$ -
Interest, rents, and concessions	816	902	-	-
Contributions and donations	1,355	-	-	-
Total revenues	2,371	1,187	-	-
Expenditures:				
Debt service:				
Principal	3,095	1,000	-	620
Interest and fiscal charges	3,763	2,959	1,278	109
Total expenditures	6,858	3,959	1,278	729
Excess (deficiency) of revenues over (under) expenditures	(4,487)	(2,772)	(1,278)	(729)
Other financing sources:				
Transfers in	4,268	2,386	1,278	729
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	4,305	-	-
Total other financing sources (uses)	4,268	6,691	1,278	729
Net change in fund balances	(219)	3,919	-	-
Fund balances, beginning of year	7,270	6,767	-	3
Fund balances, end of year	$ 7,051	$ 10,686	$ -	$ 3

(continued)

City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014
(in thousands)

	2006 Series E Revenue Bond Fund	Other City Debt Fund	Total Other Debt Service Funds
Revenues:			
Intergovernmental	$ -	$ -	$ 3,135
Interest, rents, and concessions	104	22	2,919
Contributions and donations	-	-	1,355
Total revenues	104	22	7,409
Expenditures:			
Debt service:			
Principal	-	204	19,360
Interest and fiscal charges	4,130	145	17,529
Total expenditures	4,130	349	36,889
Excess (deficiency) of revenues over (under) expenditures	(4,026)	(327)	(29,480)
Other financing sources:			
Transfers in	4,026	246	28,565
Transfers out	-	-	(86)
Proceeds from sale of capital assets	-	-	4,305
Total other financing sources (uses)	4,026	246	32,784
Net change in fund balances	-	(81)	3,304
Fund balances, beginning of year	45	821	20,382
Fund balances, end of year	$ 45	$ 740	$ 23,686

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OTHER CAPITAL PROJECTS FUNDS

Other capital projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for governmental capital assets. The following capital projects funds have been classified as nonmajor funds:

THE GENERAL FUND CAPITAL PROJECTS FUND is used to account for the proceeds of bond issues and associated capital projects.

THE CROCKER ART MUSEUM EXPANSION FUND is used to account for contributions from the Crocker Art Museum Association (CAMA) and related expenditures for the museum expansion project.

THE FINANCING PLANS FUND is used to account for the construction of public infrastructure funded by developer impact fees authorized under financing plans.

THE SPECIAL DISTRICTS CAPITAL PROJECTS FUND is used to account for the proceeds of special assessment bond issues which are used in the construction of street lighting, curbs, gutters, sidewalks and drainage infrastructure.

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City of Sacramento
Other Capital Projects Funds
Combining Balance Sheet
June 30, 2014
(in thousands)

	General Fund Capital Projects Fund	Crocker Art Museum Expansion Fund	Financing Plans Fund	Special Districts Capital Projects Fund	Total Other Capital Projects Funds
ASSETS					
Cash and investments held by City	$ 236	$ 195	$ 53,950	$ 8,753	$ 63,134
Securities lending assets	-	-	67	-	67
Receivables, net:					
Accounts	-	-	14	5	19
Loans	-	2,500	-	-	2,500
Interest	-	-	114	-	114
Restricted assets:					
Cash and investments held by City	7,705	95	-	-	7,800
Total assets	$ 7,941	$ 2,790	$ 54,145	$ 8,758	$ 73,634
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Securities lending obligations	$ 169	$ 195	$ 647	$ 54	$ 1,065
Accounts payable	143	-	1,408	86	1,637
Deposits	-	-	95	-	95
Unearned revenue	-	-	604	-	604
Total liabilities	312	195	2,754	140	3,401
Deferred Inflows of resources:					
Unavailable revenue	-	2,500	14	-	2,514
Total deferred inflows of resources	-	2,500	14	-	2,514
Fund balances:					
Restricted:					
Capital projects	7,629	95	50,917	8,618	67,259
Other programs	-	-	460	-	460
Total fund balances	7,629	95	51,377	8,618	67,719
Total liabilities, deferred inflows of resources and fund balances	$ 7,941	$ 2,790	$ 54,145	$ 8,758	$ 73,634

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City of Sacramento
Other Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014
(in thousands)

	General Fund Capital Projects Fund	Crocker Art Museum Expansion Fund	Financing Plans Fund	Special Districts Capital Projects Fund	Total Other Capital Projects Funds
Revenues:					
Interest, rents, and concessions	$ 73	$ 3	$ 594	$ 77	$ 747
Community service fees	-	-	1,518	-	1,518
Assessment levies	-	-	-	2,322	2,322
Miscellaneous	-	-	11	-	11
Total revenues	73	3	2,123	2,399	4,598
Expenditures:					
Current:					
General government	-	-	256	22	278
Parks and recreation	-	-	162	-	162
Community development	-	-	289	-	289
Capital outlay	1,071	-	3,903	1,953	6,927
Debt service:					
Principal	-	-	429	-	429
Interest and fiscal charges	-	-	52	-	52
Total expenditures	1,071	-	5,091	1,975	8,137
(Deficiency) excess of revenues (under) over expenditures	(998)	3	(2,968)	424	(3,539)
Other financing sources (uses):					
Transfers out	-	-	(6,651)	-	(6,651)
Issuance of long-term debt	-	-	52	-	52
Total other financing sources (uses)	-	-	(6,599)	-	(6,599)
Net change in fund balances	(998)	3	(9,567)	424	(10,138)
Fund balances, beginning of year, as restated	8,627	92	60,944	8,194	77,857
Fund balances, end of year	$ 7,629	$ 95	$ 51,377	$ 8,618	$ 67,719

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PERMANENT FUNDS

Permanent funds are used to account for and report resources that are held by the City which are legally restricted to the extent that only earnings may be used for purposes that support City programs. The resources must be spent as provided in legal trust agreements and related state laws. The following permanent funds have been classified as nonmajor funds:

THE ANN LAND FUND is used to account for gifts to the City. The investment income is available to aid destitute persons in the City.

THE BERTHA HENSCHEL FUND is used to account for gifts to the City. The investment income is available to aid destitute persons in the City.

THE GEORGE CLARK SCHOLARSHIP FUND is used to account for an endowment established by George Clark, Mayor of Sacramento in 1900. The investment income is available to provide college scholarships for Sacramento high school seniors.

THE ALICE MILLER FUND is used to account for gifts to the City. The investment income is available to care for a specific area of the Old City Cemetery.

THE SACRAMENTO HISTORY MUSEUM FUND is used to account for gifts to the Museum. The investment income is available to help pay the operating expenses of the Museum.

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City of Sacramento
Permanent Funds
Combining Balance Sheet
June 30, 2014
(in thousands)

	Ann Land Fund	Bertha Henschel Fund	George Clark Scholarship Fund
ASSETS			
Cash and investments held by City	$ 954	$ 2,858	$ 1,002
Securities lending assets	38	114	98
Receivables, net:			
Interest	2	7	2
Total assets	$ 994	$ 2,979	$ 1,102
LIABILITIES			
Liabilities:			
Securities lending obligations	$ 42	$ 128	$ 100
Total liabilities	42	128	100
Fund balances:			
Nonspendable:			
Permanent fund principal	272	278	25
Restricted:			
Other programs	680	2,573	977
Total fund balances	952	2,851	1,002
Total liabilities and fund balances	$ 994	$ 2,979	$ 1,102

City of Sacramento
Permanent Funds
Combining Balance Sheet
June 30, 2014
(in thousands)

	Alice Miller Fund	Sacramento History Museum Fund	Total Permanent Funds
ASSETS			
Cash and investments held by City	$ 50	$ 336	$ 5,200
Securities lending assets	-	-	250
Receivables, net:			
Interest	-	-	11
Total assets	$ 50	$ 336	$ 5,461
LIABILITIES			
Liabilities:			
Securities lending obligations	$ -	$ -	$ 270
Total liabilities	-	-	270
Fund balances:			
Nonspendable:			
Permanent fund principal	3	300	878
Restricted:			
Other programs	47	36	4,313
Total fund balances	50	336	5,191
Total liabilities and fund balances	$ 50	$ 336	$ 5,461

City of Sacramento
Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Ann Land Fund	Bertha Henschel Fund	George Clark Scholarship Fund
Revenues:			
Interest, rents, and concessions	$ 144	$ 432	$ 168
Contributions and donations	-	1	-
Total revenues	144	433	168
Expenditures:			
Current:			
General government	19	57	23
Net change in fund balances	125	376	145
Fund balances, beginning of year	827	2,475	857
Fund balances, end of year	$ 952	$ 2,851	$ 1,002

City of Sacramento
Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Alice Miller Fund	Sacramento History Museum Fund	Total Permanent Funds
Revenues:			
Interest, rents, and concessions	$ -	$ 3	$ 747
Contributions and donations	-	-	1
Total revenues	-	3	748
Expenditures:			
Current:			
General government	-	-	99
Net change in fund balances	-	3	649
Fund balances, beginning of year	50	333	4,542
Fund balances, end of year	$ 50	$ 336	$ 5,191

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OTHER ENTERPRISE FUNDS

Enterprise funds are used to account for self-supporting City programs that provide services on a user-fee basis to the general public. The following enterprise funds have been classified as nonmajor funds:

THE PARKING FUND is used to account for the operation and maintenance of the City's off-street parking facilities throughout the City.

THE 4th R CHILD DEVELOPMENT FUND is used to account for a program that provides school age child care services at various locations throughout the City.

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City of Sacramento
Other Enterprise Funds
Combining Statement of Net Position
June 30, 2014
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
ASSETS			
Current assets:			
Cash and investments held by City	$ 32,472	$ 53	$ 32,525
Cash and investments held by fiscal agent	39	-	39
Securities lending assets	71	-	71
Receivables, net:			
Accounts	826	189	1,015
Loans	85	-	85
Intergovernmental	-	56	56
Interest	122	-	122
Prepaid items	113	7	120
Intangible asset, current portion	-	8	8
Total current assets	33,728	313	34,041
Noncurrent assets:			
Restricted assets:			
Cash and investments held by City	-	36	36
Cash and investments held by fiscal agent	1,790	-	1,790
Loans receivable	476	-	476
Intangible assets	-	167	167
Capital assets:			
Land	5,825	-	5,825
Buildings and improvements	60,087	1,546	61,633
Machinery and equipment	7,699	-	7,699
Software	4	-	4
Less: accumulated depreciation/amortization	(35,125)	(793)	(35,918)
Total noncurrent assets	40,756	956	41,712
Total assets	74,484	1,269	75,753
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding of debt	1,522	-	1,522
Total deferred outflows of resources	1,522	-	1,522

City of Sacramento
Other Enterprise Funds
Combining Statement of Net Position
June 30, 2014
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
LIABILITIES			
Current liabilities:			
Securities lending obligations	241	-	241
Accounts payable	945	169	1,114
Accrued payroll	108	200	308
Accrued compensated absences	14	18	32
Interest payable	173	-	173
Deposits	18	-	18
Unearned revenue	414	52	466
Accrued claims and judgements	16	13	29
Revenue and other bonds payable, net	2,163	-	2,163
Notes payable	-	20	20
Total current liabilities	4,092	472	4,564
Noncurrent liabilities:			
Accrued compensated absences	200	276	476
OPEB liability	1,201	192	1,393
Revenue and other bonds payable, net	28,188	-	28,188
Total noncurrent liabilities	29,589	468	30,057
Total liabilities	33,681	940	34,621
NET POSITION			
Net investment in capital assets	13,864	733	14,597
Unrestricted	28,461	(404)	28,057
Total net position	$ 42,325	$ 329	$ 42,654

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City of Sacramento

Other Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2014

(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
Operating revenues:			
Charges for services:			
User fees and charges	$ 17,771	$ 5,632	$ 23,403
Rents and concessions	872	-	872
Miscellaneous	3	-	3
Total operating revenues	18,646	5,632	24,278
Operating expenses:			
Employee services	3,387	5,317	8,704
Services and supplies	8,142	878	9,020
Depreciation/amortization	2,114	77	2,191
Claims and judgements	-	25	25
Total operating expenses	13,643	6,297	19,940
Operating income (loss)	5,003	(665)	4,338
Nonoperating revenues (expenses):			
Interest and investment revenue	374	(4)	370
Revenue from other agencies	2	496	498
Interest expense	(1,588)	-	(1,588)
Amortization of bond prepaid insurance	(7)	-	(7)
Total nonoperating revenues (expenses)	(1,219)	492	(727)
Income (loss) before transfers	3,784	(173)	3,611
Transfers in	1	-	1
Transfers out	(3,722)	-	(3,722)
Change in net position	63	(173)	(110)
Total net position (deficit), beginning of year, as restated	42,262	502	42,764
Total net position (deficit), end of year	$ 42,325	$ 329	$ 42,654

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City of Sacramento
Other Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	$ 18,547	$ 5,604	$ 24,151
Payments to suppliers	(8,193)	(803)	(8,996)
Payments to employees	(3,219)	(5,261)	(8,480)
Claims and judgements paid	-	(23)	(23)
Net cash provided by (used for) operating activities	7,135	(483)	6,652
Cash flows from noncapital financing activities:			
Transfers in from other funds	1	-	1
Transfers out to other funds	(2,034)	-	(2,034)
Intergovernmental revenue received	2	463	465
Net cash provided by (used for) noncapital financing activities	(2,031)	463	(1,568)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(505)	-	(505)
Principal payments on capital debt	(2,032)	(20)	(2,052)
Interest payments on capital debt	(1,534)	-	(1,534)
Transfers out to other funds	(1,688)	-	(1,688)
Net cash provided by (used for) capital and related financing activities	(5,759)	(20)	(5,779)
Cash flows from investing activities:			
Collection of interest and investment revenue	391	(4)	387
Loan repayments received	85	-	85
Net cash provided by (used for) investing activities	476	(4)	472
Net increase (decrease) in cash and cash equivalents	(179)	(44)	(223)
Cash and cash equivalents, beginning of year	34,480	133	34,613
Cash and cash equivalents, end of year	$ 34,301	$ 89	$ 34,390
Reconciliation of cash and cash equivalents to the Statement of Net Position:			
Cash and investments held by City	$ 32,472	$ 53	$ 32,525
Cash and investments held by fiscal agent	39	-	39
Restricted cash and investments held by City	-	36	36
Restricted cash and investments held by fiscal agent	1,790	-	1,790
Total cash and cash equivalents, end of year	$ 34,301	$ 89	$ 34,390

City of Sacramento
Other Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ 5,003	$ (665)	$ 4,338
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	2,114	77	2,191
Amortization of intangible assets	-	8	8
Changes in assets and liabilities:			
Accounts receivable, net	(19)	(12)	(31)
Intergovernmental receivables	-	(56)	(56)
Prepaid items	3	(7)	(4)
Accounts payable	(54)	114	60
Accrued payroll	(1)	21	20
Accrued compensated absences	(33)	-	(33)
Deposits	18	-	18
Accrued claims and judgements	-	2	2
OPEB liabilities	202	35	237
Unearned revenue	(98)	-	(98)
Net cash provided by (used for) operating activities	$ 7,135	$ (483)	$ 6,652
Noncash investing, capital and financing activities:			
Amortization of bond premium and discount	$ 27	$ -	$ 27
Amortization of bond loss on refunding	(95)	-	(95)
Amortization of bond prepaid insurance	(7)	-	(7)
Capital asset acquisitions on accounts payable	79	-	79
Change in securities lending assets	68	-	68
Change in securities lending obligations	(68)	-	(68)
Interest accrual on loans receivable	(1)	-	(1)

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WATER FUND

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City of Sacramento
Water Fund
Combining Schedule of Net Position
June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Water Revenue Bonds Fund	Total Water Fund
ASSETS					
Current assets:					
Cash and investments held by City	$ -	$ 70,953	$ (89)	$ -	$ 70,864
Securities lending assets	-	633	-	-	633
Receivables, net:					
Accounts	-	18,511	-	-	18,511
Loans	1,223	-	-	-	1,223
Intergovernmental	-	-	219	-	219
Interest	58	1,084	-	-	1,142
Inventories	-	3,008	-	-	3,008
Prepaid items	-	633		-	633
Total current assets	1,281	94,822	130	-	96,233
Noncurrent assets:					
Restricted assets:					
Cash and investments held by City	23,477	-	-	196,109	219,586
Cash and investments held by fiscal agent	-	96	-	7,089	7,185
Loans receivable	4,669	-	-	-	4,669
Capital assets:					
Land	584	1,170	-	-	1,754
Buildings and improvements	-	37,376	37	-	37,413
Machinery and equipment	-	15,886	44	-	15,930
Transmission and distribution systems	1,282	573,694	1,343	5,643	581,962
Construction in progress	2,661	12,388	-	61,502	76,551
Software	-	516	-	-	516
Less: accumulated depreciation/amortization	(37)	(198,336)	(154)	(63)	(198,590)
Total noncurrent assets	32,636	442,790	1,270	270,280	746,976
Total assets	33,917	537,612	1,400	270,280	843,209
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refunding of debt	-	9,406	-	-	9,406
Total deferred outflows of resources	-	9,406	-	-	9,406

City of Sacramento
Water Fund
Combining Schedule of Net Position
June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Water Revenue Bonds Fund	Total Water Fund
LIABILITIES					
Current liabilities:					
Securities lending obligations	-	883	-	-	883
Accounts payable	501	3,498	15	12,215	16,229
Accrued payroll	-	741	-	-	741
Accrued compensated absences	-	123	-	-	123
Interest payable	-	686	-	3,506	4,192
Deposits	-	2	-	-	2
Unearned revenue	-	1,592	115	-	1,707
Accrued claims and judgements	-	121	-	-	121
Revenue and other bonds payable, net	-	6,222	-	4,651	10,873
Notes payable	-	406	-	-	406
Total current liabilities	501	14,274	130	20,372	35,277
Noncurrent liabilities:					
Accrued compensated absences	-	1,768	-	-	1,768
Water fee credits	-	1,702	-	-	1,702
OPEB liability	-	6,669	-	-	6,669
Revenue and other bonds payable, net	-	150,598	-	242,196.00	392,794
Notes payable	-	9,004	-	-	9,004
Total noncurrent liabilities	-	169,741	-	242,196	411,937
Total liabilities	501	184,015	130	262,568	447,214
NET POSITION					
Net investment in capital assets	4,490	286,502	1,270	13,126	305,388
Restricted for:					
Capital projects	28,926	-	-	-	28,926
Unrestricted	-	76,501	-	(5,414)	71,087
Total net position	$ 33,416	$ 363,003	$ 1,270	$ 7,712	$ 405,401

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City of Sacramento
Water Fund
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Water Revenue bonds Funds	Eliminations	Total Water Fund
Operating revenues:						
Charges for services:						
User fees and charges	$ -	$ 94,070	$ -	$ -	$ -	$ 94,070
Miscellaneous	-	312	-	-	-	312
Total operating revenues	-	94,382	-	-	-	94,382
Operating expenses:						
Employee services	-	25,003	5	-	-	25,008
Services and supplies	-	17,864	198	-	-	18,062
Depreciation/amortization	16	16,783	89	63	-	16,951
Claims and judgements	-	145	-	-	-	145
Total operating expenses	16	59,795	292	63	-	60,166
					-	
Operating income (loss)	(16)	34,587	(292)	(63)	-	34,216
Nonoperating revenues (expenses):						
Interest and investment revenue	408	1,236	-	33	-	1,677
Revenue from other agencies	-	272	200	-	-	472
Interest expense	-	(6,471)	-	-	-	(6,471)
Amoritization of bond prepaid insurance	-	(51)	-	-	-	(51)
Total nonoperating revenues (expenses)	408	(5,014)	200	33	-	(4,373)
Income (loss) before contributions and transfers	392	29,573	(92)	(30)	-	29,843
Capital contributions	644	1,146	-	-	-	1,790
Transfers in	-	298	-	9,730	(9,730)	298
Transfers out	-	(20,439)	-	-	9,730	(10,709)
Change in net position	1,036	10,578	(92)	9,700	-	21,222
Total net position (deficit), beginning of year, as restated	32,380	352,425	1,362	(1,988)	-	384,179
Total net position (deficit), end of year	$ 33,416	$ 363,003	$ 1,270	$ 7,712	$ -	$ 405,401

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City of Sacramento
Water Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	Water Revenue Bonds Fund	Eliminations	Total Water Fund
Cash flows from operating activities:						
Receipts from customers and users	$ -	$ 95,230	$ -	$ -	$ -	$ 95,230
Payments to suppliers	-	(17,494)	(201)	-	-	(17,695)
Payments to employees	-	(23,922)	(5)	-	-	(23,927)
Claims and judgements paid	-	(131)	-	-	-	(131)
Net cash provided by (used for) operating activities	-	53,683	(206)	-	-	53,477
Cash flows from noncapital financing activities:						
Transfers in from other funds	-	29	-	-	-	29
Transfers out to other funds	-	(10,671)	-	-	-	(10,671)
Intergovernmental revenue received	-	272	1,133	-	-	1,405
Net cash provided by (used for) noncapital financing activities	-	(10,370)	1,133	-	-	(9,237)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(228)	(4,413)	(31)	(44,235)	-	(48,907)
Proceeds from sale of capital assets	-	61	-	-	-	61
Principal payments on capital debt	-	(5,424)	-	-	-	(5,424)
Interest payments on capital debt	-	(7,656)	-	(9,730)	-	(17,386)
Transfers in from other funds	-	269	-	9,730	(9,730)	269
Transfers out to other funds	-	(9,768)	-	-	9,730	(38)
Capital contributions received	644	-	-	-	-	644
Loan repayments received	1,183	-	-	-	-	1,183
Net cash provided by (used for) capital and related financing activities	1,599	(26,931)	(31)	(44,235)	-	(69,598)
Cash flows from investing activities:						
Collection of interest and investment revenue	422	1,436	-	2,052	-	3,910
Net cash provided by (used for) investing activities	422	1,436	-	2,052	-	3,910
Net increase (decrease) in cash and cash equivalents	2,021	17,818	896	(42,183)	-	(21,448)
Cash and cash equivalents, beginning of year	21,456	53,231	(985)	245,381	-	319,083
Cash and cash equivalents, end of year	$ 23,477	$ 71,049	$ (89)	$ 203,198	$ -	$ 297,635
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Cash and investments held by City	$ -	$ 70,953	$ (89)	$ -	$ -	$ 70,864
Restricted cash and investments held by City	23,477	-	-	196,109	-	219,586
Restricted cash and investments held by fiscal agent	-	96	-	7,089	-	7,185
Total cash and cash equivalents, end of year	$ 23,477	$ 71,049	$ (89)	$ 203,198	$ -	$ 297,635

City of Sacramento
Water Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	Water Revenue Bonds Fund	Eliminations	Total Water Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	$ (16)	$ 34,587	$ (292)	$ (63)	$ -	$ 34,216
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation/amortization expense	16	16,783	89	63	-	16,951
Changes in assets and liabilities:						
Accounts receivable, net	-	605	-	-	-	605
Inventories	-	(230)	-	-	-	(230)
Accounts payable	-	600	(3)	-	-	597
Accrued payroll	-	50	-	-	-	50
Accrued compensated absences	-	(33)	-	-	-	(33)
OPEB liabilities	-	1,064	-	-	-	1,064
Accrued claims and judgements	-	14	-	-	-	14
Deposits	-	2	-	-	-	2
Unearned revenue	-	241	-	-	-	241
Net cash provided by (used for) operating activities	$ -	$ 53,683	$ (206)	$ -	$ -	$ 53,477

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	Water Revenue Bonds Fund	Eliminations	Total Water Fund
Noncash investing, capital and financing activities:						
Contributions of capital assets	$ -	$ 1,038	$ -	$ -	$ -	$ 1,038
Transfer of capital assets from governmental funds, net of depreciation	-	108	-	-	-	108
Capitalized interest	-	944	-	7,414	-	8,358
Amortization of bond premium and discount	-	942	-	1,111	-	2,053
Amortization of bond loss on refunding	-	(725)	-	-	-	(725)
Amortization of bond prepaid insurance	-	(51)	-	-	-	(51)
Capital asset acquisitions on accounts payable	501	1,333	-	12,215	-	14,049
Change in securities lending assets	-	604	-	-	-	604
Change in securities lending obligations	-	(604)	-	-	-	(604)
Intergovernmental receivable for capital contributions	-	-	219	-	-	219

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WASTEWATER FUND

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City of Sacramento
Wastewater Fund
Combining Schedule of Net Position
June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund	Total Wastewater Fund
ASSETS					
Current assets:					
Cash and investments held by City	$ -	$ 21,489	$ (50)	$ -	$ 21,439
Securities lending assets	-	93	-	-	93
Receivables, net:					
Accounts	-	11,182	-	-	11,182
Loans	-	125	-	-	125
Intergovernmental	-	-	74	-	74
Interest	-	170	-	-	170
Inventories	-	65	-	-	65
Total current assets	-	33,124	24	-	33,148
Noncurrent assets:					
Restricted assets:					
Cash and investments held by City	2,035	812	-	18,469	21,316
Cash and investments held by fiscal agent	-	-	-	994	994
Loans receivable	-	809	-	-	809
Capital assets:					
Land	-	1,138	-	-	1,138
Buildings and improvements	-	15,216	-	-	15,216
Machinery and equipment	-	4,733	-	-	4,733
Transmission and distribution systems	938	149,542	525	739	151,744
Construction in progress	69	799	308	12,810	13,986
Software	-	324	-	-	324
Less: accumulated depreciation/amortization	(5)	(64,042)	(3)	(6)	(64,056)
Total noncurrent assets	3,037	109,331	830	33,006	146,204
Total assets	3,037	142,455	854	33,006	179,352

City of Sacramento
Wastewater Fund
Combining Schedule of Net Position
June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund	Total Wastewater Fund
LIABILITIES					
Current liabilities:					
Securities lending obligations	-	173	-	-	173
Accounts payable	11	8,357	24	646	9,038
Accrued payroll	-	260	-	-	260
Accrued compensated absences	-	21	-	-	21
Interest payable	-	59	-	467	526
Accrued claims and judgements	-	62	-	-	62
Capital leases payable	-	142	-	-	142
Revenue and other bonds payable, net	-	-	-	57	57
Notes payable	-	736	-	-	736
Total current liabilities	11	9,810	24	1,170	11,015
Noncurrent liabilities:					
Accrued compensated absences	-	601	-	-	601
OPEB liability	-	2,562	-	-	2,562
Capital leases payable	-	296	-	-	296
Revenue and other bonds payable, net	-	-	-	32,420	32,420
Notes payable	-	4,578	-	-	4,578
Total noncurrent liabilities	-	8,037	-	32,420	40,457
Total liabilities	11	17,847	24	33,590	51,472
NET POSITION					
Net investment in capital assets	1,002	102,396	830	472	104,700
Restricted for:					
Capital projects	2,024	-	-	-	2,024
Unrestricted	-	22,212	-	(1,056)	21,156
Total net position (deficit)	$ 3,026	$ 124,608	$ 830	$ (584)	$ 127,880

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City of Sacramento
Wastewater Fund
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund	Total Wastewater Fund
Operating revenues:					
Charges for services:					
User fees and charges	$ -	$ 27,544	$ -	$ -	$ 27,544
Charge to other agencies for contract services	-	948	-	-	948
Miscellaneous	-	1	-	-	1
Total operating revenues	-	28,493	-	-	28,493
Operating expenses:					
Employee services	-	8,248	-	51	8,299
Services and supplies	-	12,897	1	51	12,949
Depreciation/amortization	5	4,202	3	6	4,216
Claims and judgements	-	74	-	-	74
Total operating expenses	5	25,421	4	108	25,538
Operating income (loss)	(5)	3,072	(4)	(108)	2,955
Nonoperating revenues (expenses):					
Interest and investment revenue	20	319	-	6	345
Interest expense	-	(135)	-	-	(135)
Total nonoperating revenues (expenses)	20	184	-	6	210
Income (loss) before contributions and transfers	15	3,256	(4)	(102)	3,165
Capital contributions	73	701	610	-	1,384
Transfers in	-	4	-	-	4
Transfers out	-	(3,056)	-	-	(3,056)
Change in net position	88	905	606	(102)	1,497
Total net position (deficit), beginning of year, as restated	2,938	123,703	224	(482)	126,383
Total net position (deficit), end of year	$ 3,026	$ 124,608	$ 830	$ (584)	$ 127,880

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City of Sacramento

Wastewater Fund

Combining Schedule of Cash Flows

For the Fiscal Year Ended June 30, 2014

(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund	Total Wastewater Fund
Cash flows from operating activities:					
Receipts from customers and users	$ -	$ 28,445	$ -	$ -	$ 28,445
Payments to suppliers	-	(12,321)	(1)	(51)	(12,373)
Payments to employees	-	(7,864)	-	(51)	(7,915)
Claims and judgements paid	-	(64)	-	-	(64)
Net cash provided by (used for) operating activities	-	8,196	(1)	(102)	8,093
Cash flows from noncapital financing activities:					
Transfers in from other funds	-	4	-	-	4
Transfers out to other funds	-	(3,005)	-	-	(3,005)
Net cash provided by (used for) noncapital financing activities	-	(3,001)	-	-	(3,001)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(796)	(1,358)	(585)	(11,352)	(14,091)
Principal payments on capital debt	-	(857)	-	-	(857)
Interest payments on capital debt	-	(156)	-	(951)	(1,107)
Transfers out to other funds	-	(51)	-	-	(51)
Capital contributions received	73	-	644	-	717
Loan repayments received	-	241	-	-	241
Net cash provided by (used for) capital and related financing activities	(723)	(2,181)	59	(12,303)	(15,148)
Cash flows from investing activities:					
Collection of interest and investment revenue	20	396	-	225	641
Net cash provided by (used for) investing activities	20	396	-	225	641
Net increase (decrease) in cash and cash equivalents	(703)	3,410	58	(12,180)	(9,415)
Cash and cash equivalents, beginning of year	2,738	18,891	(108)	31,643	53,164
Cash and cash equivalents, end of year	$ 2,035	$ 22,301	$ (50)	$ 19,463	$ 43,749
Reconciliation of cash and cash equivalents to the Statement of Net Position:					
Cash and investments held by City	$ -	$ 21,489	$ (50)	$ -	$ 21,439
Restricted cash and investments held by City	2,035	812	-	18,469	21,316
Restricted cash and investments held by fiscal agent	-	-	-	994	994
Total cash and cash equivalents, end of year	$ 2,035	$ 22,301	$ (50)	$ 19,463	$ 43,749

City of Sacramento
Wastewater Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund	Total Wastewater Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ (5)	$ 3,072	$ (4)	$ (108)	$ 2,955
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation/amortization expense	5	4,202	3	6	4,216
Changes in assets and liabilities:					
Accounts receivable, net	-	(48)	-	-	(48)
Inventories	-	18	-	-	18
Accounts payable	-	558	-	-	558
Accrued payroll	-	24	-	-	24
Accrued compensated absences	-	(14)	-	-	(14)
Accrued claims and judgements	-	10	-	-	10
OPEB liabilities	-	374	-	-	374
Net cash provided by (used for) operating activities	$ -	$ 8,196	$ (1)	$ (102)	$ 8,093
Noncash investing, capital and financing activities:					
Contributions of capital assets	$ -	$ 551	$ -	$ -	$ 551
Transfer of capital assets from governmental funds, net of depreciation	-	150	-	-	150
Capitalized interest	-	14	-	1,131	1,145
Amortization of bond premium and discount	-	-	-	57	57
Capital asset acquisitions on accounts payable	11	74	24	646	755
Change in securities lending assets	-	88	-	-	88
Change in securities lending obligations	-	(88)	-	-	(88)

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INTERNAL SERVICE FUNDS

Internal service funds are established to account for goods or services provided by one department within the City to other departments on a cost reimbursement basis. The following are internal service funds:

THE FLEET MANAGEMENT FUND is used to account for the operation, maintenance and replacement of the City's fleet of vehicles that serve the transportation and operating needs of all City departments and divisions.

THE RISK MANAGEMENT FUND is used to account for the City's self-funded general and automobile insurance program and workers' compensation insurance program.

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City of Sacramento
Internal Service Funds
Combining Statement of Net Position
June 30, 2014
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and investments held by City	$ 9,445	$ 84,628	$ 94,073
Cash and investments held by fiscal agent	-	184	184
Securities lending assets	-	169	169
Receivables, net:			
Accounts	234	51	285
Interest	-	289	289
Due from other funds	-	3,259	3,259
Prepaid items	155	1	156
Total current assets	9,834	88,581	98,415
Noncurrent assets:			
Advances to other funds	-	13,431	13,431
Capital assets:			
Buildings and improvements	7,159	-	7,159
Machinery and equipment	457	-	457
Vehicles	127,613	-	127,613
Software	256	-	256
Less: accumulated depreciation/amortization	(78,887)	-	(78,887)
Total noncurrent assets	56,598	13,431	70,029
Total assets	66,432	102,012	168,444
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding of debt	82	-	82
Total deferred outflows of resources	82	-	82

City of Sacramento
Internal Service Funds
Combining Statement of Net Position
June 30, 2014
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
LIABILITIES			
Current liabilities:			
Securities lending obligations	-	253	253
Accounts payable	4,055	482	4,537
Accrued payroll	216	119	335
Accrued compensated absences	56	22	78
Interest payable	7	-	7
Deposits	-	33	33
Unearned revenue	-	481	481
Accrued claims and judgements	62	14,090	14,152
Capital leases payable	24	-	24
Revenue and other bonds payable, net	356	-	356
Total current liabilities	4,776	15,480	20,256
Noncurrent liabilities:			
Accrued compensated absences	701	364	1,065
OPEB liability	2,709	403	3,112
Accrued claims and judgements	-	49,017	49,017
Capital leases payable	125	-	125
Revenue and other bonds payable, net	2,442	-	2,442
Total noncurrent liabilities	5,977	49,784	55,761
Total liabilities	10,753	65,264	76,017
NET POSITION			
Net investment in capital assets	53,651	-	53,651
Unrestricted	2,110	36,748	38,858
Total net position	$ 55,761	$ 36,748	$ 92,509

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City of Sacramento
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Operating revenues:			
Charges for services:			
User fees and charges	$ 38,337	$ 23,624	$ 61,961
Miscellaneous	36	-	36
Total operating revenues	38,373	23,624	61,997
Operating expenses:			
Employee services	7,042	3,590	10,632
Services and supplies	19,609	6,881	26,490
Depreciation/amortization	9,554	-	9,554
Insurance premiums	-	3,056	3,056
Claims and judgements	40	15,469	15,509
Total operating expenses	36,245	28,996	65,241
Operating income (loss)	2,128	(5,372)	(3,244)
Nonoperating revenues (expenses):			
Interest and investment revenue	39	1,186	1,225
Revenue from other agencies	228	-	228
Insurance and other claim recoveries	-	244	244
Interest expense	(74)	-	(74)
Gain (loss) on disposition of capital assets	6	-	6
Total nonoperating revenues (expenses)	199	1,430	1,629
Income (loss) before contributions and transfers	2,327	(3,942)	(1,615)
Transfers in	414	4	418
Transfers out	(359)	(14)	(373)
Change in net position	2,382	(3,952)	(1,570)
Total net position, beginning of year, as restated	53,379	40,700	94,079
Total net position, end of year	$ 55,761	$ 36,748	$ 92,509

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City of Sacramento
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from interfund services provided	$ 38,409	$ 87,160	$ 125,569
Payments to suppliers	(18,661)	(73,539)	(92,200)
Payments to employees	(6,649)	(3,545)	(10,194)
Claims and judgements paid	(35)	(12,212)	(12,247)
Net cash provided by (used for) operating activities	13,064	(2,136)	10,928
Cash flows from noncapital financing activities:			
Transfers in from other funds	-	4	4
Transfers out to other funds	(308)	(14)	(322)
Collections on interfund loans	-	10,106	10,106
Loans made to other funds	-	(3,009)	(3,009)
Intergovernmental revenue received	6	-	6
Claim and judgement recoveries	-	225	225
Net cash provided by (used for) noncapital financing activities	(302)	7,312	7,010
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(9,075)	-	(9,075)
Proceeds from sale of capital assets	569	-	569
Principal payments on capital debt	(345)	-	(345)
Interest payments on capital debt	(101)	-	(101)
Transfers in from other funds	363	-	363
Net cash used for capital and related financing activities	(8,589)	-	(8,589)
Cash flows from investing activities:			
Collection of interest and investment revenue	39	1,175	1,214
Net cash provided by investing activities	39	1,175	1,214
Net increase in cash and cash equivalents	4,212	6,351	10,563
Cash and cash equivalents, beginning of year	5,233	78,461	83,694
Cash and cash equivalents, end of year	$ 9,445	$ 84,812	$ 94,257
Reconciliation of cash and cash equivalents to the Statement of Net Position:			
Cash and investments held by City	$ 9,445	$ 84,628	$ 94,073
Cash and investments held by fiscal agent	-	184	184
Total cash and cash equivalents, end of year	$ 9,445	$ 84,812	$ 94,257

City of Sacramento
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ 2,128	$ (5,372)	$ (3,244)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation/amortization expense	9,554	-	9,554
Changes in assets and liabilities:			
Accounts receivable, net	36	-	36
Prepaid items	(37)	-	(37)
Accounts payable	985	(51)	934
Accrued payroll	25	4	29
Accrued compensated absences	(64)	(31)	(95)
Deposits	-	16	16
Unearned revenue	-	(31)	(31)
Accrued claims and judgements	5	3,257	3,262
OPEB liabilities	432	72	504
Net cash provided by (used for) operating activities	$ 13,064	$ (2,136)	$ 10,928
Noncash investing, capital and financing activities:			
Amortization of bond premium and discount	$ 18	$ -	$ 18
Amortization of bond loss on refunding	(10)	-	(10)
Write off gain on refunding	18	-	18
Capital asset acquisitions on accounts payable	1,165	-	1,165
Change in securities lending assets	-	163	163
Change in securities lending obligations	-	(163)	(163)
Change in accounts receivable related to claim and judgement recoveries	-	(1)	(1)

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INVESTMENT TRUST FUNDS

Investment trust funds account for assets and related liabilities of legally separate entities for which the City provides investment services.

Investment Pool is used to account for assets and liabilities held for external participants in the City Sponsored Investment Pool.

Individual Investment Accounts are used to account for assets and liabilities, held for entities external to the City, which are not invested in the City Sponsored Investment Pool.

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City of Sacramento

Investment Trust Funds
Combining Statement of Fiduciary Net Position

June 30, 2014
(in thousands)

	Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
ASSETS			
Cash and investments held by City	$ 54,778	$ 76,066	$ 130,844
Securities lending assets	93	19	112
Receivables, net:			
Interest	160	297	457
Total assets	55,031	76,382	131,413
LIABILITIES			
Securities lending obligations	103	330	433
NET POSITION			
Held in trust	$ 54,928	$ 76,052	$ 130,980

City of Sacramento
Investment Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Additions:			
From investment activities:			
Net appreciation in fair value of investments	$ 102	$ (39)	$ 63
Interest	613	1,014	1,627
Total investment earnings	715	975	1,690
Less investment expenses:			
Banking, interest, and fiscal agent expenses	132	-	132
Net income from investing activities	583	975	1,558
From securities lending activities:			
Net appreciation in fair value of investments	1	-	1
Net investment income	584	975	1,559
Deposits	49,952	4,618	54,570
Total additions	50,536	5,593	56,129
Deductions:			
Withdrawals	56,236	2,000	58,236
Change in net position	(5,700)	3,593	(2,107)
Net position, beginning of year, as restated	60,628	72,459	133,087
Net position, end of year	$ 54,928	$ 76,052	$ 130,980

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AGENCY FUNDS

Agency funds account for assets held for other organizations, governments or private individuals and includes:

THE ASSESSMENT DISTRICTS FUND is used to account for parcel assessments and debt service for bonds issued under the Improvement Bond Act of 1915.

THE COMMUNITY FACILITIES DISTRICTS FUND is used to account for special tax assessments, debt service payments and the payment of other costs related to Mello-Roos districts within the City.

City of Sacramento

Agency Funds

Combining Statement of Changes in Fiduciary Assets and Liabilities

For the Fiscal Year Ended June 30, 2014

(in thousands)

ASSESSMENT DISTRICTS FUND	Balance Beginning of Fiscal Year	Additions	Deletions	Balance End of Fiscal Year
ASSETS				
Cash and investments held by City	$ 3,173	$ 1,337	$ 2,306	$ 2,204
Cash and investments held by fiscal agent	2,406	2,728	4,090	1,044
Receivables, net:				
Accounts	47	7	47	7
Interest	24	-	24	-
Total assets	$ 5,650	$ 4,072	$ 6,467	$ 3,255
LIABILITIES				
Accounts payable	$ 2	$ 18	$ 20	$ -
Due to bondholders	5,648	1,364	3,757	3,255
Total liabilities	$ 5,650	$ 1,382	$ 3,777	$ 3,255

COMMUNITY FACILITIES DISTRICTS FUND	Balance Beginning of Fiscal Year	Additions	Deletions	Balance End of Fiscal Year
ASSETS				
Cash and investments held by City	$ 17,777	$ 12,125	$ 19,046	$ 10,856
Cash and investments held by fiscal agent	14,524	25,635	26,387	13,772
Receivables, net:				
Taxes	171	261	171	261
Interest	-	8	-	8
Total assets	$ 32,472	$ 38,029	$ 45,604	$ 24,897
LIABILITIES				
Accounts payable	$ -	$ 386	$ 119	$ 267
Due to bondholders	32,472	59,902	67,744	24,630
Total liabilities	$ 32,472	$ 60,288	$ 67,863	$ 24,897

TOTAL - ALL AGENCY FUNDS	Balance Beginning of Fiscal Year	Additions	Deletions	Balance End of Fiscal Year
ASSETS				
Cash and investments held by City	$ 20,950	$ 13,462	$ 21,352	$ 13,060
Cash and investments held by fiscal agent	16,930	28,363	30,477	14,816
Receivables, net:				
Taxes	171	261	171	261
Accounts	47	7	47	7
Interest	24	8	24	8
Total assets	$ 38,122	$ 42,101	$ 52,071	$ 28,152
LIABILITIES				
Accounts payable	$ 2	$ 404	$ 139	$ 267
Due to bondholders	38,120	61,266	71,501	27,885
Total liabilities	$ 38,122	$ 61,670	$ 71,640	$ 28,152

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COMPONENT UNIT

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City of Sacramento
Sacramento Regional Arts Facilities Financing Authority
Statement of Net Position
June 30, 2014
(in thousands)

ASSETS		
Current assets:		
Receivables, net:		
Loans	$	11,933
Interest		7
Prepaid items		106
Total current assets		12,046
Noncurrent assets:		
Restricted assets:		
Cash and investments held by fiscal agent		1,125
Total noncurrent assets		1,125
Total assets		13,171
LIABILITIES		
Current liabilities:		
Interest payable		155
Revenue and other bonds payable, net		435
Total current liabilities		590
Noncurrent liabilities:		
Revenue and other bonds payable, net		12,381
Total noncurrent liabilities		12,381
Total liabilities		12,971
NET POSITION		
Restricted for:		
Other programs		200
Total net position	$	200

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City of Sacramento
Sacramento Regional Arts Facilities Financing Authority
Statement of Revenues, Expenses and Changes in Net Position
June 30, 2014
(in thousands)

Nonoperating revenues (expenses):		
Interest and investment revenue	$	622
Interest expense		(633)
Total nonoperating revenues (expenses)		(11)
Change in net position		(11)
Total net position, beginning of year, restated		211
Total net position, end of year	$	200

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City of Sacramento
Sacramento Regional Arts Facilities Financing Authority
Statement of Cash Flows
June 30, 2014
(in thousands)

Cash flows from capital and related financing activities:		
Principal payments on capital debt	$	(425)
Interest payments on capital debt		(627)
Lease repayments received		1,052
Net cash provided by (used for) capital and related financing activities		-
Cash flows from investing activities:		
Collection of interest and investment revenue		15
Net cash provided by investing activities		15
Net increase (decrease) in cash and cash equivalents		15
Cash and cash equivalents, beginning of year		1,110
Cash and cash equivalents, end of year	$	1,125
Reconciliation of cash and cash equivalents to the Statement of Net Position:		
Cash and investments held by fiscal agent	$	1,125
Total cash and cash equivalents, end of year	$	1,125
Noncash investing, capital and financing activities:		
Amortization of prepaid bond insurance	$	(7)

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Statistical Section

Statistical Section

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends Information

These schedules contain trend information to help the reader understand how the City's financial performance and condition have changed over time.

Revenue Capacity Information

These schedules contain trend information to help the reader understand the City's most significant local revenue source, property taxes.

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Successor Agency Information

These schedules present revenue and debt capacity information related to the Successor Agency for the former Redevelopment Agency of the City of Sacramento. These schedules contain trend information to help the reader understand the Successor Agency's primary revenue source, property tax distributions from the county redevelopment property tax trust fund, and affordability of the Successor Agency's current level of outstanding debt.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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City of Sacramento
Net Position by Component (1) (2) (3) (4) (5) (6) (7)
Last Ten Fiscal Years
(accrual basis accounting, in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental activities					
Net investment in capital assets	$ 1,083,420	$ 1,018,170	$ 1,161,730	$ 1,165,658	$ 1,249,993
Restricted for:					
Capital projects	52,773	149,982	155,596	239,377	221,594
Debt service	9,882	797	509	531	544
Public works programs	-	-	-	-	-
Economic development programs	-	-	-	-	-
Other programs	24,801	28,634	31,649	30,996	30,836
Housing and redevelopment	274,130	-	-	-	-
Trust and endowments:					
Expendable	1,927	5,368	6,513	6,159	4,442
Nonexpendable	2,920	1,927	1,927	1,934	1,934
Unrestricted	(71,536)	155,072	145,750	124,408	84,092
Total governmental activities net position	$ 1,378,317	$ 1,359,950	$ 1,503,674	$ 1,569,063	$ 1,593,435
Business-type activities					
Net investment in capital assets	$ 839,889	$ 623,208	$ 634,966	$ 656,951	$ 687,417
Restricted for:					
Capital projects	-	425	425	-	16,866
Housing and redevelopment	1,776	-	-	-	-
Other programs	1,038	-	-	-	-
Unrestricted	93,751	115,223	119,050	119,975	92,458
Total business-type activities net position	$ 936,454	$ 738,856	$ 754,441	$ 776,926	$ 796,741
Primary government					
Net investment in capital assets	$ 1,923,309	$ 1,641,378	$ 1,796,696	$ 1,822,609	$ 1,937,410
Restricted for:					
Capital projects	52,773	150,407	156,021	239,377	238,460
Debt service	9,882	797	509	531	544
Public works programs	-	-	-	-	-
Economic development programs	-	-	-	-	-
Other programs	25,839	28,634	31,649	30,996	30,836
Housing and redevelopment	275,906	-	-	-	-
Trust and endowments:					
Expendable	1,927	5,368	6,513	6,159	4,442
Nonexpendable	2,920	1,927	1,927	1,934	1,934
Unrestricted	22,215	270,295	264,800	244,383	176,550
Total primary government net position	$ 2,314,771	$ 2,098,806	$ 2,258,115	$ 2,345,989	$ 2,390,176

Notes: (1) The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.
(2) The fiscal year 2006 beginning net position has been restated by $339 Million.
(3) The fiscal year 2008 amounts for governmental activities net assets invested in capital assets, net of related debt, and restricted net assets have been reclassified.
(4) The City of Sacramento implemented GASB 63 for the period ended June 30, 2011. "Net Position" prior to the implementation was reported as "Net Assets".
(5) The fiscal year 2013 net position restricted for economic development includes the remaining Sheraton proceeds restricted by the Master Owner Participation Agreement with Taylor/CIM Redevelopment Company, LLC.
(6) Net position for governmental activities for all fiscal years prior to 2014 have been restated to remove the Cal EPA building and land.
(7) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Net Position by Component (1) (2) (3) (4) (5) (6) (7)
Last Ten Fiscal Years
(accrual basis accounting, in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets	$ 1,286,576	$ 1,328,932	$ 1,367,540	$ 1,369,377	$ 1,393,447
Restricted for:					
Capital projects	186,619	156,157	149,904	131,822	116,271
Debt service	494	1,105	1,101	641	652
Public works programs	-	21,484	18,103	16,756	16,462
Economic development programs	-	-	-	23,979	22,493
Other programs	32,443	23,544	23,274	21,087	22,315
Housing and redevelopment	-	-	-	-	-
Trust and endowments					
Expendable	4,690	5,659	6,870	7,225	7,928
Nonexpendable	1,934	1,934	878	878	878
Unrestricted	76,953	16,107	6,128	1,837	30,170
Total governmental activities net position	$ 1,589,709	$ 1,554,922	$ 1,573,798	$ 1,573,602	$ 1,610,616
Business-type activities					
Net investment in capital assets	$ 691,197	$ 701,157	$ 705,527	$ 720,039	$ 733,980
Restricted for:					
Capital projects	25,781	30,184	33,209	33,168	33,255
Housing and redevelopment	-	-	-	-	-
Other programs	-	-	530	349	1,215
Unrestricted	106,148	113,804	123,265	140,385	177,814
Total business-type activities net assets	$ 823,126	$ 845,145	$ 862,531	$ 893,941	$ 946,264
Primary government					
Net investment in capital assets	$ 1,977,773	$ 2,030,089	$ 2,073,067	$ 2,089,416	$ 2,127,427
Restricted for:					
Capital projects	212,400	186,341	183,113	164,990	149,526
Debt service	494	1,105	1,101	641	652
Public works programs	-	21,484	18,103	16,756	16,462
Economic development programs	-	-	-	23,979	22,493
Other programs	32,443	23,544	23,804	21,436	23,530
Housing and redevelopment	-	-	-	-	-
Trust and endowments					
Expendable	4,690	5,659	6,870	7,225	7,928
Nonexpendable	1,934	1,934	878	878	878
Unrestricted	183,101	129,911	129,393	142,222	207,984
Total primary government net position	$ 2,412,835	$ 2,400,067	$ 2,436,329	$ 2,467,543	$ 2,556,880

Notes:
(1) The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.
(2) The fiscal year 2006 beginning net position has been restated by $339 Million.
(3) The fiscal year 2008 amounts for governmental activities net assets invested in capital assets, net of related debt, and restricted net assets have been reclassified.
(4) The City of Sacramento implemented GASB 63 for the period ended June 30, 2011. "Net Position" prior to the implementation was reported as "Net Assets".
(5) The fiscal year 2013 net position restricted for economic development includes the remaining Sheraton proceeds restricted by the Master Owner Participation Agreement with Taylor/CIM Redevelopment Company, LLC.
(6) Net position for governmental activities for all fiscal years prior to 2014 have been restated to remove the Cal EPA building and land.
(7) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position (1) (2) (3) (4)
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses (3)					
Governmental Activities					
General government	$ 28,759	$ 38,804	$ 41,536	$ 49,841	$ 45,956
Police	124,204	134,213	148,586	159,207	153,874
Fire	74,606	87,844	97,044	104,149	107,119
Public works	-	-	-	-	-
General services	18,437	15,788	14,437	24,462	25,067
Transportation	71,871	88,749	89,063	89,016	95,238
Economic development	-	8,212	8,538	10,048	10,055
Convention, culture & leisure	6,824	17,825	19,602	21,518	18,573
Parks and recreation	44,534	49,341	55,661	60,930	54,209
Code enforcement	-	7,184	9,946	10,154	10,882
Community development	-	-	-	-	-
Neighborhood services	7,880	2,560	2,505	1,667	1,370
Planning and development	-	-	-	-	-
Development services	67,852	36,739	27,851	30,247	24,063
Planning	-	-	8,158	6,830	2,973
Housing and redevelopment	64,018	-	-	-	-
Library	8,505	9,147	9,433	9,935	13,976
Nondepartmental	36,492	-	-	-	-
Interest on long-term debt	31,752	22,693	31,067	31,157	29,284
Total governmental activities expenses	585,734	519,099	563,427	609,161	592,639
Business type activities					
Water	51,950	55,896	58,890	63,364	66,757
Wastewater	13,447	14,685	17,171	18,330	20,498
Storm drainage	34,988	34,544	36,473	38,570	38,483
Solid waste	39,260	40,329	45,050	48,735	67,911
Community center	19,066	19,333	19,704	20,507	20,342
Child development	5,092	5,666	5,868	6,604	7,617
Marina	1,684	1,437	1,384	1,257	1,045
Parking	14,115	14,056	16,375	17,154	16,009
Advanced life support	-	-	-	-	-
Golf	6,719	-	-	-	-
Housing and redevelopment	135,282	-	-	-	-
Total business-type activities	321,603	185,946	200,915	214,521	238,662
Total primary government expenses	$ 907,337	$ 705,045	$ 764,342	$ 823,682	$ 831,301

Notes: (1) The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.
(2) The City of Sacramento implemented GASB 63 for the period ended June 30, 2011. "Net Position" prior to the implementation was reported as "Net Assets".
(3) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.
(4) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position (1) (2) (3) (4)
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year 2010	2011	2012	2013	2014
Expenses (3)					
Governmental Activities					
General government	$ 44,278	$ 42,238	$ 40,846	$ 36,681	$ 41,190
Police	152,922	159,908	153,392	157,432	157,248
Fire	109,210	111,174	116,418	117,451	125,461
Public works	-	-	-	126,636	103,632
General services	26,110	22,614	23,083	15,343	13,807
Transportation	89,358	97,350	98,384	-	-
Economic development	9,815	10,467	9,704	10,468	17,080
Convention, culture & leisure	18,064	21,348	19,857	19,537	17,916
Parks and recreation	51,984	56,162	45,448	48,457	52,336
Code enforcement	10,984	-	-	-	-
Community development	18,848	25,821	24,286	29,253	26,484
Neighborhood services	1,105	-	-	-	-
Planning and development	-	-	-	-	-
Development services	-	-	-	-	-
Planning	-	-	-	-	-
Housing and redevelopment	-	-	-	-	-
Library	16,827	14,635	13,301	13,753	13,720
Nondepartmental	-	-	-	-	-
Interest on long-term debt	29,658	24,903	23,583	22,420	22,178
Total governmental activities expenses	579,163	586,620	568,302	597,431	591,052
Business type activities					
Water	60,902	63,073	67,335	68,643	66,627
Wastewater	17,389	18,990	20,491	22,776	25,673
Storm drainage	37,040	37,815	37,692	36,755	36,664
Solid waste	47,076	48,203	53,205	49,794	49,014
Community center	19,563	18,530	18,125	17,251	17,204
Child development	6,797	6,274	5,885	6,116	6,297
Marina	1,625	2,662	2,008	-	-
Parking	16,390	15,786	15,732	15,358	15,238
Advanced life support	-	-	-	-	-
Golf	-	-	-	-	-
Housing and redevelopment	-	-	-	-	-
Total business-type activities	206,782	211,333	220,473	216,693	216,717
Total primary government expenses	$ 785,945	$ 797,953	$ 788,775	$ 814,124	$ 807,769

Notes: (1) The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.

(2) The City of Sacramento implemented GASB 63 for the period ended June 30, 2011. "Net Position" prior to the implementation was reported as "Net Assets".

(3) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

(4) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position (1) (2) (3) (4)
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
Program Revenues					
Governmental activities					
Charge for services					
General government	$ 4,768	$ 4,902	$ 5,333	$ 5,233	$ 5,290
Police	3,456	3,986	3,959	4,203	4,819
Fire	16,854	18,721	17,579	17,936	24,448
Public works	-	-	-	-	-
General services	7,600	9,636	10,327	10,471	10,878
Transportation	12,097	15,058	14,261	19,574	26,391
Economic development	-	5,235	5,905	8,143	8,345
Convention, culture & leisure	1,970	8,995	9,759	9,425	11,026
Parks and recreation	4,794	15,907	17,142	13,343	10,187
Code enforcement	-	1	2,417	3,800	7,932
Community development	-	-	-	-	-
Neighborhood services	2,714	2,969	1,085	123	195
Planning and development	-	-	-	-	-
Development services	43,941	27,834	25,261	19,867	16,115
Planning	-	-	4	114	108
Housing and redevelopment	1,311	-	-	-	-
Library	-	-	-	-	-
Nondepartmental	494	-	-	-	-
Total charge for services	99,999	113,244	113,032	112,232	125,734
Operating grants and contributions	77,052	59,348	52,805	51,845	53,206
Capital grants and contributions	147,034	122,010	189,710	141,919	119,689
Total governmental activities program revenues	324,085	294,602	355,547	305,996	298,629
Business - type activities					
Charge for services					
Water	49,009	53,480	58,363	65,411	62,619
Wastewater	16,332	17,285	18,609	20,704	19,775
Storm drainage	31,336	31,400	31,981	33,289	32,747
Solid waste	42,241	42,984	46,351	52,434	55,949
Community center	6,391	6,743	7,348	7,556	7,651
Child development	4,766	5,086	5,377	5,587	5,640
Marina	1,745	1,889	1,827	1,378	1,748
Parking	16,422	17,342	18,706	19,626	18,661
Advanced life support	-	-	-	-	-
Golf	6,408	-	-	-	-
Housing and redevelopment	13,720	-	-	-	-
Total charge for services	188,370	176,209	188,562	205,985	204,790
Operating grants and contributions	112,326	1,230	1,422	1,824	2,343
Capital grants and contributions	35,318	31,638	14,728	11,661	38,094
Total business - type activities program revenues	336,014	209,077	204,712	219,470	245,227
Total primary government program revenues	$ 660,099	$ 503,679	$ 560,259	$ 525,466	$ 543,856
Net (Expense) Revenue					
Governmental activities	$ (261,649)	$ (224,497)	$ (207,880)	$ (303,165)	$ (294,010)
Business - type activities	14,411	23,131	3,797	4,949	6,565
Total primary government net expenses	$ (247,238)	$ (201,366)	$ (204,083)	$ (298,216)	$ (287,445)

Notes: (1) The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.
(2) The City of Sacramento implemented GASB 63 for the period ended June 30, 2011. "Net Position" prior to the implementation was reported as "Net Assets".
(3) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.
(4) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position (1) (2) (3) (4)
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year 2010	2011	2012	2013	2014
Program Revenues					
Governmental activities					
Charge for services					
General government	$ 6,614	$ 5,827	$ 5,608	$ 6,924	$ 7,270
Police	4,098	10,316	9,714	9,693	10,804
Fire	22,711	21,998	21,643	24,288	26,155
Public works	-	-	-	28,321	30,337
General services	9,964	10,442	10,965	3,175	1,756
Transportation	28,857	28,614	28,309	-	-
Economic development	8,497	9,136	8,800	8,685	8,205
Convention, culture & leisure	9,689	9,364	7,985	8,817	9,311
Parks and recreation	10,122	10,039	11,579	10,604	13,359
Code enforcement	5,627	-	-	-	-
Community development	8,752	15,409	15,459	15,423	17,141
Neighborhood services	166	-	-	-	-
Planning and development	-	-	-	-	-
Development services	-	-	-	-	-
Planning	-	-	-	-	-
Housing and redevelopment	-	-	-	-	-
Library	-	-	-	33	59
Nondepartmental	-	-	-	-	-
Total charge for services	115,097	121,145	120,062	115,963	124,397
Operating grants and contributions	59,179	51,289	54,287	81,822	47,430
Capital grants and contributions	90,888	69,234	112,247	69,323	89,539
Total governmental activities program revenues	265,164	241,668	286,596	267,108	261,366
Business - type activities					
Charge for services					
Water	70,463	79,315	79,809	88,754	94,382
Wastewater	20,284	21,360	21,513	25,134	28,493
Storm drainage	34,082	34,160	34,545	35,682	38,049
Solid waste	58,901	62,906	64,055	60,295	58,561
Community center	7,020	6,780	7,521	7,130	7,718
Child development	5,473	5,309	5,232	5,426	5,632
Marina	1,782	1,464	1,359	-	-
Parking	18,784	18,660	18,769	18,823	18,643
Advanced life support	-	-	-	-	-
Golf	-	-	-	-	-
Housing and redevelopment	-	-	-	-	-
Total charge for services	216,789	229,954	232,803	241,244	251,478
Operating grants and contributions	2,381	2,358	3,744	1,095	1,963
Capital grants and contributions	14,148	10,417	5,289	7,480	4,403
Total business - type activities program revenues	233,318	242,729	241,836	249,819	257,844
Total primary government program revenues	$ 498,482	$ 484,397	$ 528,432	$ 516,927	$ 519,210
Net (Expense) Revenue					
Governmental activities	$ (313,999)	$ (344,952)	$ (281,706)	$ (330,323)	$ (329,686)
Business - type activities	26,536	31,396	21,363	33,126	41,127
Total primary government net expenses	$ (287,463)	$ (313,556)	$ (260,343)	$ (297,197)	$ (288,559)

Notes: (1) The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.

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(3) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

(4) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position (1) (2) (3) (4)
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	$ 70,456	$ 112,234	$ 127,454	$ 137,782	$ 135,806
Redevelopment tax increment	40,676	-	-	-	-
Utility user taxes	53,893	56,243	55,619	57,561	57,775
Other taxes	30,668	32,002	28,379	23,865	20,358
Sales taxes shared state revenue	55,342	59,118	55,846	54,821	48,905
In-lieu sales tax	15,284	13,956	18,197	16,344	15,745
In-lieu motor vehicle tax	26,393	-	-	-	-
Grants and other intergovernmental revenue not restricted to specific programs	-	-	-	-	4,224
Investment earnings	24,751	21,741	39,867	34,343	14,896
Miscellaneous	10,267	7,516	12,544	12,142	10,368
Contributions to permanent fund	-	1	1	7	-
Gain (loss) on disposition of capital assets	3,437	-	-	-	2,912
Special items, net	-	-	-	18,791	(929)
Transfers	(9,800)	8,159	13,698	12,898	8,348
Total Governmental activities	321,367	310,970	351,605	368,554	318,408
Business-type activities					
Taxes:					
Other taxes	14,398	15,419	17,258	17,538	15,852
Investment earnings	4,342	5,231	8,227	6,898	5,746
Miscellaneous	1,015	3	1	353	-
Gain (loss) on disposition of capital assets	6,891	722	-	5,645	-
Special items, net	-	-	-	-	-
Transfers	9,800	(8,159)	(13,698)	(12,898)	(8,348)
Total business-type activities	36,446	13,216	11,788	17,536	13,250
Total primary government	$ 357,813	$ 324,186	$ 363,393	$ 386,090	$ 331,658
Change in Net Position					
Governmental activities	$ 59,718	$ 86,473	$ 143,725	$ 65,389	$ 24,398
Business-type activities	50,857	36,347	15,585	22,485	19,815
Total primary government	$ 110,575	$ 122,820	$ 159,310	$ 87,874	$ 44,213

Notes: (1) The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.

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(3) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

(4) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position (1) (2) (3) (4)
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	$ 123,681	$ 118,801	$ 114,874	$ 114,451	$ 122,477
Redevelopment tax increment	-	-	-	-	-
Utility user taxes	58,693	58,907	58,787	59,066	59,613
Other taxes	18,591	18,327	17,403	27,943	61,584
Sales taxes shared state revenue	46,769	47,680	50,683	52,300	56,575
In-lieu sales tax	14,332	14,548	14,081	16,113	16,823
In-lieu motor vehicle tax	-	-	-	-	-
Grants and other intergovernmental revenue not restricted to specific programs	4,591	2,610	-	-	-
Investment earnings	11,508	6,260	10,953	10,101	10,136
Miscellaneous	12,743	12,464	11,005	9,749	8,853
Contributions to permanent fund	-	4	1	1	1
Gain (loss) on disposition of capital assets	-	2,336	-	-	4,567
Special items, net	-	-	-	26,208	(2,500)
Transfers	19,365	28,229	22,722	19,002	28,571
Total Governmental activities	310,273	310,166	300,509	334,934	366,700
Business-type activities					
Taxes:					
Other taxes	14,233	15,403	15,781	16,555	17,943
Investment earnings	4,964	3,449	2,957	1,299	3,294
Miscellaneous	-	-	-	-	3
Gain (loss) on disposition of capital assets	17	-	7	-	-
Special items, net	-	-	-	-	18,527
Transfers	(19,365)	(28,229)	(22,722)	(19,002)	(28,571)
Total business-type activities	(151)	(9,377)	(3,977)	(1,148)	11,196
Total primary government	$ 310,122	$ 300,789	$ 296,532	$ 333,786	$ 377,896
Change in Net Position					
Governmental activities	$ (3,726)	$ (34,786)	$ 18,803	$ 4,611	$ 37,014
Business-type activities	26,385	22,019	17,386	31,978	52,323
Total primary government	$ 22,659	$ (12,767)	$ 36,189	$ 36,589	$ 89,337

Notes: (1) The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.

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(3) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

(4) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19.

Source: City of Sacramento Comprehensive Annual Financial Reports

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City of Sacramento
Fund Balances, Governmental Funds (1) (2) (3)
Last Ten Fiscal Years
(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2005	**2006**	**2007**	**2008**	**2009**
General Fund					
Reserved for:					
Noncurrent assets	$ 1,305	$ 1,074	$ 987	$ 1,604	$ 969
Encumbrances	10,790	14,089	17,070	8,947	5,189
Inventories and prepaids	-	-	-	449	316
Unreserved	141,331	133,573	113,421	87,962	65,614
Nonspendable:					
Prepaid items	-	-	-	-	-
Noncurrent assets	-	-	-	-	-
Restricted:					
Capital projects	-	-	-	-	-
Other programs	-	-	-	-	-
Committed:					
Economic uncertainty	-	-	-	-	-
Capital projects	-	-	-	-	-
Community center theater renovation	-	-	-	-	-
OPEB trust fund	-	-	-	-	-
Homeless programs	-	-	-	-	-
Other programs	-	-	-	-	-
Assigned:					
Unrealized investment gains	-	-	-	-	-
Next year's budget	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	$ 153,426	$ 148,736	$ 131,478	$ 98,962	$ 72,088
All Other Governmental Funds					
Reserved for:					
Noncurrent assets	$ 70,511	$ 993	$ 935	$ 875	$ 746
Encumbrances	67,585	32,087	33,855	113,669	78,390
Debt service	24,721	23,138	22,568	22,634	20,517
Inventories and prepaids	-	-	-	1,344	35
Housing/redevelopment	106,624	-	-	-	-
Trust obligations	1,927	1,927	1,927	1,934	1,934
Capital projects	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	75,224	80,115	34,125	79,289	73,626
Capital projects funds	58,302	192,768	276,582	131,595	104,824
Debt service funds	13,959	7,615	7,651	9,200	9,868
Permanent funds	2,920	3,131	3,855	3,700	2,567
Nonspendable:					
Prepaid items	-	-	-	-	-
Noncurrent assets	-	-	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted:					
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Public works programs	-	-	-	-	-
Economic development programs	-	-	-	-	-
Other programs	-	-	-	-	-
Committed:					
Capital projects	-	-	-	-	-
Grant retention	-	-	-	-	-
Debt service	-	-	-	-	-
Economic development programs	-	-	-	-	-
Other programs	-	-	-	-	-
Assigned:				-	
Debt service	-	-	-	-	-
Unrealized investment gains	-	-	-	-	-
Other programs	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	$ 421,773	$ 341,774	$ 381,498	$ 364,240	$ 292,507

Notes: (1) The Sacramento Housing and Redevelopment Agency, reported as a blended component until fiscal year 2005, has been eliminated from the City's subsequent financial statements.
(2) The City of Sacramento implemented GASB 54 for the period ended June 30, 2011. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.
(3) FY13 amounts have been restated for the effects of Marina fund reclassification to a governmental activity.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Fund Balances, Governmental Funds (1) (2) (3)
Last Ten Fiscal Years
(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund					
Reserved for:					
Noncurrent assets	$ 514	$ -	$ -	$ -	$ -
Encumbrances	6,301	-	-	-	-
Inventories and prepaids	304	-	-	-	-
Unreserved	47,988	-	-	-	-
Nonspendable:					
Prepaid items	-	63	23	24	66
Noncurrent assets	-	245	71	48	-
Restricted:					
Capital projects	-	-	-	-	3,401
Other programs	-	86	64	40	21
Committed:					
Economic uncertainty	-	14,340	20,263	27,765	33,714
Capital projects	-	19,612	21,542	21,789	21,728
Community center theater renovation	-	-	-	8,500	8,500
OPEB trust fund	-	-	-	2,000	-
Homeless programs	-	-	-	-	1,000
Other programs	-	12,468	9,349	9,347	12,909
Assigned:					
Unrealized investment gains	-	972	402	-	173
Next year's budget	-	5,138	9,354	10,446	-
Unassigned	-	-	-	-	17,395
Total general fund	$ 55,107	$ 52,924	$ 61,068	$ 79,959	$ 98,907
All Other Governmental Funds					
Reserved for:					
Noncurrent assets	$ 1,149	$ -	$ -	$ -	$ -
Encumbrances	30,000	-	-	-	-
Debt service	20,269	-	-	-	-
Inventories and prepaids	35	-	-	-	-
Housing/redevelopment	-	-	-	-	-
Trust obligations	1,934	-	-	-	-
Capital projects	2,210	-	-	-	-
Unreserved, reported in:					
Special revenue funds	93,583	-	-	-	-
Capital projects funds	100,308	-	-	-	-
Debt service funds	10,047	-	-	-	-
Permanent funds	2,798	-	-	-	-
Nonspendable:					
Prepaid items	-	30	29	44	24
Noncurrent assets	-	1,577	605	530	451
Permanent fund principal	-	1,934	878	878	878
Restricted:					
Capital projects	-	161,365	150,475	135,069	126,262
Debt service	-	20,870	18,230	17,472	17,548
Public works programs	-	-	-	13,781	11,830
Economic development programs	-	-	-	23,970	22,484
Other programs	-	50,264	50,026	31,115	29,924
Committed:					
Capital projects	-	606	469	3,666	4,024
Grant retention	-	-	-	-	4,049
Debt service	-	2,278	2,278	2,278	6,583
Economic development programs	-	-	-	-	5,125
Other programs	-	646	2,096	6,266	25,486
Assigned:					
Debt service	-	2,878	2,068	1,805	973
Unrealized investment gains	-	120	42	100	47
Other programs	-	2,281	4,093	3,758	4,047
Unassigned	-	(31,287)	(48,094)	(29,711)	(22,121)
Total all other governmental funds	$ 262,333	$ 213,562	$ 183,195	$ 211,021	$ 237,614

Notes: (1) The Sacramento Housing and Redevelopment Agency, reported as a blended component until fiscal year 2005, has been eliminated from the City's subsequent financial statements.
(2) The City of Sacramento implemented GASB 54 for the period ended June 30, 2011. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.
(3) FY13 amounts have been restated for the effects of Marina fund reclassification to a governmental activity.

Source: City of Sacramento Comprehensive Annual Financial Reports

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City of Sacramento
Changes in Fund Balances, Governmental Funds (1) (2)
Last Ten Fiscal Years

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Taxes	$ 269,695	$ 273,010	$ 287,254	$ 286,498	$ 277,370
Intergovernmental	167,448	134,905	148,521	137,341	161,418
Charges for services	58,836	64,063	64,902	63,285	70,403
Fines, forfeits and penalties	7,804	8,065	8,285	9,916	12,213
Interest, rents, and concessions	17,278	18,195	34,398	28,430	15,414
Community service fees	40,315	64,360	40,386	16,831	13,297
Assessment levies	18,443	19,374	21,424	25,894	33,204
Contributions from property owners	46,343	3,942	44,099	31,753	8,132
Donations	63	94	-	-	-
Miscellaneous	3,670	1,463	395	296	212
Total revenues	629,895	587,471	649,664	600,244	591,663
Expenditures					
General Government	25,886	30,456	31,172	33,778	31,938
Police	121,548	137,391	149,159	148,392	145,148
Fire	73,360	87,648	91,965	94,284	99,613
General Services	16,325	14,925	14,348	23,198	23,396
Transportation	22,038	34,691	37,598	30,235	32,902
Neighborhood Services	7,880	1,917	1,815	1,547	1,363
Convention, Culture & Leisure	4,847	13,060	15,074	16,080	15,116
Economic Development	-	5,461	5,882	8,035	9,472
Parks and Recreation	38,898	43,477	47,884	53,499	45,845
Code enforcement	-	7,184	9,713	9,595	10,605
Community Development	-	-	-	-	-
Library	7,997	8,587	8,868	9,366	13,406
Utilities	219	109	109	83	67
Nondepartmental	32,284	24,811	18,526	27,373	26,028
Citywide and community support	-	-	-	-	-
Public Works	-	-	-	-	-
Development Services	66,785	35,802	32,600	28,261	21,881
Planning	-	-	8,079	5,626	2,709
Housing and Redevelopment	58,399	-	-	-	-
Planning and Building	-	-	-	-	-
Capital Outlay					
City	127,157	95,683	193,954	153,507	180,125
SHRA	10,229	-	-	-	-
Subtotal - capital outlay	137,386	95,683	193,954	153,507	180,125
Debt Service					
City					
Principal	21,260	21,213	17,253	19,529	45,789
Interest and fiscal charges	19,415	21,973	30,216	30,689	30,468
Bond issuance costs	-	2,600	1,519	607	-
Advance refunding escrow	-	1,154	213	-	-
SHRA					
Principal	12,978	-	-	-	-
Interest and fiscal charges	16,382	-	-	-	-
Subtotal - debt service	70,035	46,940	49,201	50,825	76,257
Total Expenditures	683,887	588,142	715,947	693,684	735,871
Excess (deficiency) of revenues over (under) expenditures	(53,992)	(671)	(66,283)	(93,440)	(144,208)
Other Financing Sources (uses)					
Transfers in	57,544	52,864	56,203	58,989	65,076
Transfers out	(53,208)	(38,609)	(37,441)	(39,780)	(33,695)
Issuance of long-term debt	14,983	212,339	147,281	5,666	10,981
Premium on long term debt	-	7,447	14,857	-	-
Proceeds from sale of property	5,286	-	-	-	2,992
Proceeds of long-term capital-related debt	-	-	-	-	-
Payments to participating governments	-	(25,500)	-	-	-
Payments to refunded bond escrow	-	(63,560)	(92,151)	-	-
Discount on long-term debt	-	-	-	-	-
Total other financing sources (uses)	24,605	144,981	88,749	24,875	45,354
Special items, net	-	-	-	18,791	(929)
Net change in fund balances	$ (29,387)	$ 144,310	$ 22,466	$ (49,774)	$ (99,783)
Debt services as a percentage of noncapital expenditures	12.82%	9.53%	9.43%	9.41%	13.72%

Note: (1) The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.
(2) FY13 amounts have been restated for the effects of Marina fund reclassification to a governmental activity.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Fund Balances, Governmental Funds (1) (2)
Last Ten Fiscal Years

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues					
Taxes	$ 260,749	$ 254,705	$ 256,564	$ 265,605	$ 320,832
Intergovernmental	174,214	125,758	154,937	154,556	105,172
Charges for services	62,962	67,831	62,760	66,369	71,889
Fines, forfeits and penalties	12,118	11,093	11,891	9,892	11,221
Interest, rents, and concessions	10,928	9,627	15,494	13,909	14,417
Community service fees	7,875	3,647	3,058	7,136	4,693
Assessment levies	31,970	33,482	35,294	37,621	38,668
Contributions from property owners	7,972	9,440	6,170	14,269	43,018
Donations	-	-	-	-	-
Miscellaneous	196	411	2,090	3,441	570
Total revenues	568,984	515,994	548,258	572,798	610,480
Expenditures					
General Government	27,471	26,049	24,610	22,712	26,170
Police	147,059	144,081	142,204	138,779	138,653
Fire	102,430	97,573	98,749	99,630	107,538
General Services	21,025	19,353	19,388	10,306	9,564
Transportation	31,023	29,708	33,183	-	-
Neighborhood Services	1,007	-	-	-	-
Convention, Culture & Leisure	13,196	13,291	10,670	9,804	10,481
Economic Development	9,136	9,819	9,396	10,221	12,418
Parks and Recreation	40,312	36,650	30,393	32,257	35,632
Code enforcement	10,279	-	-	-	-
Community Development	15,873	23,307	21,819	23,568	23,902
Library	12,366	12,398	11,739	12,362	12,482
Utilities	67	137	97	979	607
Nondepartmental	26,818	33,407	32,269	-	-
Citywide and community support	-	-	-	33,105	36,965
Public Works	-	-	-	34,995	34,706
Development Services	-	-	-	-	-
Planning	-	-	-	-	-
Housing and Redevelopment	-	-	-	-	-
Planning and Building	-	-	-	-	-
Capital Outlay					
City	156,146	91,902	118,259	116,705	106,840
SHRA	-	-	-	-	-
Subtotal - capital outlay	156,146	91,902	118,259	116,705	106,840
Debt Service					
City					
Principal	18,577	44,189	21,595	19,470	26,218
Interest and fiscal charges	29,697	25,209	24,028	22,949	22,772
Bond issuance costs	-	-	-	-	-
Advance refunding escrow	-	-	-	-	-
SHRA					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Subtotal - debt service	48,274	69,398	45,623	42,419	48,990
Total Expenditures	662,482	607,073	598,399	587,842	604,948
Excess (deficiency) of revenues over (under) expenditures	(93,498)	(91,079)	(50,141)	(15,044)	5,532
Other Financing Sources (uses)					
Transfers in	53,621	58,006	55,435	55,166	63,584
Transfers out	(30,241)	(27,025)	(27,590)	(27,450)	(34,527)
Issuance of long-term debt	22,963	6,808	73	-	6,050
Premium on long term debt	-	-	-	-	-
Proceeds from sale of property	-	2,336	-	-	4,902
Proceeds of long-term capital-related debt	-	-	-	2,837	-
Payments to participating governments	-	-	-	-	-
Payments to refunded bond escrow	-	-	-	-	-
Discount on long-term debt	-	-	-	-	-
Total other financing sources (uses)	46,343	40,125	27,918	30,553	40,009
Special items, net	-	-	-	31,208	-
Net change in fund balances	$ (47,155)	$ (50,954)	$ (22,223)	$ 46,717	$ 45,541
Debt services as a percentage of noncapital expenditures	9.35%	13.06%	9.41%	8.35%	9.49%

Note: (1) The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.
(2) FY13 amounts have been restated for the effects of Marina fund reclassification to a governmental activity.

Source: City of Sacramento Comprehensive Annual Financial Reports

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City of Sacramento
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting, in thousands)

Fiscal Year	Property	Tax Increment	Sales & Use	Utility Users	Others	Total
2005	70,405	40,676	70,627	53,893	34,094	269,695
2006 (2)	112,144 (1)	-	72,479	56,243	32,144	273,010
2007	145,376 (3)	-	56,441	55,618	29,819	287,254
2008	150,901	-	54,821	57,561	23,215	286,498
2009	151,551	-	48,905	57,775	19,139	277,370
2010	140,013	-	45,670	58,700	16,366	260,749
2011	133,099	-	47,680	58,887	15,039	254,705
2012	130,287	-	50,683	58,787	16,807	256,564
2013	130,864 (4)	-	57,121 (5)	59,066	18,554	265,605
2014	140,690 (4)	-	99,615 (5)	59,613	20,914	320,832

Notes: (1) Property taxes in fiscal year 2006 include approximately $30 million of in-lieu vehicle license fee revenue reported as intergovernmental revenues in fiscal year 2005.
(2) The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.
(3) In lieu sales tax was reported as intergovernmental revenue in fiscal year 2006.
This revenue is reported as property tax in fiscal year 2007 and subsequent fiscal years.
(4) Includes residual property tax from redevelopment agency dissolution.
(5) Includes Measure U local sales and use tax.

Sources: (A) City of Sacramento Comprehensive Annual Financial Reports
(B) Finance Department, City of Sacramento

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City of Sacramento
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands)

Fiscal Year End June 30	Gross Assessed Value [1] Real Property	Personal Property	Public Utility	Total	Exemptions	Net Assessed Taxable Value	Total Direct Tax Rate [2]
2005 [3]	27,010,976	1,343,104	57,800	28,411,880	500,620	27,911,260	1.00
2006	31,112,448	1,374,566	56,950	32,543,964	506,813	32,037,151	1.00
2007	35,687,712	1,441,042	54,611	37,183,365	509,257	36,674,108	1.00
2008	39,286,839	1,548,914	15,371 [4]	40,851,124	505,519	40,345,605	1.00
2009	40,360,550	1,691,096	11,948	42,063,594	503,159	41,560,435	1.00
2010	37,446,222	1,819,726	11,937	39,277,885	499,878	38,778,007	1.00
2011	36,388,660	1,742,824	11,977	38,143,461	496,459	37,647,002	1.00
2012	35,267,406	1,711,462	12,132	36,991,000	488,888	36,502,112	1.00
2013	34,332,037	1,626,943	13,157	35,972,137	477,326	35,494,811	1.00
2014	35,829,529	1,546,891	12,381	37,388,801	464,546	36,924,255	1.00

Notes: (1) Article XIII A, added to California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value appeared on the Assessor's 1975-76 assessment roll. Therefore, full cash value can be increased to reflect:

a) annual inflation up to 2%
b) current market value at time of ownership change
c) market value for new construction.

Estimated actual value of taxable property cannot easily determined as the property in the City is not reassessed annually. Reassessment normally occurs when ownership changes

(2) This 1.00% is shared by all taxing agencies for which the subject property resides within.

(3) The Sacramento Housing Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.

(4) The decrease in public utility assessed value is primarily due to the transfer of the downtown railyards from a railroad company to a private developer and the City.

Source: County of Sacramento, Office of Auditor/Controller

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City of Sacramento
Direct and Overlapping Property Tax Rates [1]
Per $100 of Assessed Value
Last Ten Fiscal Years

Fiscal Year End June 30	Basic County, City, and School Levy [2]	County of Sacramento	Schools	Special Districts	Total
2005	1.0000	__	0.0647	0.0067	1.0714
2006	1.0000	__	0.1163	0.0055	1.1218
2007	1.0000	__	0.0922	__	1.0922
2008	1.0000	__	0.0956	__	1.0956
2009	1.0000	__	0.1012	__	1.1012
2010	1.0000	__	0.1035	__	1.1035
2011	1.0000	__	0.1069	__	1.1069
2012	1.0000	__	0.1174	__	1.1174
2013	1.0000	__	0.1192	__	1.1192
2014	1.0000	__	0.1406	__	1.1406

Notes : (1) Data is stated at full value as required under Article XIII-A of the Constitution of the State of California.
(2) This 1.00% is shared by all taxing agencies for which the subject property resides within.

Source: County of Sacramento, Office of Auditor/Controller

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City of Sacramento
Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Taxpayer	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Hines VAF II Sacramento	$ 442,978	1	1.20 %	$ -		- %
CIM Sacramento LLC	230,772	2	0.62	-		-
Arden Fair Associates	137,159	3	0.37	119,187	3	0.46
Verizon Wireless	132,738	4	0.36	-		-
621 Capitol Mall LLC	124,810	5	0.34	-		-
300 Capitol Association NF LP	109,000	6	0.30	-		-
HP Hood LLC	84,287	7	0.23	-		-
Target Corp	81,423	8	0.22	-		-
500 Capitol Mall LLC	79,119	9	0.21	-		-
Capitol Regency LLC	74,784	10	0.20	-		-
400 Capital Mall Venture	-		-	140,665	1	0.55
Downtown Plaza LLC	-		-	131,144	2	0.51
GTE Data Service Inc.	-		-	117,492	4	0.46
SRI Six USBP LLC	-		-	90,648	5	0.35
Sacramento Hotel Corporation	-		-	89,164	6	0.35
McClatchy Newspaper Inc.	-		-	76,622	7	0.30
VV USA City LP	-		-	75,419	8	0.29
Spieker Properties LP	-		-	69,514	9	0.27
Alpine Realty Sacramento LLC	-		-	65,700	10	0.25
	1,497,070		4.05	975,555		3.79
All other taxpayers	35,427,185		95.95	24,760,597		96.21
Total	$ 36,924,255		100.00 %	$ 25,736,152		100.00 %

Source: County of Sacramento, Office of Auditor/Controller

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City of Sacramento
Property Tax Levies and Collections (1) (2)
Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	70,435	70,343	99.87%	92	70,435	100.00%
2006	114,657	112,052	97.73%	2,605	114,657	100.00%
2007	146,844	142,771	97.23%	4,073	146,844	100.00%
2008	151,667	146,828	96.81%	4,839	151,667	100.00%
2009	151,480	147,780	97.56%	3,700	151,480	100.00%
2010	138,701	136,313	98.28%	2,388	138,701	100.00%
2011	132,440	130,711	98.69%	1,729	132,440	100.00%
2012	129,123	127,914	99.06%	1,209	129,123	100.00%
2013	130,755 (3) (4)	129,655	99.16%	1,100	130,755	100.00%
2014	140,273 (3) (4)	139,651	99.56%	622	140,273	100.00%

Notes: (1) Includes City tax levy and collections only; does not include SHRA, a component unit until fiscal year 2005.
(2) Property taxes in 2007 and subsequent years include revenue reported in 2006 as in lieu sales tax.
(3) Total actual tax levy amount is not available from Sacramento County; amount provided is an estimate.
(4) Includes residual property taxes resulting from the redevelopment agency dissolution.

Source: City of Sacramento, Finance Department

City of Sacramento
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(in thousands, except Population and Per Capita)

	Governmental Activites				
Fiscal Year	Revenue Bonds	Tax Allocation Bonds	Certificates of Participation	Notes Payable	Capital Leases
2005	427,590	137,454	324	16,440	2,549
2006 (1)(2)	529,598	-	104	993	1,940
2007 (3)	548,175	-	-	25,935	8,062
2008	532,354	-	-	25,875	8,806
2009	514,431	-	-	812	7,354
2010	496,641	-	-	746	11,203
2011	477,588	-	-	677	9,910
2012	457,324	-	-	605	8,439
2013 (4)	435,962	-	-	530	9,446
2014 (5)	419,477	-	-	16,053	13,562

Notes:
1) $151 million in revenue bonds and $168 million in refunding revenue bonds were issued in 2006.
2) In 2006, the Sacramento Housing and Redevelopment Agency was eliminated as a blended component unit.
3) In 2007, $31 million of revenue bonds, $187 million of refunding bonds and a $25 million note payable were issued.
4) In 2013, $281 million of revenue bonds and a $2.8 million capital lease payable were issued.
5) In 2014, Marina fund notes payable and capital leases have been reclassified to governmental activities.
NA) Personal income data was not available in 2007, 2008, 2009, 2010, 2011, 2012, 2013 and 2014.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands, except Population and Per Capita)

	Business-Type Activities							
Fiscal Year	Revenue Bonds	Certificates of Participation	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income	Population	Per Capita
2005	397,441	15	74,943	1,146	1,057,902	7	452,959	2,336
2006 (1)(2)	353,065	-	49,210	2,279	937,189	6	457,514	2,048
2007 (3)	331,024	-	46,540	1,760	961,496	NA	467,343	2,057
2008	322,965	-	49,977	2,710	942,687	NA	475,743	1,982
2009	312,967	-	49,103	6,487	891,154	NA	481,097	1,852
2010	302,064	-	56,307	8,295	875,256	NA	486,189	1,800
2011	289,950	-	56,388	7,066	841,579	NA	469,566	1,792
2012	277,241	-	55,131	11,693	810,433	NA	470,956	1,721
2013 (4)	542,347	-	52,536	9,466	1,050,287	NA	473,509	2,218
2014 (5)	540,117	-	33,288	6,098	1,028,595	NA	475,122	2,165

Notes:
1) $151 million in revenue bonds and $168 million in refunding revenue bonds were issued in 2006.
2) In 2006, the Sacramento Housing and Redevelopment Agency was eliminated as a blended component unit.
3) In 2007, $31 million of revenue bonds, $187 million of refunding bonds and a $25 million note payable were issued.
4) In 2013, $281 million of revenue bonds and a $2.8 million capital lease payable were issued.
5) In 2014, Marina fund notes payable and capital leases have been reclassified to governmental activities.
NA) Personal income data was not available in 2007, 2008, 2009, 2010, 2011, 2012, 2013 and 2014.

Source: City of Sacramento Comprehensive Annual Financial Reports

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City of Sacramento
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

(in thousands, except Population and Per Capita)

Fiscal Year	Total Gross General Obligation Bonds	Amounts Restricted for Principal Repayments	Total Net General Obligation Bonds	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Population	Net Bonded Debt Per Capita
2005	-	-	-	27,911,260	0.00%	452,959	-
2006	-	-	-	32,037,151	0.00%	457,514	-
2007	-	-	-	36,674,108	0.00%	467,343	-
2008	-	-	-	40,345,605	0.00%	475,743	-
2009	-	-	-	41,560,435	0.00%	481,097	-
2010	-	-	-	38,778,007	0.00%	486,189	-
2011	-	-	-	37,647,002	0.00%	469,566	-
2012	-	-	-	36,502,112	0.00%	470,956	-
2013	-	-	-	35,494,811	0.00%	473,509	-
2014	-	-	-	36,924,255	0.00%	475,122	-

Source: City of Sacramento Comprehensive Annual Financial Reports and the County of Sacramento.

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City of Sacramento
Direct and Overlapping Governmental Activities Debt [1]
As of June 30, 2014
(in thousands)

Governmental Unit	Total Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
Los Rios Community College District	$ 370,270	25.367 %	$ 93,926
Natomas Unified School District	173,217	87.387	151,369
Sacramento Unified School District	372,363	83.460	310,774
San Juan Unified School District	335,630	3.062	10,277
Twin Rivers Unified School District	84,573	47.725	40,361
Twin Rivers Unified School District (former Grant Joint Union High School District bonds)	192,857	47.127	90,888
Robla School District	23,481	50.911	11,955
City of Sacramento Community Facilities Districts	144,275	100.000	144,275
Elk Grove Unified School District Community Facilities District No. 1	182,044	11.486	20,910
City of Sacramento 1915 Act Bonds	8,690	100.000	8,690
Sacramento Area Flood Control Agency Consolidated Capital Districts Assessment District	192,610	83.303	160,450
Sacramento Area Flood Control Agency Operation and Maintenance Assessment District	3,320	63.308	2,102
Sacramento Area Flood Control Agency Natomas Local Assessment District	35,350	84.065	29,717
Subtotal - Overlapping Tax and Assessment debt			1,075,694
Direct and Overlapping General Fund Debt:			
Sacramento County General Fund Obligations	297,541	30.888	91,904
Sacramento County Pension Obligations	990,308	30.888	305,886
Sacramento County Board of Education Certificates of Participation	8,010	30.888	2,474
Los Rios Community College District Certificates of Participation	5,670	25.367	1,438
Sacramento Unified School District Certificates of Participation	74,285	83.460	61,998
Sacramento Unified School District Pension Obligations	1,740	83.460	1,452
San Juan Unified School District Certificates of Participation	999	3.062	31
Twin Rivers Unified School District Certificates of Participation	129,825	47.127	61,183
Subtotal - Lease Obligation Debt			526,366
Total Overlapping Debt			1,602,060
City of Sacramento Direct Debt			449,092
Total Direct and Overlapping Debt			$ 2,051,152

Note: (1) Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the City of Sacramento. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: Data regarding overlapping debt is obtained from California Municipal Statistics, Inc.

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City of Sacramento
Legal Debt Margin
Last Ten Fiscal Years
(in thousands)

	Debt Limit		Debt Applicable to Limit				
Fiscal Year	Net Assessed Value	Debt Limit - 15% of Assessed Value	General Obligation Bonds	Amount set aside for repayment of general obligation debt	Total net debt applicable to limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2005	27,911,260	4,186,689	-	-	-	4,186,689	0.00%
2006	32,037,151	4,805,573	-	-	-	4,805,573	0.00%
2007	36,674,108	5,501,116	-	-	-	5,501,116	0.00%
2008	40,345,605	6,051,841	-	-	-	6,051,841	0.00%
2009	41,560,435	6,234,065	-	-	-	6,234,065	0.00%
2010	38,778,007	5,816,701	-	-	-	5,816,701	0.00%
2011	37,647,002	5,647,050	-	-	-	5,647,050	0.00%
2012	36,502,112	5,475,317	-	-	-	5,475,317	0.00%
2013	35,494,811	5,324,222	-	-	-	5,324,222	0.00%
2014	36,924,255	5,538,638	-	-	-	5,538,638	0.00%

Sources: (A) City of Sacramento Comprehensive Annual Financial Reports.
(B) County of Sacramento, Office of Auditor/Controller.

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City of Sacramento
Demographic and Economic Statistics for Sacramento County
Last Ten Calendar Years

Year	Population (A)	Personal Income *(in millions of dollars)*	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment (B)	Unemployment Rate (C)
2005	1,369,855	46,375	34,014	33.7	14.2	238,385	5.1 %
2006	1,385,607	48,313	35,197	34.1	NA	239,026	4.8
2007	1,406,804	NA	NA	NA	NA	238,233	5.3
2008	1,424,415	NA	NA	NA	NA	238,522	7.0
2009	1,433,187	NA	NA	NA	NA	237,722	11.9
2010	1,445,327	NA	NA	NA	NA	237,916	12.6
2011	1,428,355	NA	NA	NA	NA	237,567	12.7
2012	1,435,153	NA	NA	NA	NA	237,362	11.1
2013	1,445,806	NA	NA	NA	NA	238,290	8.7
2014	1,454,406	NA	NA	NA	NA	240,216	7.1

Sources: (A) http://www.dof.ca.gov/research/demographic/reports/estimates/e-5/2011-20/view.php (Population estimates are as of January 1st each year)
(B) California Department of Education, report on Sacramento County: http://dq.cde.ca.gov/dataquest/
(C) California Employment Development Department, Report 400 C - Monthly Labor Force Data for California Counties
http://www.labormarketinfo.edd.ca.gov/ (as of June each year)

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City of Sacramento
Principal Employers
Current Fiscal Year and Nine Years Ago

Employer (A)	2014 Employee (A)[2]	2014 Rank	2014 Percentage of Total Employment (B)[3]	2006[1] Employee (A)[2]	2006[1] Rank	2006[1] Percentage of Total Employment (B)
State of California	72,220	1	11.44%	87,467	1	13.50%
Sacramento County	10,700	2	1.70%	14,408	2	2.22%
U.S. Government	9,906	3	1.57%	-		-
UC Davis Health System	9,905	4	1.57%	7,901	5	1.22%
Sutter Health Sacramento Sierra Region	7,352	5	1.16%	4,181	8	0.65%
Dignity Health	6,212	6	0.98%	-		-
Intel Corporation	6,000	7	0.95%	-		-
Kaiser Permanente	5,421	8	0.86%	8,656	3	1.34%
Elk Grove Unified School District	5,410	9	0.86%	-		-
Sacramento City Unified School District	4,200	10	0.67%	7,000	6	1.08%
City of Sacramento	4,140	11	0.66%	5,003	7	0.77%
Los Rios Community College	-		-	8,000	4	1.23%
Wells Fargo & Co.	-		-	2,368	9	0.37%
California State University, Sacramento	-		-	2,295	10	0.35%
Sacramento Municipal Utility District	-		-	2,169	11	0.33%

Notes: (1) Data is not available from nine years ago. Fiscal Year 2006 was the first year this data was presented.
(2) Ranked by number of employees in full-time equivalents.
(3) Percentage of total employment is calculated based on Sacramento County's total employment force of 631,200 (per Employment Development Department website) in June 2014.

Sources: (A) Sacramento Business Journal, July 25, 2014. List of largest employers in Sacramento County.
(B) Employment Development Department, State of California.

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City of Sacramento
Successor Agency Trust Fund
Assessed Value of Taxable Property (1) (2)
Last Ten Fiscal Years
(in thousands)

PROJECT AREA	Fiscal Year 2005	2006	2007	2008	2009
Merged Downtown					
Secured	$ 1,898,779	$ 1,961,343	$ 2,095,806	$ 2,203,787	$ 2,549,340
Unsecured	130,133	136,059	141,829	146,071	174,529
Utility	5,282	5,280	5,274	4,107	997
Total	$ 2,034,194	$ 2,102,682	$ 2,242,909	$ 2,353,965	$ 2,724,866
Del Paso Heights					
Secured	$ 196,526	$ 260,127	$ 338,413	$ 393,968	$ 414,673
Unsecured	11,417	10,364	10,930	11,076	14,272
Utility	-	-	-	-	1
Total	$ 207,943	$ 270,491	$ 349,343	$ 405,044	$ 428,946
Alkali Flat					
Secured	$ 91,498	$ 96,749	$ 104,672	$ 122,660	$ 126,892
Unsecured	12,784	13,802	15,521	4,701	4,273
Utility	37	37	37	-	-
Total	$ 104,319	$ 110,588	$ 120,230	$ 127,361	$ 131,165
Oak Park					
Secured	$ 348,674	$ 441,020	$ 549,470	$ 618,602	$ 611,302
Unsecured	11,306	10,644	10,970	10,363	11,361
Utility	-	-	-	-	-
Total	$ 359,980	$ 451,664	$ 560,440	$ 628,965	$ 622,663
River District (formerly Richards Blvd)					
Secured	$ 368,429	$ 383,756	$ 396,256	$ 404,185	$ 434,882
Unsecured	29,806	30,896	31,005	34,967	44,693
Utility	37,775	37,533	2,759	4,120	4,120
Total	$ 436,010	$ 452,185	$ 430,020	$ 443,272	$ 483,695
North Sacramento					
Secured	$ 424,562	$ 469,556	$ 533,114	$ 581,880	$ 613,238
Unsecured	34,986	36,278	29,494	30,238	37,027
Utility	-	-	-	-	-
Total	$ 459,548	$ 505,834	$ 562,608	$ 612,118	$ 650,265

Notes: (1) Property is assessed at full cash value upon transfer of title and the assessed value is increased annually by the lesser of the rate of inflation or 2%.
(2) One percent is the maximum tax rate by state law.

Source: County of Sacramento, Office of Auditor/Controller

City of Sacramento
Successor Agency Trust Fund
Assessed Value of Taxable Property (1) (2)
Last Ten Fiscal Years
(in thousands)

PROJECT AREA	Fiscal Year 2010	2011	2012	2013	2014
Merged Downtown					
Secured	$ 2,656,453	$ 2,504,312	$ 2,427,850	$ 2,366,130	$ 2,300,993
Unsecured	172,285	160,110	145,125	137,567	132,581
Utility	997	997	997	770	770
Total	$ 2,829,735	$ 2,665,419	$ 2,573,972	$ 2,504,467	$ 2,434,344
Del Paso Heights					
Secured	$ 317,546	$ 305,405	$ 286,172	$ 276,998	$ 289,856
Unsecured	37,627	17,112	10,267	9,550	12,659
Utility	1	1	1	1	1
Total	$ 355,174	$ 322,518	$ 296,440	$ 286,549	$ 302,516
Alkali Flat					
Secured	$ 132,387	$ 128,304	$ 121,651	$ 119,184	$ 112,883
Unsecured	4,759	3,740	2,962	4,982	3,224
Utility	-	-	-	-	-
Total	$ 137,146	$ 132,044	$ 124,613	$ 124,166	$ 116,107
Oak Park					
Secured	$ 460,439	$ 438,987	$ 428,226	$ 427,642	$ 466,006
Unsecured	13,418	10,613	8,973	9,898	9,763
Utility	-	-	-	-	-
Total	$ 473,857	$ 449,600	$ 437,199	$ 437,540	$ 475,769
River District (formerly Richards Blvd)					
Secured	$ 454,256	$ 405,518	$ 403,771	$ 396,061	$ 375,825
Unsecured	45,813	41,732	31,661	33,655	29,486
Utility	4,200	4,200	4,264	4,779	4,779
Total	$ 504,269	$ 451,450	$ 439,696	$ 434,495	$ 410,090
North Sacramento					
Secured	$ 563,978	$ 555,744	$ 526,139	$ 506,029	$ 498,272
Unsecured	33,239	36,014	35,675	39,802	36,413
Utility	-	-	-	-	-
Total	$ 597,217	$ 591,758	$ 561,814	$ 545,831	$ 534,685

Notes: (1) Property is assessed at full cash value upon transfer of title and the assessed value is increased annually by the lesser of the rate of inflation or 2%.
(2) One percent is the maximum tax rate by state law.

Source: County of Sacramento, Office of Auditor/Controller

City of Sacramento
Successor Agency Trust Fund
Assessed Value of Taxable Property (1) (2)
Last Ten Fiscal Years
(in thousands)

PROJECT AREA	Fiscal Year 2005	2006	2007	2008	2009
Franklin Boulevard					
Secured	$ 450,740	$ 507,056	$ 566,043	$ 595,198	$ 615,732
Unsecured	43,519	44,426	42,667	45,819	47,150
Utility	-	-	-	-	-
Total	$ 494,259	$ 551,482	$ 608,710	$ 641,017	$ 662,882
Stockton Boulevard					
Secured	$ 306,436	$ 370,130	$ 417,045	$ 463,344	$ 476,809
Unsecured	13,282	13,381	12,071	15,416	16,399
Utility	-	-	-	-	-
Total	$ 319,718	$ 383,511	$ 429,116	$ 478,760	$ 493,208
Army Depot					
Secured	$ 160,357	$ 402,960	$ 896,449	$ 995,435	$ 1,011,483
Unsecured	98,651	88,155	104,420	145,115	118,889
Utility	920	922	841	578	578
Total	$ 259,928	$ 492,037	$ 1,001,710	$ 1,141,128	$ 1,130,950
65th Street					
Secured	$ -	$ 203,524	$ 224,504	$ 243,734	$ 240,544
Unsecured	-	165	26,401	22,673	29,115
Utility	-	739	611	-	-
Total	$ -	$ 204,428	$ 251,516	$ 266,407	$ 269,659
Railyards					
Secured	$ -	$ -	$ -	$ -	$ -
Unsecured	-	-	-	-	-
Utility	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -

Notes: (1) Property is assessed at full cash value upon transfer of title and the assessed value is increased annually by the lesser of the rate of inflation or 2%.
(2) One percent is the maximum tax rate by state law.

Source: County of Sacramento, Office of Auditor/Controller

City of Sacramento
Successor Agency Trust Fund
Assessed Value of Taxable Property (1) (2)
Last Ten Fiscal Years
(in thousands)

PROJECT AREA	Fiscal Year 2010	2011	2012	2013	2014
Franklin Boulevard					
Secured	$ 571,385	$ 571,094	$ 554,662	$ 553,114	$ 556,190
Unsecured	44,573	41,821	38,551	39,862	37,903
Utility	-	-	-	-	-
Total	$ 615,958	$ 612,915	$ 593,213	$ 592,976	$ 594,093
Stockton Boulevard					
Secured	$ 390,475	$ 372,566	$ 355,452	$ 334,059	$ 345,330
Unsecured	16,598	17,048	17,468	17,101	17,293
Utility	-	-	-	-	-
Total	$ 407,073	$ 389,614	$ 372,920	$ 351,160	$ 362,623
Army Depot					
Secured	$ 835,497	$ 826,480	$ 810,113	$ 790,956	$ 826,125
Unsecured	120,863	119,918	116,198	116,489	149,382
Utility	578	578	579	943	943
Total	$ 956,938	$ 946,976	$ 926,890	$ 908,388	$ 976,450
65th Street					
Secured	$ 224,753	$ 242,905	$ 230,618	$ 229,458	$ 228,785
Unsecured	25,010	25,040	25,808	17,346	14,536
Utility	-	-	-	-	-
Total	$ 249,763	$ 267,945	$ 256,426	$ 246,804	$ 243,321
Railyards					
Secured	$ 49,467	$ 71,772	$ 80,928	$ 84,191	$ 80,200
Unsecured	-	251	3,521	4,548	4,454
Utility	641	680	768	771	-
Total	$ 50,108	$ 72,703	$ 85,217	$ 89,510	$ 84,654

Notes: (1) Property is assessed at full cash value upon transfer of title and the assessed value is increased annually by the lesser of the rate of inflation or 2%.
(2) One percent is the maximum tax rate by state law.

Source: County of Sacramento, Office of Auditor/Controller

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction (1) (2)
Merged Downtown
As of June 30, 2014
(in thousands)

Assessee	Taxable Value (3)	Assessee's Value (3)	Value Difference	Percentage of Total Taxable Value
Hines Sacramento Wells Fargo	$ 206,544	$ 100,000	$ (106,544)	4.38%
300 Capitol Mall NF LP	109,000	75,000	(34,000)	1.40%
Chase Merritt Sacramento	42,738	12,821	(29,917)	1.23%
GCCFC 2005 GG5 L Street	29,547	24,000	(5,547)	0.23%
Griffin Capital INVS LLC	28,560	20,000	(8,560)	0.35%
Sacramento Hotel Partner	22,600	3,100	(19,500)	0.80%
Juno Commercial Real Estate	19,247	9,500	(9,747)	0.40%
Fund IX - Park Plaza, LLC	12,943	9,500	(3,443)	0.14%
Fremont & Downtown Sacramento	5,486	1,679	(3,807)	0.16%
Fremont & Downtown Sacramento	5,486	1,679	(3,807)	0.16%
Sub Total	482,151	257,279	(224,872)	9.24%
All Other Taxpayers	1,952,193	-	-	-
Total	$ 2,434,344	$ 257,279	$ (224,872)	9.24%

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
(2) Information for prior years is not readily available and is not statistically significant.
(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction (1) (2)
Del Paso Heights
As of June 30, 2014
(in thousands)

Assessee	Taxable Value (3)	Assessee's Value (3)	Value Difference	Percentage of Total Taxable Value
Lundbom Family Trust	$ 973	$ -	$ (973)	0.32%
Joseph K. Smith	171	70	(101)	0.03%
Mona Sue Ayers	120	52	(68)	0.02%
Sub Total	1,264	122	(1,142)	0.38%
All Other Taxpayers	301,252	-	-	-
Total	$ 302,516	$ 122	$ (1,142)	0.38%

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
(2) Information for prior years is not readily available and is not statistically significant.
(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Parcels Appealing Assessed Valuation - At Risk of Reduction (1) (2)
Alkali Flat
As of June 30, 2014
(in thousands)

Assessee	Taxable Value (3)	Assessee's Value (3)	Value Difference	Percentage of Total Taxable Value
Hearst Argyle Stations	$ 8,022	$ 2,077	$ (5,945)	5.12%
Realty Advisors Inc.	5,490	3,100	(2,390)	2.06%
Lynn Houlihan	1,450	1,000	(450)	0.39%
Hearst Argyle Stations	944	422	(522)	0.45%
Hearst Argyle Stations	273	130	(143)	0.12%
Hearst Argyle Stations	235	106	(129)	0.11%
Hearst Argyle Stations	114	50	(64)	0.06%
Hearst Argyle Stations	105	35	(70)	0.06%
Hearst Argyle Stations	87	45	(42)	0.04%
Hearst Argyle Stations	64	21	(43)	0.04%
Sub Total	16,784	6,986	(9,798)	8.44%
All Other Taxpayers	99,323	-	-	-
Total	$ 116,107	$ 6,986	$ (9,798)	8.44%

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
(2) Information for prior years is not readily available and is not statistically significant.
(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction (1) (2)
Oak Park
As of June 30, 2014
(in thousands)

Assessee	Taxable Value (3)	Assessee's Value (3)	Value Difference	Percentage of Total Taxable Value
GPT GIG BOA Portfolio	$ 1,210	$ 364	$ (846)	0.18%
Azizur Rehman	283	210	(73)	0.02%
Azizur Rehman	226	190	(36)	0.01%
Sharon Young	207	165	(42)	0.01%
Dorothy Nunley	187	50	(137)	0.03%
Manuel Ochale	158	60	(98)	0.02%
Santone Land Lea	124	60	(64)	0.01%
GPT GIG BOA Portfolio	90	27	(63)	0.01%
CBIP LLC	71	31	(40)	0.01%
CBIP LLC	38	29	(9)	0.00%
Sub Total	2,594	1,186	(1,408)	0.30%
All Other Taxpayers	473,175	-	-	-
Total	$ 475,769	$ 1,186	$ (1,408)	0.30%

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
(2) Information for prior years is not readily available and is not statistically significant.
(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction (1) (2)
River District
As of June 30, 2014
(in thousands)

Assessee	Taxable Value (3)	Assessee's Value (3)	Value Difference	Percentage of Total Taxable Value
Systems Parkway	$ 13,054	$ 5,500	$ (7,554)	1.84%
Detmer Family Limited Partnership	4,598	2,299	(2,299)	0.56%
Park Villa Clovis LP	4,143	3,500	(643)	0.16%
10th North Industrial	2,844	1,706	(1,138)	0.28%
Shirish B. & Jagrutiben S.	2,830	1,698	(1,132)	0.28%
Nfinit Solutions Inc.	2,752	880	(1,872)	0.46%
Robinson Family Trust	2,614	1,700	(914)	0.22%
Signal CT & MEW LLC	2,417	1,500	(917)	0.22%
Clear Channel Outdoor	1,800	500	(1,300)	0.32%
MSN Enterprises LLC	1,616	969	(647)	0.16%
Sub Total	38,668	20,252	(18,416)	4.49%
All Other Taxpayers	371,422	-	-	-
Total	$ 410,090	$ 20,252	$ (18,416)	4.49%

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
(2) Information for prior years is not readily available and is not statistically significant.
(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction (1) (2)
North Sacramento
As of June 30, 2014
(in thousands)

Assessee	Taxable Value (3)	Assessee's Value (3)	Value Difference	Percentage of Total Taxable Value
Costco Wholesale Corp.	$ 17,547	$ 15,000	$ (2,547)	0.48%
Seven Up Bottling Company	9,364	6,950	(2,414)	0.45%
Sent Expo Pointe LLC	7,485	4,865	(2,620)	0.49%
Gregory N. & Tcherkoyan	7,065	-	(7,065)	1.32%
Walgreen Company	5,202	4,000	(1,202)	0.22%
Bateman J. Bronwyn	3,222	2,366	(856)	0.16%
First State Investors	2,840	852	(1,988)	0.37%
CNMG Investment Group LLC	2,393	1,618	(775)	0.14%
York Law Company LLC	2,369	1,200	(1,169)	0.22%
Cal Tex Properties	1,740	1,043	(697)	0.13%
Sub Total	59,227	37,894	(21,333)	3.99%
All Other Taxpayers	475,458	-	-	-
Total	$ 534,685	$ 37,894	$ (21,333)	3.99%

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
(2) Information for prior years is not readily available and is not statistically significant.
(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction (1) (2)
Franklin Boulevard
As of June 30, 2014
(in thousands)

Assessee	Taxable Value (3)	Assessee's Value (3)	Value Difference	Percentage of Total Taxable Value
Campbell Soup Supply	$ 39,718	$ 18,525	$ (21,193)	3.57%
Chateau Lang Apartments	2,860	2,600	(260)	0.04%
Stillman Mobile Home	2,208	850	(1,358)	0.23%
Tesco Controls Inc.	2,175	1,500	(675)	0.11%
Lauren Prichard	906	700	(206)	0.03%
Gordon Chin	673	385	(288)	0.05%
Stillman Mobile Home	427	50	(377)	0.06%
Jair, Jack and Rose Mari	355	117	(238)	0.04%
Ghodratollah Soltani	230	200	(30)	0.01%
Mang S Te	227	110	(117)	0.02%
Sub Total	49,779	25,037	(24,742)	4.16%
All Other Taxpayers	544,314	-	-	-
Total	$ 594,093	$ 25,037	$ (24,742)	4.16%

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
(2) Information for prior years is not readily available and is not statistically significant.
(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction (1) (2)
Stockton Boulevard
As of June 30, 2014
(in thousands)

Assessee	Taxable Value (3)	Assessee's Value (3)	Value Difference	Percentage of Total Taxable Value
Bee Saigon Plaza LLC	$ 17,374	$ 8,600	$ (8,774)	2.42%
Stockton Plaza Partners	9,763	8,299	(1,464)	0.40%
Jaime & Gloria Gonzalez	9,248	-	(9,248)	2.55%
Brittany Arms LLC	4,290	3,900	(390)	0.11%
EKG Investors LLC	2,770	1,167	(1,603)	0.44%
EKG Inverstors LLC	2,520	1,167	(1,353)	0.37%
EKG Inverstors LLC	2,395	1,167	(1,228)	0.34%
EKG Inverstors LLC	1,890	1,167	(723)	0.20%
EKG Inverstors LLC	1,890	1,167	(723)	0.20%
Stockton Plaza Partners	822	699	(123)	0.03%
Sub Total	52,962	27,333	(25,629)	7.07%
All Other Taxpayers	309,661	-	-	-
Total	$ 362,623	$ 27,333	$ (25,629)	7.07%

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
(2) Information for prior years is not readily available and is not statistically significant.
(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction (1) (2)
Army Depot
As of June 30, 2014
(in thousands)

Assessee	Taxable Value (3)	Assessee's Value (3)	Value Difference	Percentage of Total Taxable Value
Phong Enterprise LLC	$ 586	$ 350	$ (236)	0.02%
Muneshwar Dutt	241	100	(141)	0.01%
Rand Family Trust	240	170	(70)	0.01%
Willie F. Carter	190	120	(70)	0.01%
Andre Holtzclaw	184	100	(84)	0.01%
Scott L. Ostrander	180	90	(90)	0.01%
IH2 Prop West Limited Partnership	118	63	(55)	0.01%
Stephen L. Broderick	70	60	(10)	0.00%
CBIP LLC	66	31	(35)	0.00%
THR CA Limited Partnership	46	36	(10)	0.00%
Sub Total	1,921	1,120	(801)	0.08%
All Other Taxpayers	974,529	-	-	-
Total	$ 976,450	$ 1,120	$ (801)	0.08%

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
(2) Information for prior years is not readily available and is not statistically significant.
(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Parcels Appealing Assessed Valuation - At Risk of Reduction (1) (2)
65th Street
As of June 30, 2014
(in thousands)

Assessee	Taxable Value (3)	Assessee's Value (3)	Value Difference	Percentage of Total Taxable Value
Target Corporation	$ 23,379	$ 400	$ (22,979)	9.44%
Theodoros G & G Avdalas	960	576	(384)	0.16%
Theodoros G & G Avdalas	483	290	(193)	0.08%
Sam Manolakas	70	20	(50)	0.02%
Sub Total	24,892	1,286	(23,606)	9.70%
All Other Taxpayers	218,429	-	-	-
Total	$ 243,321	$ 1,286	$ (23,606)	9.70%

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
(2) Information for prior years is not readily available and is not statistically significant.
(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Parcels Appealing Assessed Valuation - At Risk of Reduction (1) (2)
Railyards
As of June 30, 2014
(in thousands)

Assessee	Taxable Value (3)	Assessee's Value (3)	Value Difference	Percentage of Total Taxable Value
IA Sacramento Holdings	$ 29,397	$ 10,170	$ (19,227)	22.71%
New Baytree LLC	8,772	2,631	(6,141)	7.25%
IA Sacramento Holdings	2,491	21	(2,470)	2.92%
IA Sacramento Holdings	1,196	503	(693)	0.82%
Sub Total	41,856	13,325	(28,531)	33.70%
All Other Taxpayers	42,798	-	-	-
Total	$ 84,654	$ 13,325	$ (28,531)	33.70%

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
(2) Information for prior years is not readily available and is not statistically significant.
(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Merged Downtown
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value** [1]	**Rank**	**Percentage of Total Taxable Value** [2]	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Hines Sacramento Wells Fargo Center	$ 206,544	1	8.48%	$ -		-
621 Capitol Mall LLC	125,470	2	5.15%	-		-
500 Capitol Mall LLC	118,033	3	4.85%	-		-
300 Capitol Associates NF LP	109,000	4	4.48%	-		-
CIM/980 9th Street Sacramento LP	98,981	5	4.07%	-		-
CIM/J Street Hotel Sacramento LP	74,498	6	3.06%	-		-
Capitol Regency LLC	74,237	7	3.05%	-		-
1325 J Street LLC	68,282	8	2.80%	-		-
1415 Meridian Plaza LLC/Valley View Investors LLC	65,149	9	2.68%	-		-
KW Captowers LLC	64,987	10	2.67%	-		-
Teachers Insurance/Annuity Assn of America	-		-	191,129	1	9.94%
EOP-400 Capital Mall LLC	-		-	146,210	2	7.61%
VV USA City LP	-		-	88,047	3	4.58%
RT Sacramento Funding Company Inc.	-		-	68,438	4	3.56%
Rubicon NGP Sacramento CA LLP	-		-	67,320	5	3.50%
Sacramento Hotel Corporation	-		-	65,322	6	3.40%
CA Assn Hosp/Hlth Sym (Tsakopoulos Family)	-		-	40,679	7	2.12%
Health Property Associates	-		-	39,955	8	2.08%
Downtown Plaza	-		-	39,295	9	2.04%
Mart Family LLC/Senator Building LLC/ETA	-		-	34,629	10	1.80%
Sub Total	1,005,181		41.29%	781,024		40.64%
All Other Taxpayers	1,429,163		58.71%	1,141,003		59.36%
Total	$ 2,434,344		100.00%	$ 1,922,027		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Del Paso Heights
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value (1)**	**Rank**	**Percentage of Total Taxable Value (2)**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Greater Sacramento Urban League	$ 6,112	1	2.02%	$ -		-
Research Properties	5,272	2	1.74%	4,744	2	1.26%
BM Ventures LLC	4,700	3	1.55%	-		-
Woodhaven Senior Residences	4,448	4	1.47%	3,996	3	1.06%
John A/ Leta K Nichols 1994 Rev Trust	2,776	5	0.92%	2,491	7	0.66%
US Rentals Inc.	2,476	6	0.82%	3,383	5	0.90%
Proffutt Limited Partnership	2,151	7	0.71%	-		-
23002 Moulton Parkway LLC	1,842	8	0.61%	-		-
Lundbom Sacramento Realty INVS LP	1,547	9	0.51%	-		-
Providence Comml Props LLC	1,453	10	0.48%	-		-
Northland Village Associates	-		-	6,296	1	1.67%
Lundblom Family Trust	-		-	3,985	4	1.06%
Harry & Mariann Brix 1993 Family Trust	-		-	2,498	6	0.66%
Maki Stephen	-		-	1,923	8	0.51%
1980 Tyler Family Trust	-		-	1,547	9	0.41%
Northland Village Associates	-		-	1,426	10	0.38%
Sub Total	32,777		10.83%	32,289		8.56%
All Other Taxpayers	269,739		89.17%	344,793		91.44%
Total	$ 302,516		100.00%	$ 377,082		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Alkali Flat
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Hearst-Argyle Stations Inc.	$ 19,015	1	16.38%	$ 20,309	1	15.64%
City Park Apartment Homes LLC	8,725	2	14.17%	-		-
GMA Investors LP	7,599	3	6.54%	-		-
CC/B Holdings Inc.	5,840	4	5.03%	-		-
Realty Advisors Inc.	5,490	5	4.73%	9,271	3	7.14%
John Dailey Trust/Charles D. Deloney	1,959	6	1.69%	1,758	7	-
700 E Street Building Partner	1,665	7	1.43%	1,870	6	1.44%
Tarpin Samuel D	1,468	8	1.26%	-		-
520 Ninth Street	1,450	9	1.25%	1,953	5	1.50%
Adrian L./Michelle J. Randolph Family Trust	1,341	10	1.15%	-		-
Crystal Cream/Butter Holdings, Inc.	-		-	12,265	2	9.44%
US Housing Partners II LP	-		-	3,709	4	2.86%
Miller Mary/Simone A./James O./Fitzgerald/ETAL	-		-	1,737	8	1.34%
James Fortino Trust/Court on G Inc.	-		-	1,658	9	1.28%
Washington Square III	-		-	1,595	10	1.23%
Sub Total	54,552		46.98%	56,125		43.21%
All Other Taxpayers	61,555		53.02%	73,765		56.79%
Total	$ 116,107		100.00%	$ 129,890		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Oak Park
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value (1)**	**Rank**	**Percentage of Total Taxable Value (2)**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Rainbow Baking Co of Sac Valley	$ 26,543	1	5.58%	$ 19,312	2	2.26%
Regents University CA	10,561	2	2.22%	11,079	4	1.30%
US Bank National Association	5,324	3	1.12%	-		-
Crestwood Medical Center Hospital	4,339	4	0.91%	4,003	9	0.47%
Security Public Storage	3,715	5	0.78%	-		-
Edmar Invs LLC	3,196	6	0.67%	3,331	10	0.39%
St. Hope Academy	1,823	7	0.38%	-		-
John C. Skinner 2001 Living Trust	1,819	8	0.38%	-		-
SRR Trading LLC	1,445	9	0.30%	-		-
Corky Bob LLC	1,406	10	0.30%	-		-
University of the Pacific	-		-	21,014	1	2.46%
Glassrock Partnership	-		-	18,592	3	2.18%
St. Paul Baptist Church of Sacramento Corp.	-		-	9,168	5	1.07%
Stockton/Broadway Partners	-		-	5,662	6	0.66%
Ticon III LP	-		-	5,441	7	0.64%
Sac Properties LLC	-		-	4,737	8	0.56%
Sub Total	60,171		12.65%	102,339		12.00%
All Other Taxpayers	415,598		87.35%	750,812		88.00%
Total	$ 475,769		100.00%	$ 853,151		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - River District
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	Taxable Value [1]	Rank	Percentage of Total Taxable Value [2]	Taxable Value	Rank	Percentage of Total Taxable Value
California Almond Growers	$ 70,011	1	17.07%	$ 56,965	1	12.94%
Grove River District LLC	34,178	2	8.33%	-		-
Mendell Allan/Etal	8,843	3	2.16%	-		-
Capitol Station 65 LLC	7,693	4	1.88%	8,819	9	2.00%
Dos Rios Venture	6,313	5	1.54%	-		-
BA Hotel LLC	5,628	6	1.37%	-		-
BRE / LQ Props LLC	5,517	7	1.35%	-		-
Vida N Anello Revocable Living Trust	5,268	8	1.28%	-		-
Henderson Enterprises L P	5,227	9	1.27%	-		-
Detmer Family Limited Partnership	5,021	10	1.22%	-		-
Grove Investment Company	-		-	27,975	2	6.36%
Sunstone OP Properties LLC	-		-	18,676	3	4.24%
Richard Blvd. Partners	-		-	17,666	4	4.01%
CCAA Partners LLC/Bruce W. Bell/et al	-		-	14,195	5	3.23%
Ice Bear Inc. (Sequoia Pacific)	-		-	10,574	6	2.40%
LaQuinta Development Partner	-		-	10,208	7	2.32%
CTF4-American River LLC	-		-	9,816	8	2.23%
Grove Investment Company	-		-	6,874	10	1.56%
Sub Total	153,699		37.48%	181,768		41.30%
All Other Taxpayers	256,391		62.52%	258,346		58.70%
Total	$ 410,090		100.00%	$ 440,114		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - North Sacramento
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	Taxable Value [1]	Rank	Percentage of Total Taxable Value [2]	Taxable Value	Rank	Percentage of Total Taxable Value
Westcore Delta LLC	$ 34,839	1	6.52%	$ -		-
Seven-up Bottling Company	32,201	2	6.02%	19,544	3	3.22%
Price Company	21,576	3	4.04%	17,151	4	2.83%
McCuen Acoma Street Investors	11,862	4	2.22%	10,641	8	1.75%
Meriliz Incorporated	9,133	5	1.71%	-		-
North Sacramento Land Company	8,156	6	1.53%	15,804	5	2.61%
Sutter Medical Foundation	7,999	7	1.50%	-		-
Recreational Equipment Inc.	7,563	8	1.41%	-		-
Sent Expo Pointe LLC	7,485	9	1.40%	-		-
2006 Tcherkoyan Family Trust	5,845	10	1.09%	6,624	10	1.09%
PD Hotel Associates LLC	-		-	28,401	1	4.68%
JB Management LP	-		-	27,182	2	4.48%
Calvary Christian Church Center	-		-	21,220	6	3.50%
SVN Sacramento LLC	-		-	10,717	7	1.77%
Carl P. Schalansky Revocable Trust	-		-	6,977	9	1.15%
Sub Total	146,659		27.43%	164,261		27.08%
All Other Taxpayers	388,026		72.57%	442,367		72.92%
Total	$ 534,685		100.00%	$ 606,628		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Franklin Boulevard
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	Taxable Value [1]	Rank	Percentage of Total Taxable Value [2]	Taxable Value	Rank	Percentage of Total Taxable Value
6200 Franklin LLC	$ 39,898	1	6.72%	$ -		-
Western Village LP	9,576	2	1.61%	-		-
United States Cold Storage	9,408	3	1.58%	8,623	2	1.33%
Rosedown Associates LLC	6,002	4	1.01%	-		-
Sacto Childrens Home	5,529	5	0.93%	-		-
Extra Space Props Ninety Four Limited Partnership	4,299	6	0.72%	-		-
SEI/PSP VI Joint Ventures	4,234	7	0.71%	2,608	10	0.40%
Bowling Green Associates	4,075	8	0.69%	-		-
Con-Way Western Express Inc.	3,748	9	0.63%	-		-
47th Street Associates LLC	3,659	10	0.62%	-		-
Campbell Soup	-		-	145,818	1	22.51%
Preservation Southpointe LP	-		-	7,547	3	1.16%
Rosedown Apartments LLC	-		-	6,857	4	1.06%
Con-Way Western Express Inc.	-		-	3,787	5	0.58%
Bowling Green Associates	-		-	3,655	6	0.56%
MH Southgate Investors	-		-	3,599	7	0.56%
Tesco Controls Inc.	-		-	3,215	8	0.50%
Chateau Lang Apartments LLC	-		-	2,864	9	0.44%
Sub Total	90,428		15.22%	188,573		29.11%
All Other Taxpayers	503,665		84.78%	459,250		70.89%
Total	$ 594,093		100.00%	$ 647,823		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Stockton Boulevard
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value** [1]	**Rank**	**Percentage of Total Taxable Value** [2]	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Stockton Plaza Partners LLC	$ 11,666	1	3.22%	-		-
EKG Investors LLC	10,205	2	2.81%	-		-
John M/Nancy M Kehriotis Living Trust	7,577	3	2.09%	6,797	5	1.35%
Little Saigon Plaza LLC	7,415	4	2.04%	-		-
NT Stockton Investors LLC	6,093	5	1.68%	-		-
SF 3 LLC	4,725	6	1.30%	-		-
Ralphs Grocery Company	4,687	7	-	5,602	8	1.11%
Mulleian Investments LLC	4,646	8	1.28%	6,129	7	1.22%
Brittany Arms LLC	4,547	9	1.25%	5,202	10	1.03%
ESS Prisa II LLC	4,430	10	1.22%	-		-
Azure Park Apartments LLC	-		-	11,493	1	2.28%
Western Investment Real Estate	-		-	9,421	2	1.87%
Gonzalez Jaime/Gloria	-		-	8,670	3	1.72%
CCI Stockridge SAC LLC	-		-	8,484	4	1.68%
Preferred Properties LLC	-		-	6,641	6	1.32%
ESS Prisa II LLC	-		-	5,251	9	1.04%
Sub Total	65,991		18.20%	73,690		14.63%
All Other Taxpayers	296,632		81.80%	430,051		85.37%
Total	$ 362,623		100.00%	$ 503,741		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Army Depot
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value (1)**	**Rank**	**Percentage of Total Taxable Value (2)**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
R/G Hayward LLC	$ 15,555	1	1.59%	$ 11,898	4	1.02%
Engineered Polymer Solutions Inc.	14,700	2	1.51%	4,973	10	0.43%
Central Valley Industrial Core Holdings	11,061	3	1.13%	-		-
Elder Creek Transfer/Recovery Inc.	9,158	4	0.94%	10,313	6	0.88%
Air Products Manufacturing Corporation	8,412	5	0.86%	-		-
Conrad Ethan	6,584	6	0.67%	-		-
Massie & Company	6,100	7	0.62%	-		-
Teichert Land Co	5,862	8	0.60%	-		-
C/S Logistics Sacramento/Tracy LLC	5,800	9	0.59%	9,233	7	0.79%
Power Inn Business Park LLC	5,362	10	0.55%	-		-
Proctor/Gamble Manufacturing Co.	-		-	64,908	1	5.55%
Crystal Cream/Butter Company	-		-	36,601	2	3.13%
Fedex Ground Package Systems Inc.	-		-	18,340	3	1.57%
W H Q	-		-	10,841	5	0.93%
Marvin L. Oates Trust	-		-	7,842	8	0.67%
Sperber Steven A./Todd R./etal	-		-	6,070	9	0.52%
Sub Total	88,594		9.07%	181,019		15.49%
All Other Taxpayers	887,856		90.93%	987,743		84.51%
Total	$ 976,450		100.00%	$ 1,168,762		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - 65th Street
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
HRA Element LLC	$ 36,214	1	14.88%	$ -		-
Target Corporation	26,508	2	10.89%	22,181	2	7.64%
65th St Village LLC	8,700	3	3.58%	-		-
CPCA 7716 Folsom Blvd. LLC	7,594	4	3.12%	-		-
Atlas Disposal Industries LLC	7,548	5	3.10%	-		-
Dimension Properties LLC	5,841	6	2.40%	-		-
Kenneth/Susan Catchot Family 2005 Revocable Trust	5,034	7	2.07%	5,567	6	1.92%
American River Self Storage LP	4,938	8	2.03%	8,531	5	2.94%
2800 Pico Associates LLC	4,244	9	1.74%	4,878	8	1.68%
KCMKC Properties, LP/Paul E. Fong/MAE Etal	4,061	10	1.67%	13,034	4	4.49%
Jefferson Commons-Sacramento LP	-		-	52,515	1	18.10%
Home Depot USA Inc.	-		-	14,506	3	5.00%
Commercial Net Lease Realty	-		-	5,095	7	1.76%
Gonzales Kimmel Enterprises	-		-	4,524	9	1.56%
John/Claudine Jackson Family Revocable Trust	-		-	4,459	10	1.54%
Sub Total	110,682		45.49%	135,290		46.62%
All Other Taxpayers	132,639		54.51%	154,927		53.38%
Total	$ 243,321		100.00%	$ 290,217		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Railyards
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2010 (1)		
Assessee	**Taxable Value (2)**	**Rank**	**Percentage of Total Taxable Value (3)**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
IA Sacramento Development LLC	$ 33,235	1	39.26%	$ -		-
CCAA Partners LLC/Bruce W. Bell/Etal	12,000	2	14.18%	14,843	2	19.07%
Sutter HOJ LP	8,812	3	10.41%	-		-
Sacramento County Employee Credit Union	4,300	4	5.08%	4,068	5	5.23%
REA Limited Partnership	3,978	5	4.70%	5,378	4	6.91%
PDRA/Company LLC	3,716	6	4.39%	3,537	6	4.54%
Strumwasser Michael J./Silvia M.	3,072	7	3.63%	2,924	7	3.76%
Mercy Housing CA 47	2,541	8	3.00%	-		-
Bowman/Bay Building Joint Venture	2,222	9	2.62%	2,115	8	2.72%
PLF Bldg. LLC	1,670	10	1.97%	-		-
Legacy Ventures LLC	-		-	1,245	10	1.60%
New Baytree LLC	-		-	14,826	3	19.05%
S Thomas Enterprises of Sacramento	-		-	17,224	1	22.13%
John Morgan/Nelly B Patino/Eddie Cuevas	-		-	1,556	9	2.00%
Sub Total	75,546		89.24%	67,716		87.00%
All Other Taxpayers	9,108		10.76%	10,117		13.00%
Total	$ 84,654		100.00%	$ 77,833		100.00%

Notes: (1) Data from Fiscal Year 2010 - Railyards Redevelopment Area was formed in Fiscal Year 2010.
(2) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(3) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Debt Coverage Analysis
Last Ten Fiscal Years

(in thousands)

RDA - All Project Areas

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt	Senior Debt Coverage	Subordinate Debt	Total Debt	Total Debt Coverage	
2004-05	$ 32,843	$ 325	$ 671	$ 31,847	$ 15,420	2.07	$ NA	$ NA	NA	
2005-06	36,549	325	1,168	35,055	17,880	1.96	NA	NA	NA	
2006-07	40,781	292	1,772	38,716	21,468	1.80	NA	NA	NA	
2007-08	44,436	456	1,851	42,129	22,119	1.90	NA	NA	NA	
2008-09	48,016	600	2,295	45,121	21,836	2.07	NA	NA	NA	
2009-10	42,876	438	3,050	39,388	21,790	1.81	NA	NA	NA	
2010-11	35,280	580	2,684	32,016	21,776	1.47	NA	NA	NA	
2011-12	42,334	726	2,911	38,698	22,120	1.75	6,008	28,128	1.38	(1)
2012-13	41,304	745	2,556	38,003	22,087	1.72	6,619	28,706	1.32	
2013-14	47,395	687	3,037	43,671	24,896	1.75	5,123	30,019	1.45	

Merged Downtown

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt	Senior Debt Coverage	Subordinate Debt	Total Debt	Total Debt Coverage	
2004-05	$ 22,090	$ 217	$ -	$ 21,873	$ 12,546	1.74	$ NA	$ NA	NA	
2005-06	22,447	200	261	21,986	14,319	1.54	NA	NA	NA	
2006-07	24,217	167	496	23,554	16,162	1.46	NA	NA	NA	
2007-08	26,259	277	502	25,480	16,541	1.54	NA	NA	NA	
2008-09	30,213	380	484	29,349	16,090	1.82	NA	NA	NA	
2009-10	29,144	282	1,606	27,256	16,072	1.70	NA	NA	NA	
2010-11	23,069	387	1,454	21,228	16,051	1.32	NA	NA	NA	
2011-12	23,750	406	807	22,537	16,254	1.39	2,608	18,862	1.19	(1)
2012-13	23,260	419	652	22,189	16,298	1.36	2,655	18,953	1.17	
2013-14	23,042	372	580	22,090	18,686	1.18	1,747	20,433	1.08	

Del Paso Heights

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt	Senior Debt Coverage	Subordinate Debt	Total Debt	Total Debt Coverage	
2004-05	$ 2,269	$ 23	$ 85	$ 2,160	$ 553	3.90	$ NA	$ NA	NA	
2005-06	3,172	28	197	2,948	949	3.11	NA	NA	NA	
2006-07	3,837	29	307	3,501	1,290	2.71	NA	NA	NA	
2007-08	4,181	27	357	3,796	1,606	2.36	NA	NA	NA	
2008-09	4,079	51	169	3,859	1,625	2.37	NA	NA	NA	
2009-10	3,222	33	377	2,812	1,627	1.73	NA	NA	NA	
2010-11	2,901	45	322	2,534	1,626	1.56	NA	NA	NA	
2011-12	2,551	44	199	2,307	1,769	1.30	100	1,869	1.23	(1)
2012-13	2,549	46	194	2,309	1,644	1.40	240	1,884	1.23	
2013-14	2,853	44	245	2,564	1,618	1.58	230	1,848	1.39	

Notes:

NA) Subordinate debt was not presented in prior years. Prior years information not available for River District, Franklin Boulevard, Army Depot and 65th Street.

(1) Revised to include 2008 B of A Public Capital Corp Debt.

Source: County of Sacramento, Office of Auditor/Controller

City of Sacramento
Successor Agency Trust Fund
Debt Coverage Analysis
Last Ten Fiscal Years
(in thousands)

Alkali Flat

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt	Senior Debt Coverage	Subordinate Debt	Total Debt	Total Debt Coverage	
2004-05	$ 984	$ 11	$ 7	$ 966	$ 629	1.54	$ NA	$ NA	NA	
2005-06	1,061	11	19	1,031	621	1.66	NA	NA	NA	
2006-07	1,168	9	33	1,126	618	1.82	NA	NA	NA	
2007-08	1,270	14	34	1,222	619	1.98	NA	NA	NA	
2008-09	1,234	17	14	1,203	618	1.95	NA	NA	NA	
2009-10	1,253	15	54	1,185	616	1.92	NA	NA	NA	
2010-11	1,106	18	68	1,020	619	1.65	NA	NA	NA	
2011-12	1,077	18	19	1,039	622	1.67	463	1,085	0.96	(1)
2012-13	1,049	19	10	1,020	623	1.64	467	1,090	0.94	
2013-14	1,028	16	9	1,003	612	1.64	461	1,073	0.93	

Oak Park

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt	Senior Debt Coverage	Subordinate Debt	Total Debt	Total Debt Coverage	
2004-05	$ 3,836	$ 39	$ 119	$ 3,678	$ 1,370	2.68	$ NA	$ NA	NA	
2005-06	4,957	44	274	4,639	1,686	2.75	NA	NA	NA	
2006-07	5,939	45	404	5,490	2,846	1.93	NA	NA	NA	
2007-08	6,255	69	409	5,777	2,769	2.09	NA	NA	NA	
2008-09	5,854	73	381	5,400	2,767	1.95	NA	NA	NA	
2009-10	4,213	49	372	3,792	2,757	1.38	NA	NA	NA	
2010-11	3,871	60	314	3,498	2,761	1.27	NA	NA	NA	
2011-12	3,772	63	150	3,559	2,756	1.29	103	2,859	1.24	(1)
2012-13	3,841	67	151	3,623	2,794	1.30	183	2,977	1.22	
2013-14	4,364	67	244	4,053	2,891	1.40	34	2,925	1.39	

River District

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt	Senior Debt Coverage	Subordinate Debt	Total Debt	Total Debt Coverage	
2004-05	$ NA	$ NA	$ NA	$ NA	$ -	-	$ NA	$ NA	NA	
2005-06	NA	NA	NA	NA	-	-	NA	NA	NA	
2006-07	NA	NA	NA	NA	-	-	NA	NA	NA	
2007-08	NA	NA	NA	NA	-	-	NA	NA	NA	
2008-09	NA	NA	NA	NA	-	-	NA	NA	NA	
2009-10	NA	NA	NA	NA	-	-	NA	NA	NA	
2010-11	NA	NA	NA	NA	-	-	NA	NA	NA	
2011-12	1,372	25	246	1,100	-	-	494	494	2.23	(1)
2012-13	1,294	26	227	1,041	-	-	654	654	1.59	
2013-14	5,735	20	259	5,456	-	-	646	646	8.45	

Notes:

NA) Subordinate debt was not presented in prior years. Prior years information not available for River District, Franklin Boulevard, Army Depot and 65th Street.

(1) Revised to include 2008 B of A Public Capital Corp Debt.

Source: County of Sacramento, Office of Auditor/Controller

City of Sacramento
Successor Agency Trust Fund
Debt Coverage Analysis
Last Ten Fiscal Years
(in thousands)

North Sacramento

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt	Senior Debt Coverage	Subordinate Debt	Total Debt	Total Debt Coverage	
2004-05	$ 2,167	$ 21	$ 253	$ 1,893	$ 322	5.88	$ NA	$ NA	NA	
2005-06	2,620	24	249	2,347	305	7.68	NA	NA	NA	
2006-07	3,063	24	194	2,845	436	6.53	NA	NA	NA	
2007-08	3,542	38	198	3,305	468	7.06	NA	NA	NA	
2008-09	3,787	46	291	3,450	528	6.53	NA	NA	NA	
2009-10	3,087	36	237	2,814	530	5.30	NA	NA	NA	
2010-11	2,722	45	209	2,468	528	4.68	NA	NA	NA	
2011-12	2,439	44	187	2,208	539	4.10	629	1,168	1.89	(1)
2012-13	2,323	44	165	2,114	537	3.94	779	1,316	1.61	
2013-14	2,303	38	247	2,018	909	2.22	393	1,302	1.55	

Franklin Boulevard

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt	Senior Debt Coverage	Subordinate Debt	Total Debt	Total Debt Coverage	
2004-05	$ NA	$ NA	$ NA	$ NA	$ -	-	$ NA	$ NA	NA	
2005-06	NA	NA	NA	NA	-	-	NA	NA	NA	
2006-07	NA	NA	NA	NA	-	-	NA	NA	NA	
2007-08	NA	NA	NA	NA	-	-	NA	NA	NA	
2008-09	NA	NA	NA	NA	-	-	NA	NA	NA	
2009-10	NA	NA	NA	NA	-	-	NA	NA	NA	
2010-11	NA	NA	NA	NA	-	-	NA	NA	NA	
2011-12	2,225	39	184	2,002	-	-	100	100	20.02	(1)
2012-13	2,354	41	195	2,118	-	-	109	109	19.43	
2013-14	2,414	38	189	2,187	-	-	99	99	22.09	

Stockton Boulevard

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt	Senior Debt Coverage	Subordinate Debt	Total Debt	Total Debt Coverage	
2004-05	$ 1,497	$ 14	$ 207	$ 1,276	$ -	-	$ NA	$ NA	NA	
2005-06	2,293	19	169	2,105	-	-	NA	NA	NA	
2006-07	2,557	19	338	2,200	115	19.16	NA	NA	NA	
2007-08	2,930	31	350	2,548	115	22.20	NA	NA	NA	
2008-09	2,849	33	957	1,860	208	8.92	NA	NA	NA	
2009-10	1,957	22	405	1,529	187	8.19	NA	NA	NA	
2010-11	1,611	26	317	1,268	191	6.63	NA	NA	NA	
2011-12	1,496	26	387	1,083	180	6.02	250	430	2.52	(1)
2012-13	1,369	24	329	1,016	191	5.32	261	452	2.25	
2013-14	1,420	24	377	1,019	180	5.66	245	425	2.40	

Notes:

NA) Subordinate debt was not presented in prior years. Prior years information not available for River District, Franklin Boulevard, Army Depot and 65th Street.

(1) Revised to include 2008 B of A Public Capital Corp Debt.

Source: County of Sacramento, Office of Auditor/Controller

City of Sacramento
Successor Agency Trust Fund
Debt Coverage Analysis
Last Ten Fiscal Years
(in thousands)

Army Depot

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt	Senior Debt Coverage	Subordinate Debt	Total Debt	Total Debt Coverage
2004-05	$ NA	$ NA	$ NA	$ NA	$ -	-	$ NA	$ NA	NA
2005-06	NA	NA	NA	NA	-	-	NA	NA	NA
2006-07	NA	NA	NA	NA	-	-	NA	NA	NA
2007-08	NA	NA	NA	NA	-	-	NA	NA	NA
2008-09	NA	NA	NA	NA	-	-	NA	NA	NA
2009-10	NA	NA	NA	NA	-	-	NA	NA	NA
2010-11	NA	NA	NA	NA	-	-	NA	NA	NA
2011-12	2,617	44	523	2,050	-	-	737	737	2.78 (1)
2012-13	2,342	43	452	1,847	-	-	748	748	2.47
2013-14	3,200	50	643	2,507	-	-	735	735	3.41

65th Street

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt	Senior Debt Coverage	Subordinate Debt	Total Debt	Total Debt Coverage
2004-05	$ NA	$ NA	$ NA	$ NA	$ -	-	$ NA	$ NA	NA
2005-06	NA	NA	NA	NA	-	-	NA	NA	NA
2006-07	NA	NA	NA	NA	-	-	NA	NA	NA
2007-08	NA	NA	NA	NA	-	-	NA	NA	NA
2008-09	NA	NA	NA	NA	-	-	NA	NA	NA
2009-10	NA	NA	NA	NA	-	-	NA	NA	NA
2010-11	NA	NA	NA	NA	-	-	NA	NA	NA
2011-12	1,035	17	207	811	-	-	524	524	1.55 (1)
2012-13	923	16	181	726	-	-	523	523	1.39
2013-14	834	14	185	635	-	-	506	506	1.25

Notes:

NA) Subordinate debt was not presented in prior years. Prior years information not available for River District, Franklin Boulevard, Army Depot and 65th Street.

(1) Revised to include 2008 B of A Public Capital Corp Debt.

Source: County of Sacramento, Office of Auditor/Controller

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City of Sacramento
Full-time Equivalent Employees by Function/Program
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30,									
Function/Program	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Citywide and Community Support	-	-	-	-	-	-	-	-	23	23
Code Enforcement	-	82.00	94	92	107	90	-	-	-	-
Community Development	-	-	-	-	-	107	170	166	159	163
Convention, Culture & Leisure	204	204	208	213	214	206	196	194	133	138
Development Services	252	259	243	246	222	-	-	-	-	-
Economic Development	-	17.00	17	24	27	22	18	14	11	11
Fire	609	623	651	651	655	582	611	589	527	642
General Government	393	374	408	419	400	329	319	312	305	320
General Services	457	260	264	287	307	257	247	225	368	367
Neighborhood Services	86	16	16	15	15	9	-	-	-	-
Parks and Recreation	841	896	930	925	872	680	648	579	553	577
Planning	-	-	38.00	33	34	-	-	-	-	-
Police	1,189	1,207	1,265	1,272	1,271	1,091	1,060	900	847	940
Public Works	-	-	-	-	-	-	-	-	395	406
Transportation	333	340	350	356	437	424	409	409	-	-
Utilities	497	727	732	741	741	752	698	698	505	510
Total	4,860	5,003	5,213	5,273	5,300	4,549	4,374	4,083	3,825	4,095

Source: City of Sacramento Approved Operating Budgets

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City of Sacramento
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Adult arrests	25,623	27,314	24,703	22,783	21,230	20,555	19,885	17,058	18,650	19,570
Citizen initiated calls for service with officer responses	194,969	187,731	181,793	181,873	173,045	176,157	166,207	154,193	154,233	118,975
Fire [1]										
Number of incidents	63,242	65,714	66,284	70,609	64,525	59,608 [2]	71,111	73,343	74,427	75,000
Number of structure fires	835	1,189	500	414	401	359 [2]	606	652	680	586
Number of construction inspection/reviews	5,181	NA	NA	NA	NA	2,790	NA	1,895	4,568 [12]	4,761
General Services										
Number of animal licenses issued	9,446	12,815	14,944	18,812	18,732	17,094	17,132	17,318	15,810 [13]	15,057
Number of animal outplacements	4,267	4,323	4,352	4,252	4,025	3,300	2,901	3,750	5,521 [14]	6,167
Public Works										
Number of traffic investigations completed	927	922	1,123	1,019	1,028	903	712 [4]	717	821	936
Number of parking citations issued	199,428	201,196	194,193	233,901	236,103	240,248	184,215 [5]	164,492	165,700	171,066
Convention, Culture and Leisure										
Number of Community Convention Center events	607	600	664	568	528	453	417	389	378	378
Community Convention Center event attendance	929,425	833,428	849,000	863,759	862,000	780,000	873,577	796,000	645,000 [15]	881,253
Number of Zoo attendance	485,000	485,000	529,734	482,072	467,446	481,452	498,518	526,959	508,061	512,758
Parks and Recreation										
Number of students enrolled in START	7,149	7,913	8,845	8,364	8,695	8,563	7,437	5,755 [7]	5,330	5,603
Number of students enrolled in 4th R [9]	2,695	2,885	3,000	3,500	2,675	2,600	2,142	1,899	1,949	1,955
Number of lunches served through food programs	195,000	192,500	160,900	156,916	197,020	120,726 [3]	133,687	42,848 [8]	- [16]	-
Community Development [18]										
Number of building permits issued	17,869	18,261	16,930	14,349	13,182	11,786	11,474	11,545	12,146	13,950
Building permit valuation (in million of dollars)	883	817	1,005	862	557	543	387	281	391	362
Vehicles abated by City	4,660	3,747	2,572	1,538	898	694	429	254 [10]	282	343
Notice and orders issued on housing and dangerous buildings	279	293	445	378	360	305	250	188 [11]	253	154
Water										
Number of accounts	136,347	151,459	151,459	135,665	137,029	136,600	136,812	137,148	135,353	135,590
Amount distributed/pumped (million of gallons)	44,177	45,180	49,463	NA	42,726	38,453	37,393	38,692	40,034	34,896
Wastewater										
Number of accounts	78,596	78,541	79,620	76,253	76,802	76,385	76,394	76,477	76,484	76,657
Amount distributed/pumped (million of gallons)	18,054	19,185	19,185	NA	15,889	14,302	NA	10,695	6,805 [17]	10,603
Storm Drainage										
Number of accounts	130,426	128,427	132,376	131,801	132,727	132,556	133,188	133,814	134,651	135,834
Amount distributed/pumped (million of gallons)	41,608	53,444	53,444	NA	27,936	27,288	NA	28,445	17,602	14,585 [19]
Solid Waste										
Residential garbage disposed (in Tons)	129,499	127,120	128,802	128,060	104,542	112,203	110,103	106,085	109,141	109,060
Commercial garbage collected (in Tons)	23,159	22,469	NA	24,804	18,937	17,688	12,918 [6]	12,251	1,222	- [20]

Notes: (1) The threshold for investigation of a fire was raised from $10,000 or $30,000 in fiscal year 2005.
(2) Due to a system problem in October 2009, only 11 months of data are available.
(3) In FY10, the decrease in number of lunches served through food programs was due to decrease in number of sites in operation from 112 to 43. The sites were scaled back to better manage the program and reduce waste.
(4) In FY11, the reason for the significant drop in the number of traffic investigations completed was due to the decrease in calls from the General Public. In addition, FY11 onwards, Maintenance Calls were excluded.
(5) In FY11, the reasons for the significant drop in the number of citations writtens were due to a) the depressed economy; (b) there were 4 fewer parking enforcement officers; and c) the staff were furloughed.
(6) In FY11, the reason for the significant drop in the commercial garbage collected was primarily due to loss of two major accounts, i.e. Sacramento City Unified School District to Atlas Disposal and California State University, Sacramento to Allied Waste.
(7) In FY12, the number of school sites the City of Sacramento served under START program were reduced from 57 to 46, thus reducing the total number of students enrolled.
(8) In FY12, the number of lunches served through food programs decreased significantly because the federal grant for this program ended in September 2011.
(9) The number of students enrolled in 4th R program has been declining since FY09 due to substantial decline in the subsidy-side of enrollees. Due to the recession many parents/guardians lost their employment and were not pursuing post secondary education/skill training which make them ineligible to receive these subsidies because the requirement for eligibility is either employment or post secondary education/skill training. In addition, there was also some decline in fee based enrollment.
(10) In FY12, the number of vehicles abated by City decreased significantly due to the slow economic conditions which led to people holding onto their vehicles longer as well as turning in vehicles for the cost of parts or scrap metal.
(11) In FY12, the number of complaints for housing and dangerous buildings declined largely due to proactive inspections performed under the City's Rental Housing Inspection Program which led to decrease in notice and orders issued on housing and dangerous buildings.
(12) Fire Prevention has been working deligently to improve the way they track inspection data. Therefore, current year data is more accurate than prior years data.
(13) In FY13, the number of animal licenses issued declined largely due to economic down turn as pet owners make tough choices licensing suffered.
(14) Partnership with outside agencies in California and other states resulted in an increase in the number of animal outplacements in FY13.
(15) In FY13, the number of entertainment events at Memorial Auditorium declined largely due to a major stage extension maintenance/replacement project that limited its use for approximately four months, no sold-out and extended-run performances. FY12 included sold out extended run performances of Wicked.
(16) In FY13, the summer food program is terminated.
(17) The reduction in flows have occurred due to water conservation efforts and reduced system infiltration caused by the below normal rainfall influence on the water table. There was less rainfall in FY13 than in FY12.
(18) Prior to FY13, reported as Development and Code Enforcement Departments.
(19) Amount of storm drain pumped/distributed is dependent on rainfall. There was less rainfall in FY14 than in FY13 and FY12.
(20) Solid Waste commercial garbage collection was discontinued in October 2012.

Source: Various City of Sacramento Departments

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City of Sacramento
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Number of stations (1)	2	2	2	4	4	4	4	4	4	4
Number of patrol units (2)	238	229	210	210	210	242	242	242	263	243
Number of aircraft	NA	NA	NA	NA	3	3	3	4	4	4
Number of watercraft	NA	NA	NA	NA	2	2	2	3	3	3
Fire										
Number of stations	23	23	23	23	23	23	23	24	24	24
Number of fire suppression, support or prevention vehicles	167	169	170	151	150	160	160	159	159	159
Public Works										
Miles of streets	2,960	3,025	3,034	3,045	3,044	3,063	3,108	3,108	3,065	3,077
Number of street lights	38,450	39,277	39,964	40,578	41,131	41,252	41,301	41,679	41,788	42,048
Number of City parking spaces (3)	8,488	8,518	8,795	8,798	8,484	8,484	8,484	8,484	8,484	8,484
Miles of off-street bikeways	58	62	67	76	78	78	82	82	83	84
Parks and recreation										
Number of parks	204	205	205	206	208	212	213	213	222	222
Park acreage (4)	3,122	3,124	3,125	3,126	3,167	3,171	3,171	3,150 (10)	3,161 (11)	3,161
Number of community centers (5)	17	17	17	16	13	13	13	13	13	13
Number of swimming pools (including wading pools)	23	23	23	23	26	26	26	26	26	26
Water										
Miles of water mains and distribution lines (6) (7)	1,708	1,873	1,873	1,859	1,720	1,724	1,596	1,599	1,599	1,597
Sewers and storm drainage										
Miles of sanitary sewers and storm drainage (8)	2,081	2,081	2,024	1,859	1,693	1,950	1,954	1,951	1,951	1,951
Off-street parking										
Number of City garages and open parking lots	11	11	12	12	10	10	10	10	10	10
Golf										
Number of golf courses	6	6	6	6	6	6	6	6	6	6
Marina										
Number of boat harbor slips	563	563	547	475 (9)	475	475	475	475	475	475

Notes: (1) From FY2008 onwards, police stations refer to stations plus police headquarters.
(2) From FY2010 onwards, patrol units include cars and motorcycles.
(3) From FY2009 onwards, City parking spaces is defined as only those which are City-owned.
(4) Golf course acreage is not included from FY2005 onwards.
(5) Does not include neighborhood centers.
(6) Water mains are pipes over 12" in size. Pipes 12" or less are considered Distribution Lines. Reporting categories have been changed to show this distinction FY2011 onwards. In addition, FY2011 onwards, Service Mains and Hydrant Mains are excluded.
(7) From FY2009 onwards, does not include miles for private mains and mains owned by other agencies.
(8) Non-pipe elements may have been included in years prior to FY2009.
(9) In FY2008, the marina boat slips were made larger thereby decreasing their total number.
(10) In FY2012, the City conveyed 22.79 acreas to a developer from Granite Regional Park, pursuant to a development agreement, and acquired two parcel adding 1.73 acres to the Sacramento River Parkway.
(11) In FY2013, the City added 10.78 acres in 6 parks (all in the River District in the Central City). Bercut Richards Plaza (0.12 ac.); Cannery Plaza parksite (0.19 ac.); Persimmon Paseo (0.21 ac.); Victory Promenade (0.49 ac.); 7th Street Promenade (1.0 ac.); and Township 9 Park (8.77 ac.).

Source: Various City of Sacramento Departments

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City of Sacramento
Miscellaneous Statistics
Current Fiscal Year and Nine Years Ago

Date of incorporation	1849	
Date of charter	1921	
Date City became State Capitol	1854	
Form of government	Council/Manager	

	2014	2005
Number of budgeted positions	4,095	4,399
Area in square miles	99	99
Altitude in feet	20	20
City of Sacramento facilities and services:		
Police		
Number of stations	4	2
Number of police personnel sworn / civilian (actual)	643/296	713/377
Number of patrol units	243	238
Fire		
Number of stations	24	23
Number of fire personnel sworn / unsworn	580/61	552/58
Number of fire protection, support and prevention vehicles	159	167
Utilities		
Miles of water mains and distribution lines (1)	1,597	1,708
Annual water production in gallons	35 billion	44 billion
Miles of sanitary sewers and storm drainage (2)	1,951	2,081
Public Works		
Miles of streets	3,077	2,960
Number of street lights	42,048	38,450
Number of City managed parking lots / spaces	11/1,974	11/8,488
Miles of off-street bikeways	84	58
Convention, Culture and Leisure		
Golf courses	6	6
Boat harbor slips (3)	475	547
Zoo animals (4)	578	600
Fairytale town attendance for year	252,351	201,496
Crocker Art Museum attendance for year	218,649	119,480
Community Convention Center attendance for year	881,253	929,425
Parks and Recreation		
Parks	222	196
Park acreage (5)	3,161	3,627
Camp Sacramento attendance for year	2,558	3,031
Community centers	13	17
Neighborhood centers	5	N/A
Swimming pools	17	21
Baseball fields (6)	102	84
Soccer fields	132	75
Ball courts	180	118
Library		
Library branches	12	27 (7)
Library books and audiovisual recordings in circulation	2,051,606	2,011,794

Notes: (1) Water mains are pipes over 12" in size. Pipes 12" or less are considered Distribution Lines. Reporting categories have been changed to show this distinction FY2011 onwards. In addition, FY2011 onwards, Service Mains and Hydrant Mains are excluded.

(2) Non-pipe elements may have been included in years prior to FY2009.

(3) In FY2008, the marina boat slips were made larger thereby decreasing their total number.

(4) Zoo animals number is comprised of animals on-site (either owned by zoo or owned by other entity).

(5) Golf course acreage is not included from FY 2005 onwards.

(6) This includes softball, little league and adult baseball from FY2011 onwards.

(7) This includes all library branches in the Sacramento public library system.

Source: Various City of Sacramento departments and publications

KEVIN JOHNSON
Mayor

ANGELIQUE ASHBY
Mayor Pro Tem, District 1

ALLEN WARREN
Councilmember, District 2

STEVE COHN
Councilmember, District 3

STEVE HANSEN
Councilmember, District 4

JAY SCHENIRER
Vice Mayor, District 5

KEVIN MCCARTY
Councilmember, District 6

DARRELL FONG
Councilmember, District 7

BONNIE J. PANNELL
Councilmember, District 8

CITY OF SACRAMENTO FACTS

The City of Sacramento was founded in 1849 and is the oldest incorporated city in California.

In 1920, city voters adopted a Charter (municipal constitution) and a City Council/City Manager form of government.

The City is divided into eight districts.

Elected members of the City Council serve a four-year term.

The Mayor is elected by all voters in the City. In 2002, voters approved a measure for the Mayor to serve full-time. All other Councilmembers are elected by district and serve part-time.

The Mayor and other Councilmembers have an equal vote in all matters.

The City of Sacramento currently encompasses approximately 100 square miles.

The current estimated population is 475,122.

CITY OF SACRAMENTO FOUNDED IN 1849

www.CityofSacramento.org

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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

This Continuing Disclosure Certificate (the "**Disclosure Certificate**") is executed and delivered by the Redevelopment Agency Successor Agency of the dissolved Redevelopment Agency of the City of Sacramento (the "**Agency**") in connection with the issuance of its $62,135,000 2015 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) (the "**2015A Bonds**") and $41,915,000 2015 Tax Allocation Refunding Bonds, Series B (Federally Taxable) (the "**2015B Bonds**," and together with the 2015A Bonds, the "**Bonds**"). The Bonds are being issued under an Indenture of Trust, dated as of October 1, 2015 (the "**Indenture**"), between U.S. Bank National Association, as trustee (the "**Trustee**") and the Agency. The Agency covenants and agrees as follows:

1. **Purpose of this Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

   "***Annual Report***" means any Annual Report provided by the Agency under, and as described in, Sections 3 or 4 of this Disclosure Certificate.

   "***Beneficial Owner***" means any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries); or (b) is treated as the owner of any Bonds for federal income-tax purposes.

   "***EMMA***" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal-securities disclosures, maintained on the Internet at http://emma.msrb.org/.

   "***Fiscal Year***" means the one-year period ending on the last day of June of each year.

   "***Holder***" means a registered owner of the Bonds.

   "***Listed Events***" means any of the events listed in Sections 5(a) or (b) of this Disclosure Certificate.

   "***Official Statement***" means the Official Statement that relates to the Bonds and is dated September 10, 2015.

   "***Participating Underwriter***" means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

   "***Rule***" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as it may be amended from time to time.

3. **Provision of Annual Reports.**

   (a) The Agency shall provide to EMMA not later than April 1 following the end of its Fiscal Year (commencing with Fiscal Year 2015) an Annual Report relating to the immediately preceding Fiscal Year. The Annual Report must be consistent with the requirements of Section 4 of this

Disclosure Certificate, may be submitted as a single document or as separate documents composing a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Agency is unable to provide an Annual Report to EMMA by the date required in Section 3(a), then the Agency shall send in a timely manner to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. **Content of Annual Reports.** The Annual Report must contain or incorporate by reference the items listed in this Section 4, any or all of which may be included by specific reference to other documents that have been submitted to EMMA, including but not limited to official statements of debt issues of the Agency or related public entities. If, however, any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board, and the Agency must clearly identify each such document so included by reference:

(a) The audited financial statements of the Agency for the prior Fiscal Year (which may be combined with those of the City of Sacramento), 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 Agency's audited financial statements are not available by the time the Annual Report is required by Section 3(a) to be filed, the Annual Report must contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements must be filed in the same manner as the Annual Report when they come available.

(b) Principal amount of Bonds outstanding.

(c) Description of the issuance by the Agency of any debt payable from or secured by a pledge of Tax Revenues (as such term is defined in the Official Statement) in the most recently completed Fiscal Year (including details as to date, amount, term, rating and bond insurance).

(d) The assessed value of property in the Project Areas for the most recently completed and available Fiscal Year in substantially the form set forth in Table 3 in the Official Statement.

(e) The 10 largest local secured property taxpayers in the Project Areas for the most recently completed Fiscal Year in substantially the form set forth in Table 5 in the Official Statement;

(f) Debt service coverage on the Bonds and any parity obligations for the most recently completed Fiscal Year only, in substantially the form set forth in Table 9 in the Official Statement, without any requirement to update any projected Tax Revenues set forth in Table 9.

(g) The cumulative tax increment allocated to the Agency as of June 30 of the most recently completed Fiscal Year in each Project Area. If, however, the California legislature enacts legislation that renders tax-increment limits within former redevelopment plans to be of no force or effect, then the Agency shall provide notice of that enactment and thereafter will no longer be required by this Section 4(g) to include information regarding cumulative increment.

5. **Reporting of Significant Events.**

(a) The Agency shall give, or shall cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than 10 Business Days after the event:

(1) Principal and interest payment delinquencies.

(2) Unscheduled draws on debt-service reserves reflecting financial difficulties.

(3) Unscheduled draws on credit enhancements reflecting financial difficulties.

(4) Substitution of credit or liquidity providers, or their failure to perform.

(5) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB).

(6) Tender offers.

(7) Defeasances.

(8) Ratings changes.

(9) Bankruptcy, insolvency, receivership or similar proceedings.

For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Agency shall give, or shall cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(1) Unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.

(2) Modifications to the rights of Bond holders.

(3) Optional, unscheduled, or contingent Bond redemptions.

(4) Release, substitution or sale of property securing repayment of the Bonds.

(5) Non-payment related defaults.

(6) The consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business; the entry into a definitive agreement to undertake such an action; or the termination of a definitive agreement relating to any such actions, other than in accordance with its terms.

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

(c) If the Agency determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Agency shall file a notice of the occurrence with EMMA in a timely manner not more than 10 Business Days after the event.

6. **Customarily Prepared and Public Information.** Upon request, the Agency shall provide to any person financial information and operating data regarding the Agency that is customarily prepared by the Agency and is publicly available.

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

8. **Amendment and Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, but only if, in the opinion of nationally recognized bond counsel, the amendment or waiver is permitted by the Rule.

9. **Additional Information.** Nothing in this Disclosure Certificate prevents the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency will not thereby have any obligation under this Disclosure Certificate to update that information or include it in any future notice of occurrence of a Listed Event.

10. **Default.** If the Agency fails to comply with any provision of this Disclosure Certificate, any Holders or Beneficial Owners of at least 50% aggregate principal amount of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate is not an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate will be an action to compel performance.

    Before commencing an action, suit, or proceeding to compel performance, a Holder or Beneficial Owner of the Bonds must deliver to the Agency a written notice of and request to cure the failure, plus satisfactory written evidence of the Holder's or Beneficial Owner's status as such, and the Agency must have refused to comply with the request within a reasonable time.

11. **Beneficiaries.** This Disclosure Certificate inures solely to the benefit of the Agency, the Participating Underwriter, and Holders and Beneficial Owners from time to time of the Bonds, and it creates no rights in any other person or entity.

Dated: October 14, 2015

REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

By: ______________________________
Russell T. Fehr, City Treasurer

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] | Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the “Insurer’s Fiscal Agent”) for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer’s Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer’s Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer’s Fiscal Agent on behalf of BAM. The Insurer’s Fiscal Agent is the agent of BAM only, and the Insurer’s Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer’s Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

CALIFORNIA

ENDORSEMENT TO

MUNICIPAL BOND INSURANCE POLICY

NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

Authorized Officer

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REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF THE CITY OF SACRAMENTO • 2015 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) and Series B (Federally Taxable)

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