NEW ISSUE – FULL BOOK-ENTRY

RATINGS:
Standard & Poor's: "AA" (Insured) / "A" (Uninsured)
Fitch: "A" (Uninsured)
(See inside cover page and
"MISCELLANEOUS – Rating" herein)

In the opinion of Meyers, Nave, Riback, Silver & Wilson, A Professional Law Corporation, 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 2014 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2014 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2014 Bonds. See "TAX MATTERS" herein.

$67,445,000
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG
Los Medanos Community Development Project
Tax Allocation Refunding Bonds, Series 2014

Dated: Date of Delivery **Due: August 1, as shown on inside cover page**

This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Successor Agency to the Redevelopment Agency of the City of Pittsburg (the "Agency") is issuing its Los Medanos Community Development Project Tax Allocation Refunding Bonds, Series 2014 (the "2014 Bonds") for the purpose of (i) refunding a portion of the outstanding Los Medanos Community Development Project Tax Allocation Bonds, Series 1999 and all of the outstanding Los Medanos Community Development Project Tax Allocation Bonds, Series 2003A (collectively, the "Refunded Bonds"), (ii) funding a reserve account and (iii) paying the costs of issuing the 2014 Bonds. See "THE REFUNDING PLAN" herein.

Interest on the 2014 Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2014. The 2014 Bonds will be issued as fully registered bonds 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 denominations of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not receive certificates representing their interest in the 2014 Bonds. So long as Cede & Co. is the registered owner of the 2014 Bonds, principal of and premium, if any, and interest on the 2014 Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent") directly to DTC for subsequent disbursement to Beneficial Owners, as described herein.

The 2014 Bonds are subject to optional redemption as described herein. See "THE 2014 BONDS – Redemption Provisions" herein.

The 2014 Bonds are equally secured by an irrevocable pledge of certain tax revenues and other funds as provided in certain resolutions of the Agency (collectively, the "Resolution"), as further described herein, and payable on a parity with the outstanding Parity Bonds (as defined herein). See "SECURITY FOR THE 2014 BONDS – Outstanding Parity Bonds" herein.

The scheduled payment of principal of and interest on the 2014 Bonds maturing on August 1, 2021 through 2029, inclusive (the "Insured 2014 Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the insured 2014 Bonds by ASSURED GUARANTY MUNICIPAL CORP.

ASSURED GUARANTY MUNICIPAL

The 2014 Bonds are limited obligations of the Agency and as such are not a debt of the City, the County, the State, or any of its political subdivisions. The principal of, premium, if any, and interest on the 2014 Bonds are payable solely from the funds described herein, and neither the faith and credit nor the taxing power of the City, the County, the State, or any of its political subdivisions is pledged therfor. The Agency has no taxing power.

The 2014 Bonds will be offered when, as and if issued and accepted by the Underwriters, subject to the approval of legality by Meyers, Nave, Riback, Silver & Wilson, A Professional Law Corporation, Oakland, California, Bond Counsel to the Agency. Certain other legal matters related to this offering will be passed upon by Meyers, Nave, Riback, Silver & Wilson, A Professional Law Corporation, as general counsel and as Disclosure Counsel to the Agency and Jones Hall, a Professional Law Corporation, San Francisco, California, as counsel to the Underwriters. It is anticipated that the 2014 Bonds, in definitive form, will be available for delivery on or about June 26, 2014.

STIFEL **Stinson Securities, LLC**

Dated: June 18, 2014

MATURITY SCHEDULE

$67,445,000
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG
Los Medanos Community Development Project
Tax Allocation Refunding Bonds, Series 2014

$40,280,000 Uninsured 2014 Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP*
2015	$2,645,000	4.000%	0.410%	86459L AA6
2016	7,960,000	4.000%	0.590%	86459L AB4
2017	9,145,000	5.000%	0.940%	86459L AC2
2018	8,735,000	5.000%	1.320%	86459L AD0
2019	5,755,000	5.000%	1.700%	86459L AE8
2020	1,000,000	4.000%	2.050%	86459L AF5
2020	5,040,000	5.000%	2.050%	86459L AR9

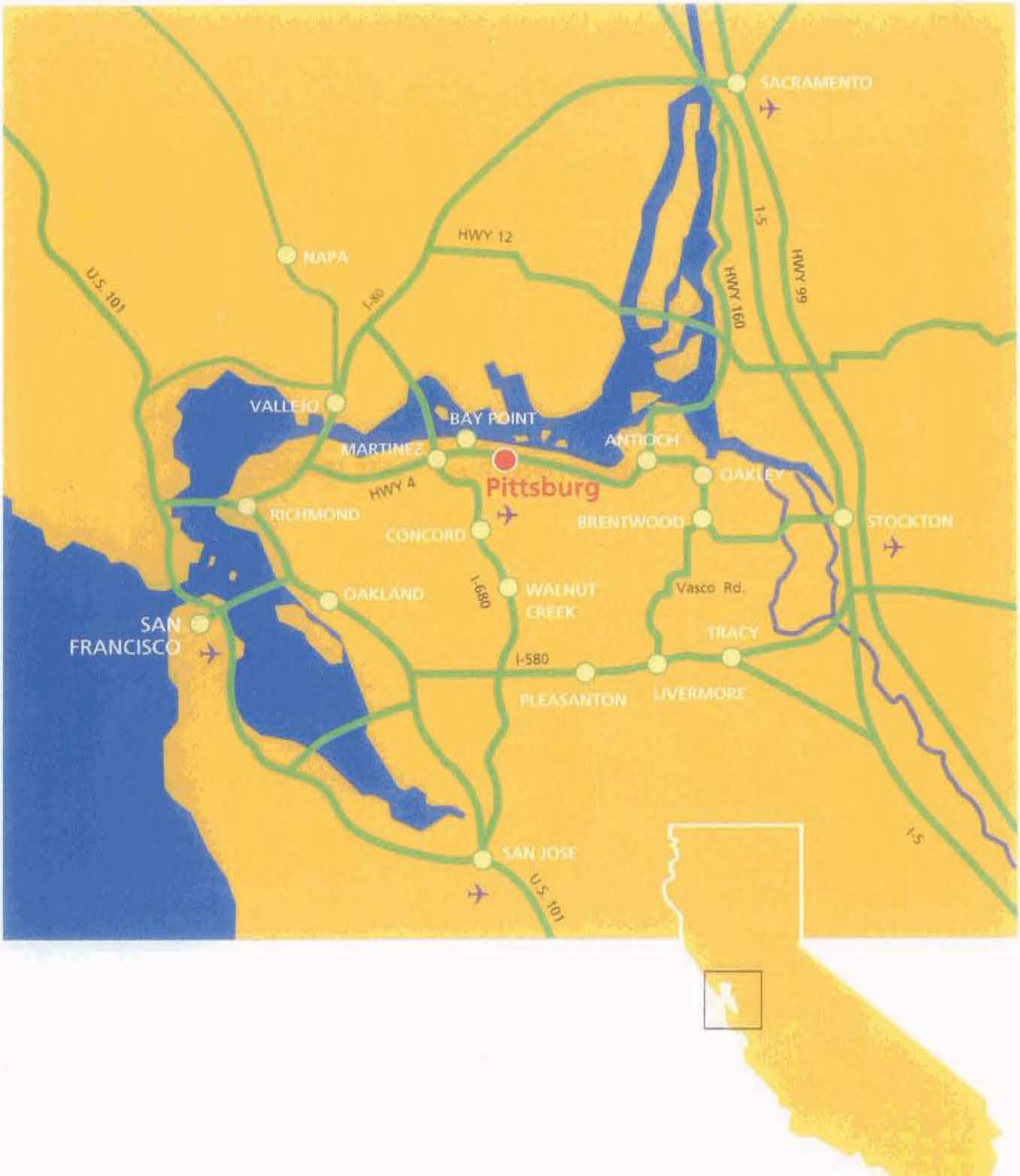
$27,165,000 Insured 2014 Bonds**

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP*
2021	6,335,000	5.000%	2.330%	86459L AG3
2022	3,045,000	5.000%	2.570%	86459L AH1
2023	2,340,000	5.000%	2.800%	86459L AJ7
2024	2,450,000	5.000%	2.970%	86459L AK4
2025	2,575,000	5.000%	3.190%***	86459L AL2
2026	2,705,000	5.000%	3.340%***	86459L AM0
2027	2,445,000	5.000%	3.510%***	86459L AN8
2028	2,570,000	5.000%	3.600%***	86459L AP3
2029	2,700,000	5.000%	3.680%***	86459L AQ1

* Copyright 2014, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services Bureau, operated by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Agency and are included solely for the convenience of the holders of the 2014 Bonds. Neither the Agency nor the Underwriters assume any responsibility for the accuracy of such data. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2014 Bonds as a result of certain subsequent actions including, but not limited to, a refunding in whole or in part or the procurement of secondary market portfolio insurance or other similar enhancement by investors with respect to all or a portion of the 2014 Bonds.

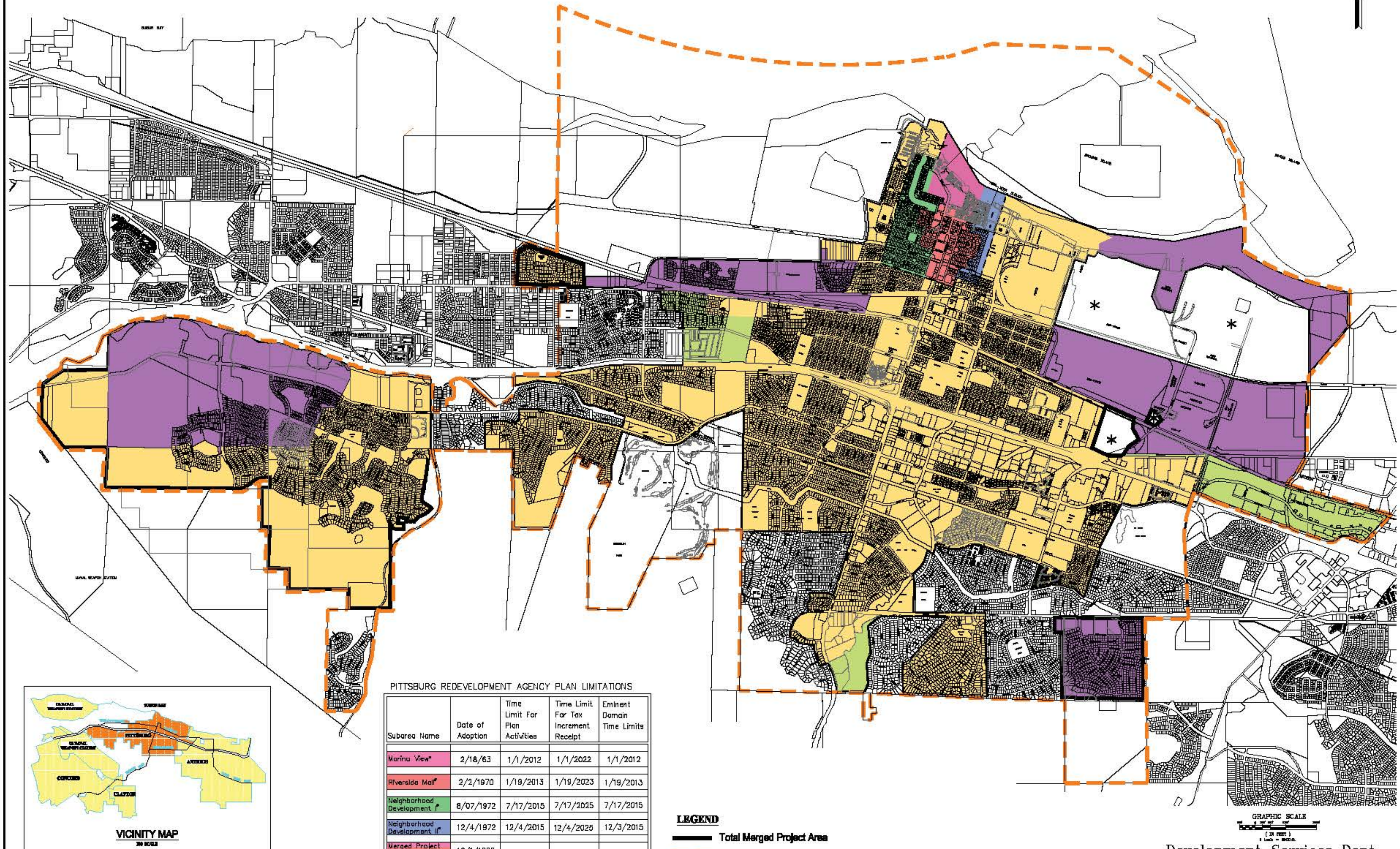
** Insured 2014 Bonds.

*** Yield for maturities 2025 through 2029 represents the yield to call. Maturities are callable on August 1, 2024 at par.


SACRAMENTO
I-5
HWY 99
HWY 160
HWY 12
NAPA
U.S. 101
I-80
VALLEJO
BAY POINT
MARTINEZ
ANTIOCH
OAKLEY
Pittsburg
HWY 4
RICHMOND
CONCORD
BRENTWOOD
STOCKTON
WALNUT CREEK
I-680
OAKLAND
Vasco Rd.
SAN FRANCISCO
TRACY
I-580
PLEASANTON
LIVERMORE
SAN JOSE
U.S. 101
I-5

REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG

LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA



PITTSBURG REDEVELOPMENT AGENCY PLAN LIMITATIONS

Subarea Name	Date of Adoption	Time Limit For Plan Activities	Time Limit For Tax Increment Receipt	Eminent Domain Time Limits
Marina View*	2/18/63	1/1/2012	1/1/2022	1/1/2012
Riverside Mall*	2/2/1970	1/19/2013	1/19/2023	1/19/2013
Neighborhood Development I*	8/07/1972	7/17/2015	7/17/2025	7/17/2015
Neighborhood Development II*	12/4/1972	12/4/2015	12/4/2025	12/3/2015
Merged Project Area	12/1/1980			
Los Medanos I	7/18/1979	7/18/2022	7/18/2032	12/3/2015
Los Medanos II	11/28/1983	11/28/2026	11/28/2036	12/3/2015
Los Medanos III	6/7/1993	6/7/2034	6/7/2044	12/3/2015

LEGEND

- Total Merged Project Area
- City Boundary
- * Parcels Deleted From the Project Area, Ordinance No. 03-1213 Dated November 3, 2003 (APN's 073-190-003, 073-200-013, 073-210-031, 073-220-037)

GRAPHIC SCALE

Development Services Dept
Engineering Division

CITY of PITTSBURG

City of Pittsburg
65 Civic Avenue
Tel: 925.252.4930
Fax: 925.252.6928

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG
CONTRA COSTA COUNTY, CALIFORNIA

AGENCY BOARD/CITY COUNCIL

Salvatore Evola, *Chair and Mayor*
Pete Longmire, *Vice Chair and Vice Mayor*
Ben Johnson, *Member and City Councilmember*
Will Casey, *Member and City Councilmember*
Nancy Parent, *Member and City Councilmember*

AGENCY/CITY STAFF AND OFFICIALS

Joe Sbranti, *Executive Director and City Manager*
Tina Olson, *Treasurer and City Finance and Administration Director*
Alice Evenson, *Secretary and City Clerk*

BOND COUNSEL, DISCLOSURE COUNSEL AND AGENCY COUNSEL

Meyers, Nave, Riback, Silver & Wilson, A Professional Law Corporation
Oakland, California

FINANCIAL ADVISOR

Public Financial Management, Inc.
San Francisco, California

FISCAL AGENT AND ESCROW AGENT

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

FISCAL CONSULTANT

Fraser & Associates
Roseville, California

VERIFICATION AGENT

Causey Demgen & Moore P.C.
Denver, Colorado

This Official Statement does not constitute an offer to sell the 2014 Bonds or the solicitation of an offer to buy, nor shall there be any sale of the 2014 Bonds by any person in any state or other jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such state or jurisdiction. No dealer, broker, salesperson or other person has been authorized by the Agency to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the Agency. 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 its 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.

The information set forth herein, other than that furnished by the Agency, has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Agency. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency since the date hereof. This Official Statement is submitted in connection with the sale of the 2014 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement is not to be construed as a contract with the purchasers of the 2014 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Agency does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Insured 2014 Bonds or the advisability of investing in the Insured 2014 Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "BOND INSURANCE" herein and "APPENDIX I – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" attached hereto.

THE 2014 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE 2014 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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OFFICIAL STATEMENT

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SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG
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INTRODUCTION

This Official Statement (including the cover and Appendices hereto, the "Official Statement") is provided to furnish information in connection with the sale of $67,445,000 aggregate principal amount of Successor Agency to the Redevelopment Agency of the City of Pittsburg, Los Medanos Community Development Project Tax Allocation Refunding Bonds, Series 2014 (the "2014 Bonds"). Any capitalized term used and not defined herein shall have the meaning given to such term in the Resolution (as defined below).

Authority and Purpose

The 2014 Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), including the Parts 1, 1.8 and 1.85 of Division 24 of the California Health and Safety Code (the "Redevelopment Law"), Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Law") and Resolution No. 86-128 adopted by the Redevelopment Agency of the City of Pittsburg (the "Former Agency") on August 14, 1986 (the "Original Resolution"), which Original Resolution was supplemented and amended, including pursuant to a Seventeenth Supplemental Resolution (the "Seventeenth Supplemental Resolution") adopted by the Successor Agency to the Redevelopment Agency of the City of Pittsburg (the "Agency") on June 2, 2014 (as amended and supplemented, the "Resolution").

Proceeds of the 2014 Bonds will be used to (i) refund a portion of the outstanding Los Medanos Community Development Project Tax Allocation Bonds, Series 1999 (the "1999 Bonds") and all of the outstanding Los Medanos Community Development Project Tax Allocation Bonds, Series 2003A (the "2003A Bonds" and together with the 1999 Bonds to be refunded, the "Refunded Bonds"), (ii) fund a reserve account and (iii) pay the costs of issuing the 2014 Bonds. See "THE REFUNDING PLAN" herein.

The 2014 Bonds are being issued on a parity with the unrefunded portion of the Agency's outstanding 1999 Bonds, any unrefunded portion of the Agency's outstanding 2003A Bonds and all of the outstanding Los Medanos Community Development Project Tax Allocation Bonds, Series 2002A (the "2002A Bonds" and together with the unrefunded 1999 Bonds and any unrefunded 2003A Bonds, the "Parity Bonds"). See "SECURITY FOR THE 2014 BONDS – Outstanding Parity Bonds" herein. The 2014 Bonds together with the Parity Bonds are referred to herein as the "Senior Bonds."

Former Agency and Agency

The City of Pittsburg, California (the "City"), acting pursuant to the Redevelopment Law, activated the Former Agency in 1958 by a resolution of the City Council of the City (the "City Council") whereby the City Council determined that its members shall serve as members of the Former Agency.

On June 29, 2011, Assembly Bill No. 26 ("ABx1 26") was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 ("ABx1 27"). A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of ABx1 26 and ABx1 27. The California Supreme Court largely upheld ABx1 26, invalidated ABx1 27, and held that ABx1 26 may be severed from ABx1 27 and enforced independently. As a result of ABx1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State of California were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by ABx1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012 (as amended from time to time, the "Dissolution Act").

By operation of law pursuant to Section 34173 of the Dissolution Act, the City Council of the City acts as successor agency to the Former Agency, effective February 1, 2012. Pursuant to Resolution No. 12-11753, adopted on January 17, 2012, the City of Pittsburg Housing Authority acts as successor agency to the Former Agency for housing matters and was transferred all rights, responsibilities, and function related to housing previously performed by the Former Agency effective February 1, 2012. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Agency is a separate public entity and legal entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

Redevelopment Plan and Project Area

Pursuant to the Redevelopment Law, the City adopted a plan (as amended, the "Redevelopment Plan") for the Los Medanos Community Development Project (as subsequently expanded, the "Project Area") by an ordinance adopted by the City Council on July 18, 1979. The Redevelopment Plan has been amended, including in November 1983 and June 1993, to add, among other things, approximately 2,400 acres to the Project Area. The Project Area is currently comprised of approximately 6,562 acres, or roughly 64% of the City's area, and includes the City's downtown area. The Project Area currently includes a mixture of industrial, commercial and residential development, with additional development expected. See "THE PROJECT AREA" herein. See also "APPENDIX A – General Information Regarding the City of Pittsburg" attached hereto for additional information regarding the City.

Tax Increment Financing

Prior to the enactment of ABx1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies receiving property taxes thereafter received only that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion of property taxes produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations.

The Dissolution Act authorizes the issuance of refunding bonds, including the 2014 Bonds, to be secured by a pledge of, and lien on, Tax Revenues (as defined below) created by the Resolution. The 2014 Bonds are further secured by a pledge and lien created by Section 34177.5(g) of the Dissolution Act on moneys deposited from time to time in a Redevelopment Property Tax Trust Fund (the "Redevelopment Property Tax Trust Fund") held by the Contra Costa County Auditor-Controller with respect to the Agency. Under the Dissolution Act, such moneys will be deposited from time to time in the Redevelopment Property Tax Trust Fund, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the Agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects using current assessed values on the last equalized roll on August 20 each year. See "SECURITY FOR THE 2014 BONDS – Tax Increment Financing" herein for additional information.

Security for the 2014 Bonds

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to the operation of ABx1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder and issued by the Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to the effective date of ABx1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Agency's Recognized Obligation Payment Schedule (as defined below). See "SECURITY FOR THE 2014 BONDS – Recognized Obligation Payment Schedule" herein.

The Dissolution Act further provides that bonds authorized thereunder and issued by the Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the 2014 Bonds, are taxes allocated to the Agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law.

In accordance with the Dissolution Act, the term "Tax Revenues" is defined under the Resolution to include moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, under Section 34183(a)(2) of the Dissolution Act. If, and to the extent, that the provisions of Section 34172 or Section 34183(a)(2) are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution. Pursuant to the Dissolution Act, Tax Revenues are no longer required to be deposited into the Low and Moderate Income Housing Fund previously established pursuant to Section 33334.3 of the Redevelopment Law (the "Housing Tax Revenues"), and accordingly Tax Revenues are reduced only by the amount of the Housing Tax Revenues required to pay debt service on the outstanding Housing Bonds (as defined below).

Taxes levied on the property within the Redevelopment Project on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll of the Redevelopment Project, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller. Pursuant to the Custody Agreement (the "Custody Agreement") among the Agency, the County Auditor-Controller and The Bank of New York Mellon Trust Company, N.A., as custodian (the "Custodian"), the County Auditor-Controller will transfer all amounts in the Redevelopment Property Tax Trust Fund to which the Agency is entitled pursuant to the Dissolution Law and the Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule") approved by Department of Finance ("DOF") directly to the Custody Account (the "Custody Account") on January 2 and June 1 of each year for application by the Custodian. See "SECURITY FOR THE 2014 BONDS – Custody Agreement" and "– Recognized Obligation Payment Schedules" herein. The portion of the Tax Revenues deposited into the Custody Account relating to the Senior Bonds will be transferred by the Custodian to the Fiscal Agent for deposit in the Special Fund established under the Resolution and administered by the Fiscal Agent in accordance with the Resolution.

The scheduled payment of principal of and interest on the 2014 Bonds maturing on August 1, 2021 through 2029, inclusive (the "Insured 2014 Bonds"), when due will be guaranteed under a municipal bond insurance policy (the "Policy") to be issued concurrently with the delivery of the Insured 2014 Bonds by Assured Guaranty Municipal Corp. ("AGM").

The 2014 Bonds are further secured by a Reserve Account which is required to be maintained in the amount equal to the full amount of the Maximum Annual Debt Service on all Senior Bonds outstanding (the "Reserve Requirement"). See "SECURITY FOR THE 2014 BONDS – Reserve Account" herein.

The 2014 Bonds are limited obligations of the Agency and as such are not a debt of the City, the County, the State, or any of its political subdivisions. The principal of, premium, if any, and interest on the 2014 Bonds are payable solely from the funds described herein, and neither the faith and credit nor the taxing power of the City, the County, the State, or any of its political subdivisions is pledged therfor. The Agency has no taxing power.

THE REFUNDING PLAN

The Refunded Bonds were used to finance and refinance various public capital improvements within the Project Area. These improvements included further economic development and public improvements to the downtown area, improvements to the civic center area and public infrastructure improvements throughout the Project Area. The Refunded Bonds consist of the following:

1. outstanding 1999 Bonds maturing on August 1, 2014 through and including August 1, 2018, which are currently outstanding in an aggregate principal amount of $6,110,000; and

2. all of the outstanding 2003A Bonds maturing on August 1, 2014 through and including August 1, 2029, which are currently outstanding in an aggregate principal amount of $71,175,000.

The portion of the 2014 Bond proceeds used to refund the Refunded Bonds, along with other funds in hand, will be transferred to The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent"), for deposit in an escrow fund (the "Escrow Fund") to be established pursuant to an Escrow Agreement (the "Escrow Agreement"), between the Agency and the Escrow Agent. The Escrow Agent will invest all amounts in the Escrow Fund in Federal Securities (as defined in the Resolution) or cash sufficient to refund the Refunded Bonds in full on a current basis on August 1, 2014. Sufficiency of the deposits and investment earnings in the Escrow Fund will be verified by Causey Demgen & Moore P.C., Certified Public Accountants and Consultants. See "VERIFICATION OF MATHEMATICAL ACCURACY" herein.

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ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the 2014 Bonds are expected to be applied as follows:

Sources of Funds:	
Par Amount of Bonds	$67,445,000
Plus Original Issue Premium	9,129,146
Plus Other Funds on Hand	8,922,638
Total Sources	$85,496,784
Uses of Funds:	
Deposit to Escrow Fund[(1)]	$79,213,750
Deposit to Reserve Account[(2)]	5,377,722
Costs of Issuance Fund[(3)]	905,312
Total Uses	$85,496,784

(1) Represents the amount required to refund all of the outstanding Refunded Bonds.

(2) Represents the amount required, together with other funds on hand, to satisfy the Reserve Requirement.

(3) Includes Underwriters' discount, fees and expenses of the Financial Advisor, Fiscal Agent, Fiscal Consultant, Bond Counsel and Disclosure Counsel, bond insurance premium, printing expenses and other costs of issuance.

THE 2014 BONDS

Authority for Issuance

The 2014 Bonds are being issued pursuant to the Resolution in accordance with the Redevelopment Law, the Refunding Law and other applicable laws and the Constitution of the State of California. A summary of certain provisions of the Resolution are set forth in APPENDIX B hereto.

Purpose of Issuance

The proceeds of the 2014 Bonds will be used to (i) refund a portion of the outstanding Los Medanos Community Development Project Tax Allocation Bonds, Series 1999 (the "1999 Bonds") and all of the outstanding Los Medanos Community Development Project Tax Allocation Bonds, Series 2003A (the "2003A Bonds," and together with the 1999 Bonds to be refunded, the "Refunded Bonds"), (ii) fund a reserve account and (iii) pay the costs of issuing the 2014 Bonds.

Description of the 2014 Bonds

The 2014 Bonds will be issued as fully registered bonds 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 denominations of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. The 2014 Bonds are dated the date of delivery and mature on the dates and in the amounts set forth on the inside front cover hereof. Interest is first payable on February 1 and August 1 of each year, commencing August 1, 2014 (each an "Interest Payment Date").

The 2014 Bonds will bear interest from the interest payment date next preceding the date of registration thereof, unless the date of registration is during the period from the fifteenth (15th) day of the month preceding an interest payment date (the "Record Date") to such interest payment date, in which event they will bear interest from such interest payment date, or unless such date of registration is prior to July 15, 2014, in which event they shall bear interest from their date of issuance and delivery; provided that, if as of the date of registration of any 2014 Bond interest thereon is in default, such interest shall be payable from the interest payment date to which interest has previously been paid or made available for payment. Interest on each 2014 Bond will be paid by check mailed to the registered owner (the "Owner") whose name appears on the registration books of the Fiscal Agent as of the close of business on the applicable Record Date at his address as it appears on such registration books or at such other address as such Owner may have filed with the Fiscal Agent for that purpose prior to the applicable Record Date, or, upon request of a registered owner of at least $1,000,000 in aggregate principal amount of 2014 Bonds, by wire transfer in immediately available funds to an account within the United States designated by such registered owner prior to the Record Date. Interest on the 2014 Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. Principal and premium, if any, with respect to the 2014 Bonds will be payable upon the surrender thereof at maturity or upon the prior redemption thereof at the principal corporate trust office of the Fiscal Agent.

So long as Cede & Co. is the registered owner of the 2014 Bonds, references herein to the holders or owners or registered holders or owners of the 2014 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2014 Bonds. See "APPENDIX H – DTC and the Book-Entry Only System" attached hereto.

Redemption Provisions

Optional Redemption. The 2014 Bonds maturing on or before August 1, 2024 are not be subject to optional redemption prior to their respective maturity dates. The 2014 Bonds maturing on or after August 1, 2025 are subject to redemption, as a whole or in part, on a pro rata basis and by lot within a maturity, prior to their respective maturity dates at the option of the Agency, on any date on or after August 1, 2024, at the redemption price equal to the principal amount of the 2014 Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Notice of Redemption. Notice of redemption shall be mailed by first class mail by the Fiscal Agent not less than thirty (30) nor more than sixty (60) days prior to the redemption date to (i) the registered Owners of 2014 Bonds designated for redemption at their addresses appearing on the bond registration books of the Fiscal Agent as of the fifteenth day prior to the date of mailing such notice, (ii) one or more Information Services, (iii) the Securities Depositories and (iv) any Bond Insurer.

The notice of redemption shall, among other things, state the date of such notice, the date of issue of such 2014 Bonds, state the redemption date, the redemption price, and the place or places of redemption (including the name and appropriate address or addresses and telephone number or numbers of the Fiscal Agent), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the 2014 Bonds of such maturity to be redeemed, and, as to 2014 Bonds to be redeemed in part only, the respective portions of the principal amounts thereof to be redeemed. Each such notice shall also require that 2014 Bonds be surrendered at the office of the Fiscal Agent for redemption and state that interest on the principal portion of the 2014 Bonds so designated for redemption will not accrue from and after the redemption date.

Failure of any Owner to receive a notice so mailed or any defect in the notice shall not affect the sufficiency of the proceedings for the redemption of any 2014 Bonds. Failure by the Fiscal Agent to give notice to any Bond Insurer, if any, the Information Services or Securities Depositories (or any of them), or the insufficiency of any such notice shall not affect the sufficiency of the proceedings for redemption.

The Agency may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owners of the 2014 Bonds so called for redemption. Any optional redemption and notice thereof will be rescinded if for any reason on the date fixed for redemption moneys are not available in a redemption fund established with the Fiscal Agent, or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the 2014 Bonds called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. Actual receipt by the Owner of any 2014 Bond of such notice of rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

SECURITY FOR THE 2014 BONDS

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of ABx1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder and issued by the Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to effective date of ABx1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Agency's Recognized Obligation Payment Schedule. See "SECURITY FOR THE 2014 BONDS – Recognized Obligation Payment Schedule" herein.

The Dissolution Act further provides that bonds authorized thereunder and issued by the Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Agency under the Dissolution Act, including the 2014 Bonds, are taxes allocated to the Agency pursuant to the subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution.

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

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

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

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

Pursuant to the Seventeenth Supplemental Resolution and the Dissolution Act, the term "Tax Revenues" has been amended to include moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, as provided in Section 34183(a)(2) of the Dissolution Act. If, and to the extent, that the provisions of Section 34172 or Section 34183(a)(2) are invalidated by a final judicial decision, then Tax Revenues includes all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution. Pursuant to the Dissolution Act, Housing Tax Revenues are no longer required to be deposited into the Low and Moderate Income Housing Fund previously established pursuant to Section 33334.3 of the Redevelopment Law, and accordingly Tax Revenues are reduced only by the amount of the Housing Tax Revenues required to pay debt service on the outstanding Housing Bonds.

Custody Agreement

In order to enhance the security of the Agency's Senior Bonds and Subordinate Bonds (as defined below), pursuant to the Custody Agreement, the County Auditor-Controller will transfer all amounts in the Redevelopment Property Tax Trust Fund to which the Agency is entitled pursuant to the Dissolution Act and the Recognized Obligation Payment Schedules approved by the DOF, including without limitation all amounts required to pay debt service on the Senior Bonds and the Subordinate Bonds, directly to the Custody Account held by the Custodian on January 2 and June 1 of each year for application by the Custodian pursuant to the terms of the Custody Agreement, including payment of Senior Bonds and Subordinate Bonds pursuant to the Resolution and Subordinate Indenture, respectively.

Tax Increment Financing

Prior to the enactment of ABx1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations.

The Dissolution Act authorizes refunding bonds, including the 2014 Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Under the Resolution, Tax Revenues consist of the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act less certain payments to taxing agencies but subject to any adjustments thereto pursuant to Section 34183(b) of the Dissolution Act and amounts required to pay debt service on the outstanding Housing Bonds.

Recognized Obligation Payment Schedule

Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, the Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. 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 Recognized Obligation Payment Schedule and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following six-month period. See "APPENDIX B – Summary of Certain Provisions of the Resolution" attached hereto.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Low and Moderate Income Housing Fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board). Other than amounts deposited in the Redevelopment Property Tax Trust Fund and amounts held in funds and accounts under the Resolution, the Agency does not expect to have any other funds available to pay the 2014 Bonds.

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

The Recognized Obligation Payment Schedule, with respect to each six-month period beginning January 1 and July 1, 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 Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the DOF. Additionally, the Agency's administrative cost allowance is reduced by 25% if the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the 2014 Bonds, see "RISK FACTORS – Recognized Obligation Payment Schedule" herein.

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 Recognized Obligation Payment Schedule is submitted. Within five business days of the determination by the DOF, the Agency may request additional review by the department 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 Recognized Obligation Payment Schedule 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 Redevelopment Property Tax Trust Fund, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of (i) property tax to be allocated and distributed and (ii) the amounts of pass-through payments to be made in the upcoming six-month period, and provide those estimates to the entities receiving the distributions and the DOF 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 (i.e., by May 1, 2014 with respect to the Recognized Obligation Payment Schedule for July 1, 2014 through December 31, 2014), that the total amount available to the Agency from the Redevelopment Property Tax Trust Fund allocation to the Custody Account, 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, for Agency enforceable obligations listed on the Recognized Obligation Payment Schedule, and for the Agency's administrative cost allowance, the County Auditor-Controller must notify the State Controller and the DOF 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 "SECURITY FOR THE 2014 BONDS – Insufficiency of Revenues" above.

The Dissolution Act provides that any bonds authorized thereunder and issued by the Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to effective date of ABx1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Agency's Recognized Obligation Payment Schedule. 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 Recognized Obligation Payment Schedule is final and conclusive, and reflects the department's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the DOF, then the DOF's review of such payments in each future Recognized Obligation Payment Schedule 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 scheduled debt service on the Senior Bonds, as well as any amount required under the Resolution to replenish the Reserve Account of the Special Fund, in Recognized Obligation Payment Schedules for each six-month period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Custody Account on each January 2 and June 1 amounts required for the Agency to pay principal of and interest on the Senior Bonds coming due in the respective six-month period, including listing a reserve on the Recognized Obligation Payment Schedule to the extent required by the Resolution or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the Senior Bonds for the next payment due in the following six-month period. With regard to each semiannual period ending on June 30 of a calendar year, the Agency shall include in the Recognized Obligation Payment Schedule for such semiannual period an amount equal to all principal and interest due and payable on the Senior Bonds in such calendar year, with any amounts unpaid in the first Recognized Obligation Payment Schedule payment included in the Agency's Recognized Obligation Payment Schedule filings for each semiannual period ending on December 31 of a calendar year. See "APPENDIX B – Summary of Certain Provisions of the Resolution" attached hereto.

The Agency has submitted the first six Recognized Obligation Payment Schedules, including the 2014-15A Recognized Obligation Payment Schedule for the period of July 1, 2014 to December 31, 2015 duly approved by the Oversight Board, in a timely manner.

Pledge of Tax Revenues

The 2014 Bonds are payable from and secured by (i) an irrevocable pledge of the Tax Revenues to be derived from the Project Area, (ii) an irrevocable pledge of all of the moneys in the Redevelopment Property Tax Trust Fund established pursuant to Section 34177.5(g) of the Dissolution Act and (iii) an irrevocable first pledge and lien on all of the moneys in the Special Fund (including the Interest Account, the Principal Account and the Reserve Account therein) established under the Resolution.

Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Project Area, after deducting the county administration costs will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Custody Account on January 2 and June 1 of each year to the extent required for payments listed in the Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See "SECURITY FOR THE 2014 BONDS – Recognized Obligation Payment Schedule" herein. Moneys deposited by the County Auditor-Controller into the Custody Account will be transferred by the Custodian to the Fiscal Agent for deposit in the Special Fund established under the Resolution and administered by the Fiscal Agent in accordance with the Resolution. See "SECURITY FOR THE 2014 BONDS" herein for a discussion of the Custody Agreement.

The Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period to pay the principal of and interest on the 2014 Bonds. See "SECURITY FOR THE 2014 BONDS – Tax Increment Financing" and "– Recognized Obligation Payment Schedule" and "RISK FACTORS" herein.

The 2014 Bonds are limited obligations of the Agency and as such are not a debt of the City, the County, the State, or any of its political subdivisions. The principal of, premium, if any, and interest on the 2014 Bonds are payable solely from the funds described herein, and neither the faith and credit nor the taxing power of the City, the County, the State, or any of its political subdivisions is pledged therfor. The Agency has no taxing power.

Reserve Account

The Fiscal Agent will maintain in a Reserve Account established under the Resolution an amount of money equal to the Reserve Requirement, which is equal to the full amount of the Maximum Annual Debt Service on all Senior Bonds outstanding. A portion of the proceeds of the 2014 Bonds in the amount of $5,377,722.22 will be deposited in the Reserve Account, and as a result of such deposit, $12,765,375 (which is equal to the Reserve Requirement calculated on a fiscal year basis) will be on deposit in the Reserve Account for the Senior Bonds. All moneys in the Reserve Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of replenishing the Interest Account, the Principal Account or the Sinking Accounts, in such order, in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on, principal of or redemption premiums, if any, on the outstanding Senior Bonds in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all Senior Bonds then outstanding, except that for so long as the Agency is not in default under the Resolution, any amount in the Reserve Account which is in excess of the Reserve Requirement may, upon written request of the Agency, be withdrawn from the Reserve Account. See "APPENDIX B – Summary of Certain Provisions of the Resolution – Special Fund; Disposition of Tax Revenues" attached hereto.

The Agency has previously drawn on the Reserve Account to pay debt service on the Senior Bonds, resulting from cash flow timing issues which were caused by issues related to ABx1 26 combined with a decrease in Tax Revenues in the Project Area over the past few years. The Agency fully replenished the Reserve Account with its subsequent tax increment allocation and does not expect to have any future unscheduled draws on the Reserve Account for the Senior Bonds. See "SECURITY FOR THE 2014 BONDS – Cash flow Issues and Reserve Account Draw" herein.

Cash Flow Issues and Reserve Account Draw

Issues related to ABx1 26 combined with a decrease in property tax assessments in the City over the past few years, as well as the Agency's prior practice of paying monthly subordinate debt obligations prior to fully funding each year's senior debt obligations (see " – Outstanding Subordinate Bonds" below), has caused the Agency to experience cash flow timing problems between the receipt of tax increment revenues and the dates that debt service is due on the Senior Bonds.

The Former Agency historically paid debt service using cash advances from the City's investment pool, and later reimbursed the pool with tax increment revenues, to mitigate cash flow timing problems between the receipt of tax increment revenues and the dates that debt service is due on the Senior Bonds. As a result of ABx1 26, the cash flow loan repayment to the City would have been treated as subordinate to all of the Agency's debt payments and subordinate pass-through payments for which there may be insufficient future tax increment to pay. Consequently, the City discontinued cash flow loans, resulting in a draw of approximately $10 million from the Reserve Account on August 1, 2012 to pay scheduled debt service on the Senior Bonds.

On August 8, 2012, the Agency replenished $1.2 million of the Reserve Account and on August 22, 2012 replenished another $3.5 million of the Reserve Account. The Agency replenished the balance of approximately $5.3 million with a deposit from its January 2013 tax increment allocation, which together with interest earnings, fully restored the Reserve Account. The Reserve

Account is fully funded, and the Agency does not expect to have any future unscheduled draws on debt service reserves for the Senior Bonds.

Outstanding Parity Bonds

Upon the issuance of the 2014 Bonds and the refunding of the Refunded Bonds, the following indebtedness of the Former Agency are outstanding Parity Bonds under the Resolution: (1) the 1999 Bonds currently outstanding in the aggregate principal amount of $95,795,000 (Maturity Value) of capital appreciation bonds and (2) the 2002A Bonds currently outstanding in the aggregate principal amount of $9,710,000.

Outstanding Housing Bonds

The Former Agency issued its Los Medanos Community Development Project Tax Allocation Bonds, Housing Set-Aside Tax Allocation Bonds, (Taxable) 2004 Series A and Los Medanos Community Development Project Tax Allocation Bonds, Housing Set-Aside Tax Allocation Bonds, (Taxable) 2006 Series A (collectively, the "Housing Bonds"), which are currently outstanding in the aggregate principal amount of $24,940,000. The Housing Bonds are secured by a pledge of a first lien on that portion of Tax Increment Revenues otherwise required by Section 33334.3 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund (i.e., the Housing Tax Revenues) under the Indenture of Trust dated as of December 1, 2004 (the "Housing Indenture") between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Housing Trustee").

Although under the Dissolution Act, the Agency is no longer required to deposit the Housing Tax Revenues in the Low and Moderate Income Housing Fund, the Housing Bonds are nevertheless payable from up to the first 20% of moneys for low- to moderate-income housing from the Los Medanos II and III Project Areas available from the Redevelopment Property Tax Trust Fund and deposited in the Custody Account. Once the annual debt service on the Housing Bonds is paid, the remaining Housing Tax Revenues are pledged to the Senior Bonds as part of the funds in the Redevelopment Property Tax Trust Fund and on deposit in the Custody Account.

Outstanding Subordinate Bonds

The Former Agency has subordinate indebtedness (the "Subordinate Bonds") under the Indenture of Trust dated as of December 1, 2004 (as amended and supplemented, the "Subordinate Indenture") between the Former Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Subordinate Trustee"). The Subordinate Bonds consist of:

1. Subordinate Tax Allocation Bonds 2004 Series A (the "2004A Bonds"), currently outstanding in the aggregate principal amount of $109,695,000;

2. Subordinate Tax Allocation Bonds (Taxable) 2006 Series B (the "2006B Bonds"), currently outstanding in the aggregate principal amount of $29,965,000;

3. Subordinate Tax Allocation Refunding Bonds, 2006 Series C (the "2006C Bonds"), currently outstanding in the aggregate principal amount of $45,225,000; and

4. Subordinate Tax Allocation Refunding Bonds, 2008 Series A (the "2008A Bonds"), currently outstanding in the aggregate principal amounts of $60,280,000 for the current interest bonds and $1,075,000 (Maturity Value) for the capital appreciation bonds.

The 2004A Bonds were issued as variable rate indebtedness, with a synthetic fixed rate provided by an interest rate swap with Piper Jaffray Financial Products. Certain payments under the interest rate swap are on a parity to the Subordinate Bonds, but subordinate to the Senior Bonds. To the extent that the interest rate swap is terminated as a result of a credit rating downgrade or other termination event, the interest rate on the 2004A Bonds could potentially be the maximum rate permitted under the Subordinate Indenture. Furthermore, any interest rate swap termination payment would be subordinate to debt service on the Senior Bonds, the Subordinate Bonds and the subordinated Pass-Through Agreements and the Statutory Pass-Through Amounts. See "RISK FACTORS – Interest Rate Swap" herein.

The 2004A Bonds are supported by a direct pay letter of credit (the "Letter of Credit") provided by State Street Bank and Trust Company ("State Street") and California State Teachers' Retirement System ("CalSTRS" and, together with State Street, the "Letter of Credit Banks") pursuant to the Letter of Credit and Reimbursement Agreement, dated as of May 1, 2008, as amended by the Amended and Restated Letter of Credit and Reimbursement Agreement, dated as of December 1, 2009, and the First Amendment to Amended and Restated Letter of Credit and Reimbursement Agreement, dated as of March 1, 2011 (collectively, the "Reimbursement Agreement"), each by and among the Letter of Credit Banks and the Agency. The Letter of Credit currently expires on December 29, 2014 but will be automatically extended for another year unless the Letter of Credit Banks provide notice to that effect at least 30 days prior to expiration. If the Letter of Credit were not renewed and the facility were drawn, the 2004A Bonds could become Bank Bonds subject to the maximum rate permitted under the Reimbursement Agreement.

In connection with the Letter of Credit, the Agency established special reserve funds held by the Subordinate Trustee under the Subordinate Indenture: (i) to pay debt service on all Subordinate Bonds, the balance of which as of March 31, 2014 was $5,525,960, (ii) to pay debt service only on the 2004A Bonds, the balance of which as of March 31, 2014 was $26,821,719 and (iii) to pay administrative costs relating to the Reimbursement Agreement, the balance of which as of March 31, 2014 was $1,157,182. Such special reserve funds have been drawn upon previously by the Agency to mitigate timing differences between property tax revenue receipts and debt service payments and to supplement the prior annual debt service shortfall. These special reserve funds are in addition to the fully funded debt service reserve held by the Subordinate Trustee under the Subordinate Indenture for the Subordinate Bonds in the amount of $9.9 million. The Agency has not previously drawn on such Subordinate Indenture debt service reserve.

Although the Subordinate Bonds are payable on a subordinate basis to the Senior Bonds, the Agency has previously maintained a practice of paying monthly subordinate debt obligations prior to fully funding each year's senior debt obligations as required under the Resolution due to credit stress and the consequences of the redevelopment dissolution process. Going forward, pursuant to the Custody Agreement, the County Auditor-Controller will transfer all amounts in the Redevelopment Property Tax Trust Fund to which the Agency is entitled pursuant to the Dissolution Act and the Recognized Obligation Payment Schedules approved by the DOF, including without limitation all amounts required to pay debt service on the Senior Bonds and the Subordinate Bonds, directly to the Custody Account held by the Custodian on January 2 and June 1 of each year for application by the Custodian pursuant to the terms of the Custody Agreement, including payment of Senior Bonds and Subordinate Bonds pursuant to the Resolution and Subordinate Indenture, respectively. See "SECURITY FOR THE 2014 BONDS" herein for a discussion of the Custody Agreement.

Issuance of Additional Parity Bonds Only for Refunding

The Agency may issue or incur additional Senior Bonds (the "Additional Parity Bonds") only for the purpose of refunding outstanding Senior Bonds under the Resolution only if (i) annual debt service for each Bond Year during which such Additional Parity Bonds are outstanding shall not exceed the annual debt service on the Senior Bonds to be refunded and (ii) the final maturity of such Additional Parity Bonds is not later than the final maturity of the Senior Bonds to be refunded.

Amendment of Subordinate Indenture to Permit Issuance of Refunding Senior Bonds

In connection with the issuance of the 2014 Bonds, the Subordinate Indenture has been amended pursuant to the Eleventh Supplemental Indenture, between the Agency and the Subordinate Trustee, with the consent of the Ambac Assurance Corporation, as the bond insurer and majority holder of the Subordinate Bonds, and the Letter of Credit Banks to permit the issuance of additional Senior Bonds if (i) annual debt service for each Bond Year during which such Additional Parity Bonds are outstanding shall not exceed the annual debt service on the Senior Bonds to be refunded and (ii) the final maturity of such Additional Parity Bonds is not later than the final maturity of the Senior Bonds to be refunded; provided, that other than with respect to the Series 2014 Bonds, written consent of Ambac Assurance Corporation and the Letter of Credit Banks shall be obtained prior to the issuance of any additional refunding Senior Bonds.

Statutory Pass-Through Payments and Tax Sharing Agreements

There are a number of pass-through payments of tax increment revenue required by the Redevelopment Law, as amended by AB 1290, which became law on January 1, 1994. The Project Area is subject to AB 1290 as a result of its amendment in 2004 to eliminate the last date to incur debt for a portion of the Project Area (the "Statutory Pass-Through Amounts"). The statutory pass-through payments are made to taxing entities in amounts determined by the Redevelopment Law and are paid by the County Auditor-Controller directly to the affected taxing entities.

In connection with the Third Amendment, the Former Agency entered into Pass-Through Agreements with the County of Contra Costa (including the Contra Costa County Library District, the Contra Costa County Flood Control District and the Riverview Fire District), the Contra Costa County Mosquito Abatement District, the Contra Costa County Office of Education, the East Bay Regional Park District, the Antioch Unified School District, the Pittsburg Unified School District and the Contra Costa County Community College District (the "Pass-Through Agreements"). The Pass-Through Agreements generally provide that the Agency will pass-through to each entity a portion of the Tax Revenues it would receive as a result of a third amendment to the Redevelopment Plan (the "Third Amendment") and, in the case of the County of Contra Costa and the Pittsburg Unified School District, certain amounts from Los Medanos I and Los Medanos II.

Subordination of Statutory Pass-Through Amounts and Tax Sharing Agreements

The Former Agency had previously subordinated the Pass-Through Agreements and Statutory Pass-Through Amounts to its outstanding Senior Bonds and Subordinate Bonds.

On April 14, 2014, the Agency sent requests to all affected taxing entities to subordinate their Pass-Through Agreements and/or Statutory Pass-Through Amounts to the 2014 Bonds. All taxing entities have agreed, in accordance with the Redevelopment Law and Dissolution Act, to subordinate their respective pass-through payments to the pledge of Tax Revenues to pay debt service on the Senior Bonds, including the 2014 Bonds, and the Subordinate Bonds.

The Agency cannot guarantee that the process prescribed by the Dissolution Act of administering the Tax Revenues and the subordinations of the Pass-Through Agreements and the Statutory Pass-Through Amounts will result in adequate Tax Revenues for the payment of principal of and interest on the 2014 Bonds when due. See "SECURITY FOR THE 2014 BONDS – Recognized Obligation Payment Schedule" and "– Statutory Pass-Through Payments and Tax Sharing Agreements" herein for additional information regarding the Pass-Through Agreements and the Statutory Tax Sharing Amounts applicable to the Agency and the Tax Revenues.

Insufficiency of Revenues

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

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Agency's enforceable obligations, pass-through payments, and the Agency's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Agency for administrative costs for the applicable six month period in order to fund the enforceable obligations. Finally, funds required for servicing bonded indebtedness, in an amount not to exceed the subordinated Pass-Through Agreements and the Statutory Pass-Through Amounts may be deducted from the amounts to be distributed under Section 34183(a)(1) to other taxing agencies, in order to be paid to the Agency for servicing bonded indebtedness, but only after the amounts described in the previous two sentences have been exhausted.

As a result of a decrease in Tax Revenues in the Project Area over the past few years, the Agency has not had sufficient funds to fully pay the pass-through payments to the affected taxing entities. Under Section 34183 of the Dissolution Act, if the Agency reports no later than December 1 and May 1 of each year, to the County Auditor-Controller that it has insufficient funds in the Redevelopment Property Tax Trust Fund to pay its debt obligations, the County Auditor-Controller may deduct funds for paying bonded indebtedness from the amounts owed for pass-through payments. The Agency has provided insufficiency reports to the auditor-controller as permitted under the Dissolution Act with respect to each of the last four semi-annual Recognized Obligation Payment Schedule filings. The amount of past due pass-through payments has accrued to approximately $12.4 million as of January 2, 2014 and currently accrues at approximately $6 million annually. Such accrued but unpaid pass-through payments are subordinate to the payment of debt service on the Senior Bonds. See "SECURITY FOR THE 2014 BONDS – Cash flow Issues and Reserve Account Draw" herein.

The Agency has covenanted under the Seventeenth Supplemental Resolution to provide insufficiency reports to the County Auditor-Controller as permitted under the Dissolution Act to the extent Tax Revenues are insufficient to otherwise make all required debt service payments on the Senior Bonds. See "RISK FACTORS – Insufficiency Filing" herein. See "SECURITY FOR THE 2014 BONDS – Cash flow Issues and Reserve Account Draw" and "– Statutory Pass-Through Payments and Tax Sharing Agreements."

On February 11, 2013, the Pittsburg Unified School District ("PUSD") sought a temporary restraining order ("TRO") against the County to block the County from distributing approximately $1.2 million in tax increment revenues to the Agency that PUSD believed should be distributed to PUSD as a pass-through payment. The TRO was denied. Instead, the court ordered the County to hold the funds in trust until the dispute with PUSD was resolved. On June 14, 2013 the Agency filed a cross-complaint for injunctive relief to compel the County Auditor-Controller to release the funds to the Agency in order for the Agency to meet its September 1, 2013 debt service payments. The court ruled in favor of the Agency, and the Auditor-Controller released the funds to the Agency on August 23, 2013. The Agency and PUSD subsequently entered into a settlement agreement with respect to the past due pass-through payments and the legal action was dismissed on January 23, 2014.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2014 Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy (the "Policy") for the 2014 Bonds maturing on August 1, 2021 through 2029, inclusive (the "Insured 2014 Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured 2014 Bonds when due as set forth in the form of the Policy included as "APPENDIX I – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" attached hereto.

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On March 18, 2014, S&P published a Research Update report in which it upgraded AGM's financial strength rating to "AA" (stable outlook) from "AA-" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On February 10, 2014, Moody's issued a press release stating that it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Capitalization of AGM

At March 31, 2014, AGM's policyholders' surplus and contingency reserve were approximately $3,621 million and its net unearned premium reserve was approximately $1,869 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, of AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd., and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; after giving effect to certain intercompany eliminations; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (filed by AGL with the SEC on February 28, 2014); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 (filed by AGL with the SEC on May 9, 2014).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Insured 2014 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Insured 2014 Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Insured 2014 Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Insured 2014 Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Insured 2014 Bonds or the advisability of investing in the Insured 2014 Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "BOND INSURANCE" herein.

THE AGENCY

The Former Agency was activated in 1958 by Resolution No. 3369 of the City Council of the City of Pittsburg under the provisions of the Redevelopment Law. On June 29, 2011, Assembly Bill No. 26 ("ABx1 26") was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 ("ABx1 27"). A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of ABx1 26 and ABx1 27. The California Supreme Court largely upheld ABx1 26, invalidated ABx1 27, and held that ABx1 26 may be severed from ABx1 27 and enforced independently. As a result of ABx1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State of California were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

By operation of law pursuant to Section 34173 of the Dissolution Act, the City Council of the City acts as successor agency to the Former Agency, effective February 1, 2012. Pursuant to Resolution No. 12-11753, adopted on January 17, 2012, the City of Pittsburg Housing Authority acts as successor agency to the Former Agency for housing matters and was transferred all rights, responsibilities, and function related to housing previously performed by the Former Agency effective February 1, 2012. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Agency is a separate public entity and legal entity from the City, that the two entities shall not merge, and that the liabilities of the 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 five-member board which consists of all members of the City Council. The Mayor serves as the Chair of the Agency. The current members of the City Council, their position with the Agency and the expiration of terms are as follows:

Name	Position	Term Expires
Salvatore Evola	Chair	2014
Pete Longmire	Vice Chair	2014
Ben Johnson	Member	2016
Will Casey	Member	2016
Nancy Parent	Member	2014

The Executive Director of the Agency, who also serves as the City Manager, is appointed by the Agency and serves as the administrative head of the Agency. Additional current City staff members are assigned to administer the Agency. The executive staff members and their positions, along with their biographies, are as follows:

Name	Position
Joe Sbranti	Executive Director
Alice Evenson	Secretary
Tina Olson	Treasurer

Joe Sbranti, Executive Director and City Manager. Mr. Sbranti has served as the City Manager since June 2011. As City Manager, he serves as the Chief Executive Officer and directs the activities and operations of all City departments. He advises and assists the City Council in the conduct of City business. Mr. Sbranti is responsible for accomplishing the City's goals and objectives and for ensuring that the citizens are provided with desired and mandated services in an effective, cost efficient manner. Previously, Mr. Sbranti was the Assistant City Manager-Development Services since November 2008 where he was responsible for coordinating the functions and administration of designated City operations including Engineering, Planning and Development, Building, Public Works-Water Utilities, Redevelopment and Capital Improvement Programs. He also served as the City Engineer and Land Surveyor since 2002 and prior to that was a Senior Civil Engineer for five years. Prior to joining the City, Mr. Sbranti was an Associate Principal managing the engineering design department at Santina and Thompson for six years. His educational background includes a Bachelor of Science degree in Civil Engineering from California Polytechnic State University at San Luis Obispo.

Tina Olson, Treasurer and Director of Finance and Administration. Ms. Olson has served as Director of Finance and Administration since April 2012 and before that as the Finance Director since November 2009. She primarily manages the City's Finance Department that is responsible for accounting operations, payroll, budget, financial reporting and analysis, debt issuance and management, strategic financial planning, and investments. In addition, she oversees the Human Resources Department, the Information and Technology Department, and the Housing Authority. Prior to joining the City, Ms. Olson was the Deputy Director of Finance and Administration at the Port of San Francisco for five years. Additionally, she worked for the City and County of San Francisco's Department of Public Works as the Manager of Budget and Finance for eight years and Senior Transportation Finance Analyst for two years. Her educational background includes Bachelor of Arts degrees in Economics and Political Science from the University of California Santa Cruz and a Masters in Public Administration from San Francisco State University.

Alice Evenson, Secretary and City Clerk. Alice Evenson is a 17 year employee of the City. In 2006 she was elected to the office of City Clerk and also holds the staff position of Director of Records and Council Services. Ms. Evenson is primarily responsible for (1) maintaining a complete and accurate legal/historical record of City Council proceedings, (2) administering the City's Records Management program, (3) conducting municipal elections, and (3) ensuring the City's compliance with the Political Reform Act, Brown Act, Public Records Act, Maddy Act, and Conflict of Interest Codes. Ms. Evenson also serves as Clerk of the City Council and Secretary to the Successor Agency to the Redevelopment Agency of the City of Pittsburg, Pittsburg Housing Authority, Pittsburg Southwest GHAD II, and the Pittsburg Power Company.

Agency Powers and Duties

All powers of the Agency are vested in its members, who are elected members of the City Council. Pursuant to the Dissolution Act, the Agency is a separate public body from the City and succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Agency actions are subject to approval by the Oversight Board, as well as review by the State Department of Finance. California 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 similar manner as City Council meetings.

Post-Dissolution Requirements

Section 34179.5 of the Dissolution Act established a due diligence review process for determining the unobligated balances that redevelopment agencies had available as of June 30, 2012 to remit to their respective county auditor-controllers for distribution to affected taxing entities within the project areas of the former redevelopment agencies. The Agency has remitted to the County Auditor-Controller all of the unobligated balances as determined by the State Department Finance. On August 26, 2013, the Agency received its Finding of Completion from the State Department of Finance. Receipt of the Finding of Completion allows the Agency to do several things, among them, developing a plan for the disposition of any properties held by the Agency and spending proceeds of bonds issued prior to December 31, 2010, all requiring approval of the Oversight Board. The Agency has a modest amount of unspent bond proceeds which are all contractually committed to redevelopment projects.

Section 34191.5 of the Dissolution Act requires the Agency to prepare a long range property management plan (the "Property Management Plan") that addresses the disposition and use of the real properties of the Former Agency. Such Property Management Plan must be submitted to the Oversight Board and DOF for approval no later than six months after the Finding of Completion has been issued to the Agency. The Agency submitted the Property Management Plan which has been initially rejected by DOF, and the Agency is working with the DOF to obtain approval of the Property Management Plan. Under the Property Management Plan, the Agency has requested to sell property of the Former Agency valued at approximately $8.1 million as of August 2012 and expects to use the net proceeds to pay past due pass-through payments that has accrued to taxing entities. The net proceeds of the sale of such properties are not pledged to pay debt service on the Senior

Bonds. See "SECURITY FOR THE 2014 BONDS – Statutory Pass-Through Payments and Tax Sharing Agreements" herein.

Financial Information

Attached as APPENDIX C are excerpts from the audited financial statements of the City for the Fiscal Year ended June 30, 2013. The City's audited financial statements are public documents and are included herein without the prior approval of the auditor, and the auditor has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed therein. The activities of the Agency are reported as a fiduciary trust fund as part of the City's Comprehensive Annual Financial Report, which is in accordance with guidance issued by the State Department of Finance interpreting Section 34177(n) of the California Health and Safety Code concerning certain successor agency post-audit obligations.

THE PROJECT AREA

General

The City is located in the northeastern part of Contra Costa County, approximately 45 minutes east of San Francisco. The City is bounded by the Sacramento River on the north, the City of Antioch on the east and unincorporated parts of Contra Costa County on the west and south. The City and Project Area are bisected by State Highway 4, which travels in an east-west direction through the City. This highway is the primary access route to the City from both the San Francisco-Oakland area and Sacramento.

The Project Area contains approximately 6,562 acres, or roughly 64% of the City's area, and includes the City's downtown area. The Project Area encompasses most of the City limits north of Highway 4 and a large portion of the City south thereof. Immediately to the east of the Project Area is the major U.S. Steel plant operating in the Bay Area. To the west of the Project Area, in the unincorporated area of Bay Point, is a major electric generation facility owned by Mirant Delta, LLC.

The Project Area represents a merger of seven separately adopted project areas within the City: (1) the Marina View Redevelopment Project Area, (2) the Riverside Mall Project Area, (3) the Neighborhood Development Program Area I, (4) the Neighborhood Development Program Area II, (5) the original Los Medanos Community Development Project (these five constituent project areas are collectively referred to herein as "Los Medanos I"), (6) Los Medanos II and (7) Los Medanos III.

TABLE 1
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Project Area Acreage, Key Dates and Revenue By Sub-Area

Sub-Area	Constituent Project Area	Plan Adoption Date	Acreage	Tax Increment Receipt	2013-14 Tax Increment	% of Tax Increment
Los Medanos I Sub-Area	Marina View	2/18/1963	59	7/1/2022	2,642	0.01%
Los Medanos I Sub-Area	Riverside Mall	2/2/1970	84	1/19/2023	357,449	0.98%
Los Medanos I Sub-Area	Neighborhood Development I	8/7/1972	93	7/17/2025	1,411,684(1)	3.87%(1)
Los Medanos I Sub-Area	Neighborhood Development II	12/4/1972	44	12/4/2025	(1)	(1)
Los Medanos I Sub-Area	Los Medanos I	7/18/1979	4287	7/18/2032(2)	22,191,075	60.87%
Los Medanos II Sub-Area	Los Medanos II	11/28/1983	298	11/28/2036	2,909,691	7.98%
Los Medanos III Sub-Area	Los Medanos III	6/7/1993	1,697	6/7/2044	9,583,464	26.29%
TOTAL					36,456,005	100%

(1) Represents tax increment from both Neighborhood Development I and Neighborhood Development II.
(2) Tax increment from Los Medanos I can be received through 8/2034 to pay debt service on the Agency's 2006C Bonds that were used to refund the 1993A and 1993B Bonds.

Plan Limits

In 1993, the Agency adopted a comprehensive amendment to the Redevelopment Plan (the "Third Amendment"), which (i) increased the tax increment revenue ceiling from $400 million to $1.714 billion plus those funds allocated to revenue sharing agreements and the housing set aside and (ii) added four areas to the Project Area. These areas, termed the "Los Medanos 93 Sub-Areas," are sub-areas of the overall Project Area. These areas originally encompassed approximately 2,100 acres of land. In 2004, the Agency amended the Redevelopment Plan to remove four parcels from the Los Medanos III Sub-Area which were owned by USS Posco, Dow Chemical, National Energy Constructors and Union Carbide and valued well below their base year values. The result was a net increase of over $219 million in incremental assessed value and a decrease in the Los Medanos III Sub-Area acreage.

In 1994, the Community Development Plan was amended to bring various financial time limits into conformance with those required by State law pursuant to AB 1290. In 2003, the Redevelopment Plan was again amended pursuant to SB 211 to eliminate the last date to incur debt for the Los Medanos I and II Areas. This amendment has had the impact of triggering statutory pass-through payments. The Former Agency also had, pursuant to SB 1045, amended the Redevelopment Plan to extend by one year the time limits for the effectiveness of the Redevelopment Plan and the Former Agency's ability to receive tax increment. Under SB 1096, the Former Agency has extended by two years the effectiveness of the Redevelopment Plan time limit and the time limit to receive tax increment for all but the Los Medanos III subarea (which does not meet the conditions for the additional two year extension). The current financial time limits for each of the project areas that make up the entire Project Area (i.e., Constituent Project Areas) are shown in the above table.

As part of the Third Amendment, the Agency also established a cumulative tax increment limit of $1.714 billion and a bond limit of $624 million. Both limits are calculated exclusive of tax sharing payments to the taxing entities made pursuant to Section 33401 of the Redevelopment Law and Section 316 off the Redevelopment Plan and any housing set-aside on the tax sharing payments. As of June 2013, the Agency had collected approximately $632.9 million in Tax Increment Revenue from the Redevelopment Project. The Fiscal Consultant estimates when tax sharing and housing set-aside payments are deducted, the amount of Tax Increment Revenue collected by the Agency is approximately $556.7 million.

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 based on the projections of tax increment shown in the Fiscal Consultant's Report in Table 5, which are based on a 2% trend in real property values and reductions for potential appeals impacts, the cumulative tax increment limit will not be reached before the 2014 Bonds are repaid. Growth would need to average 9% per year in order for the tax increment limit to be reached by 2034-35 (i.e., 5 years after the final maturity of the 2014 Bonds). See "APPENDIX D – Fiscal Consultant's Report" attached hereto.

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Land Use Composition

As shown below, the Project Area's land use composition is diverse across residential, commercial and industrial uses. Residential uses represent the dominant use in the Project Area and account for 59.06% of the Project Area's assessed value. Commercial uses and industrial uses account for 8.27% and 4.35% of the total Project Area assessed valuation, respectively.

TABLE 2
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Assessed Values by Land Use for Fiscal Year 2013-14

Designated Land Use	Parcels	2013-14 Assessed Value	% of Total
Residential	11,694	$2,292,992,433	59.06%
Commercial	387	321,013,645	8.27%
Industrial	127	168,797,123	4.35%
Vacant	361	60,972,150	1.57%
Other	454	76,972,998	1.98%
Total Secured	13,023	2,920,748,349	75.23%
Unsecured/ State Assessed		961,755,847	24.77%
Total for 2013-14		$3,882,504,196	100.00%

Source: Contra Costa County Assessor.

Present Condition

The Project Area has experienced significant investment in industrial, commercial and residential development over the past 10 years. The Old Town Pittsburg has been almost completely redeveloped adding and renovating several restaurants, renovating the historic California Theater, renovating buildings for new uses such as a brewery, a bank, and a new bookstore. In addition, most of Old Town Pittsburg has new streetscape improvements including new sidewalks, landscaped median islands, and resurfaced streets. There is a newly renovated library, two new fire stations, a new county courthouse, several renovated schools, a new middle school, a renovated park with soccer and baseball fields, and a renovated public swimming pool. There have been 793 housing units added to the Project since 2008.

In the eastern industrial part of the City in the Project Area, USS POSCO, a joint venture between U.S. Steel and POSCO, constructed a new United Spiral Pipe plant, a world-class spiral pipe manufacturing facility that became operational towards the end of 2009.

Trans Bay Cable Project. Construction of the Trans Bay Cable Project was completed in FY 2010-11. The Trans Bay Cable Project is a 400-megawatt, 55-mile long sub-sea high voltage direct current transmission line in the San Francisco Bay and the Carquinez Straits from the City to San Francisco, together with associated onshore facilities. The Trans Bay Cable Project transmits electrical power from a converter station in the City to a converter station in San Francisco, providing a dedicated connection between the East Bay and San Francisco, and is designed to help meet San Francisco's electrical demand projected for at least 40 years. The $100 million converter station is on a 7.5-acre site in the Project Area. The Trans Bay Cable is a major project of the City and provides a new source of power for San Francisco, including clean power from renewable-energy sources north of San Francisco. The Trans Bay Cable Project has a FY 2013-14 assessed value of $182 million but is characterized as unitary property, and so it is not reported in the Project Area's locally assessed values.

Current and Planned Development

Commercial development is primarily present along the Railroad Avenue corridor, the Harbor Street corridor, Old Town Pittsburg and the Century Shopping Center area.

Residential Development. During the twenty year period between 1994 through 2014, over 5,000 new residential units were constructed within the Project Area. Residential development slowed dramatically between 2008 and 2012 due to fallout from the subprime mortgage crisis resulting in tightening credit markets, increased foreclosure activity and major reductions in home prices throughout the region. As a result, several housing developments within the Project Area were put on hold until economic conditions improved. With the housing market turning around in the Bay Area, housing development has returned to its pre-recession pace of approximately 200 new housing units constructed annually. There are a total of 2,619 approved but unbuilt housing units in the Project Area. There are another 3,660 housing units in the planning process that are anticipated to be built in the Project Area. The Fiscal Consultant has confirmed that 79 single family residential units that were completed since January 1, 2013 will add approximately $5 million in value to the FY 2014-15 tax roll. There are also 104 single family residential units which the Fiscal Consultant has confirmed are either under construction or have been completed but have not yet been added to the tax roll. These units are estimated to add approximately $42 million in new value over the next two fiscal years. The Tax Revenue projections included in Table 6 reflect the additional value from the 79 recent home sales but not the 104 homes under construction or recently completed.

Transportation Improvements. An expansion of Highway 4 which bi-sects the City is currently underway to add another lane in both directions east of the City. In coordination with the construction of this highway expansion, BART is extending the Pittsburg-Bay Point line from its current terminus at the Pittsburg/Bay Point BART Station east to Hillcrest Avenue in Antioch through a project known as eBART and includes adding a station in the City at Railroad Avenue. The eBART extension is expected to be complete in 2018. The eBART project is fully funded at $462 million, and together with the Highway 4 lane expansion, results in an investment of nearly $1 billion in East County transportation improvements.

In anticipation of the eBART project, the City adopted the Railroad Avenue Specific Plan ("RASP") and related zoning amendments within a half mile radius of the planned eBART station. RASP provides for higher density transit oriented development ("TOD") of 1.2 million square feet of commercial and industrial development and 1,845 new housing units. The City also adopted a TOD plan for the Pittsburg-Bay Point Station that includes 146,000 square feet of commercial development and 1,170 of housing units, a portion of which is in the Project Area.

Information Concerning the Project Area

Information concerning the Project Area is set forth in the Fiscal Consultant's Report prepared by Fraser & Associates, Roseville, California and attached to this Official Statement as APPENDIX D. Additionally, certain portions of the Fiscal Consultant's Report are summarized below; however, such summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Fiscal Consultant's Report.

Historic Taxable Assessed Values

The Project Area's historic taxable assessed values for the past ten fiscal years as reported by the Contra Costa County Auditor-Controller are presented in the table below. Taxable values have increased from approximately $3.7 billion in FY 2004-05 to a peak of approximately $4.8 billion in FY 2007-08 before dropping to approximately $3.9 billion in FY 2013-14, reflecting a total percentage change of 5.93% over the ten-year period but a drop of 19.88% from the FY 2007-08 peak to FY 13-14.

TABLE 3
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Historic Project Area Assessed Values

Fiscal Year	Locally-Assessed Secured Value	Unsecured Value	State-Assessed Value	Total Taxable Value	% Change	Base Value(1)	Total Incremental Value
2004-05	$2,637,164,620	$515,933,674	$512,026,044	$3,665,124,338	N/A	$277,937,469	$3,387,186,869
2005-06	3,015,581,340	543,343,050	478,598,737	4,037,523,127	10%	277,937,469	3,759,585,658
2006-07	3,530,493,854	555,424,279	440,433,949	4,526,352,082	12%	277,937,469	4,248,414,613
2007-08	3,927,235,628	512,622,834	405,835,344	4,845,693,806	7%	277,937,469	4,567,756,337
2008-09	3,708,004,922	548,716,527	439,150,103	4,695,871,552	-3%	277,937,469	4,417,934,083
2009-10	2,959,515,979	623,170,147	440,649,338	4,023,335,464	-14%	277,937,469	3,745,397,995
2010-11	2,839,721,306	679,287,577	445,207,883	3,964,216,766	-1%	277,937,469	3,686,279,297
2011-12	2,753,306,880	748,445,917	424,806,447	3,926,559,244	-1%	278,480,181	3,648,079,063
2012-13	2,683,552,007	806,155,608	382,231,357	3,871,938,972	-1%	278,480,181	3,593,458,791
2013-14	2,920,748,349	634,159,638	327,596,209	3,882,504,196	0%	278,480,181	3,604,024,015

(1) Beginning in 2011-12, the Marina Project went above its base year value and was added back into both the current year and base year values.
Source: Contra Costa County Auditor-Controller.

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Ten Largest Property Taxpayers

Set forth in the table below are the ten largest identified property taxpayers in the Project Area, representing 31.02%, or $1,204,191,137, of the total Project Area value and 33.41% of the Project Area incremental value for fiscal year 2013-14. The two power plants – one a state-assessed utility property (the Delta Energy Center power plant) and the other on the unsecured roll (the Los Medanos Energy Center power plant) – are both owned by Calpine Corporation and account for 17.98% of total incremental value. After the two plants, the next nine taxpayers account for 15.43% of total incremental value.

TABLE 4
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Ten Largest Property Taxpayers for Fiscal Year 2013-14*

Assessee Name	Type of Use	Secured Value	Unsecured Value	% of Total Taxable Value(2)	% of Total Incremental Value(2)
1. Delta Energy Center(1)*	Power Plant	$326,900,000	--	8.42%	9.07%
2. Los Medanos Energy Center(1)(3)*	Power Plant	--	$321,240,000	8.27	8.91
3. United Spiral Pipe LLC(4)	Industrial	--	135,562,535	3.49	3.76
4. Sierra Pacific Properties Inc.	Residential	101,404,796	--	2.61	2.81
5. Century Plaza Corporation	Commercial	67,821,498	987,831	1.77	1.91
6. Kirker Creek BBS LP	Residential	68,107,724	--	1.75	1.89
7. San Marco Properties LLC	Residential	54,312,194	--	1.40	1.51
8. Koch Carbon LLC(3)	Industrial	--	49,365,552	1.27	1.37
9. Seencon Financial and Construction Co.	Commercial	30,405,128	49,765	0.78	0.85
10. Fund VIII PR Pittsburg LLC(3)	Residential	25,464,470	--	0.66	0.71
11. FRG Presidents Park II LLC	Residential	22,569,644	--	0.58	0.63
	TOTAL	$696,985,454	$507,205,683	31.02%	33.41%

* Eleven property tax assessees are shown because number 1 and 2 are under related ownership.
(1) Both the Delta Energy Center and Los Medanos Energy Center are owned by Calpine Corporation.
(2) Based on 2013-14 Project Area taxable value of $4,023,335,464.
(3) Each of these owners have outstanding assessment appeals.
(4) This property owner was granted a reduction in value to $87.6 million due to an appeal.
Source: Fraser & Associates

The Delta Energy Center power plant (DEC) began operation in June 2002 and the Los Medanos Energy Center power plant (LMEC) began operation in July 2001, and each has an expected 30-year useful life. Both Calpine-owned plants are natural gas-fired, combined cycle plants, with low carbon output, and designed based on modern technology. Due to strict licensing and permitting restrictions, it is difficult to build new plants of this type in California, thereby limiting the supply and increasing the value of these two plants. The assessed value of the two plants are determined based on the income approach to value. Under this approach, the income that is generated, less the costs of generating power, are used to determine value. As such, the assessed value of the plants can fluctuate. In FY 2009-10, DEC had an assessed value of $439.9 million, while LMEC was assessed at $396.8 million. Neither of the plants have any current plans to expand or contract.

Assessment Appeals

Property taxable values determined by the County Assessor may be subject to an appeal by property owners. Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the property owner. The reduction in future Project Area taxable values affects all taxing entities, including the Agency. It is the County's policy to hold redevelopment agencies harmless from tax refunds due to assessment appeals. Therefore, the only risk to the Agency from appeals is the reduction in assessed value and future tax increment.

See Section E of the Fiscal Consultant's Report attached hereto as APPENDIX D for a summary of assessment appeals filed by property owners in the Project Area. Based on the data provided to the Fiscal Consultant, the Fiscal Consultant reports that there is one recently resolved appeal for United Spiral Pipe that will reduce future value by approximately $49 million in FY 2014-15 and there are 28 open appeals of value for which the applicants have requested reductions totaling approximately $200 million. Since FY 2009-10, resolved appeals have resulted in an average 25% decrease in value.

In addition, the County has processed temporary assessed value reductions for certain residential properties (Proposition 8 reductions) where the assessed values exceeded the current market value of properties without prompting from individual taxpayers. From FY 2008-09 to FY 2012-13, 7,916 residential parcels (inclusive of both single and multifamily parcels) had been reduced for a total value reduction of $904 million. Since FY 2013-14, the County has partially reversed some of the prior Proposition 8 reductions and increased value by close to $156 million in FY 2013-14. Proposition 8 value reductions are temporary, and the value for the parcels under Proposition 8 status can increase up to their Proposition 13 base, including the compounded annual Proposition 13 inflation adjustment. As a result, the future value in the Project Area could increase by almost $748.7 million (assuming none of these properties are sold and locked in at new Proposition 13 values).

Teeter Plan

The Agency is located within Contra Costa County (the "County"), which is following the "Teeter Plan" (defined below) with respect to property tax collection and disbursement procedures. Under this plan, a county can implement an alternate procedure for the distribution of certain property tax levies on the secured roll pursuant to Chapter 3, Part 8, Division 1 of the Revenue and Taxation

Code of the State of California (comprising Section 4701 through 4717, inclusive) (the "Law"), commonly referred to as the "Teeter Plan." The Law has authorized the use of the Teeter Plan for over 60 years.

Under the Teeter Plan, taxing entities in the County may receive their total secured tax levies regardless of actual payments and delinquencies. The County establishes a delinquency reserve and assumes responsibility for all secured delinquencies. Thus, so long as the County maintains its policy of collecting assessments pursuant to said procedures and the Agency meets the Teeter Plan requirements, the Agency will receive 100% of the annual installments levied without regard to actual collections.

The Board of Supervisors of the County may discontinue the procedures under the Teeter Plan altogether, or with respect to any tax or assessment levying agency in the County, in which event the Agency would bear its share of delinquencies and share in any penalties and interest collected, if the rate of secured tax and assessment delinquency for that agency in any year exceeds 3% of the total of all taxes and assessment levied on the secured rolls for that agency. There is no assurance that the County Board of Supervisors will maintain its policy of apportioning assessments pursuant to the aforementioned procedures.

Historic Tax Increment Revenues

The Project Area's historic actual receipts of tax increment revenues compared to the computed tax levy for the past five fiscal years as reported by the Fiscal Consultant based on data provided by the Contra Costa County Auditor-Controller are presented in the table below

TABLE 5
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Historic Tax Increment Revenues[1]

Fiscal Year	Tax Levy[2]	Tax Increment Receipts Less Supplemental Taxes	% of Levy Received	Supplemental Taxes	Total Tax Increment Receipts	% of Levy Received
2013-14	$35,986,221	$35,986,221	100.00%	$883,509	$36,869,730	102.46%
2012-13	35,865,666	35,865,347	100.00%	645,152	36,510,499	101.80
2011-12	36,814,481	36,702,913	99.70	257,452	36,960,365	100.40
2010-11	37,262,158	37,271,962	100.03	15,271	37,287,233	100.07
2009-10	37,941,852	37,946,259	100.01	(863,581)[3]	37,082,678	97.74
2008-09	44,595,050	44,604,617	100.02	823,982	45,428,599	101.87

(1) Receipts reflected in Agency records after reduction for property tax administration fees.
(2) Initial levy reported by Contra Costa County Auditor-Controller.
(3) Negative value is a result of sale of properties at below roll values.
Source: Fraser & Associates

Projection of Tax Revenues

Set forth in Table 6 below is a projection of future Tax Revenues which excludes future Proposition 13 annual inflationary increases. FY 14-15 values include (i) recent sales of property which have occurred since June 1, 2013 at sales prices greater than their prior assessment and (ii) a reduction for estimated successful appeals. The drop in values beginning in FY 2022-23, FY 2025-26 and FY 2032-33 reflect constituent project areas reaching their respective time limits to collect tax increment as such limits existed prior to the adoption of the Dissolution Act.

TABLE 6
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Projected Tax Revenues
(Dollars in Thousands)

Fiscal Year	Total Assessed Value(1)	Incremental Assessed Value	Total Tax Increment(2)	Property Tax Admin. Fees(3)	Section 33676 Allocation(4)	Housing Bonds(5)	Tax Revenues
2013-14	$3,882,504	$3,604,024	$36,456	$478	$11	$1,964	$34,004
2014-15	3,901,396	3,622,916	36,645	475	11	1,963	34,196
2015-16	3,901,396	3,622,916	36,645	475	11	1,965	34,194
2016-17	3,901,396	3,622,916	36,645	475	11	1,965	34,194
2017-18	3,901,396	3,622,916	36,645	475	11	1,963	34,196
2018-19	3,901,396	3,622,916	36,645	475	11	1,963	34,196
2019-20	3,901,396	3,622,916	36,645	475	11	1,966	34,193
2020-21	3,901,396	3,622,916	36,645	475	11	1,962	34,198
2021-22	3,900,713	3,622,233	36,642	475	11	1,965	34,192
2022-23	3,857,223	3,578,742	36,272	470	11	1,965	33,826
2023-24	3,857,223	3,578,742	36,272	470	11	1,963	33,829
2024-25	3,857,223	3,578,742	36,272	470	11	1,963	33,829
2025-26	3,709,201	3,430,721	34,837	451	11	1,964	32,411
2026-27	3,709,201	3,430,721	34,837	451	11	1,967	32,408
2027-28	3,709,201	3,430,721	34,837	451	11	1,966	32,409
2028-29	3,709,201	3,430,721	34,837	451	11	1,967	32,408
2029-30	3,709,201	3,430,721	34,837	451	11	1,963	32,412
2030-31	3,709,201	3,430,721	34,837	451	11	1,965	32,410
2031-32	3,709,201	3,430,721	34,837	451	11	1,963	32,412
2032-33	1,336,200	1,283,233	24,363	168	11	1,967	22,218
2033-34	1,336,200	1,283,233	24,367	168	11	1,965	22,223
2034-35	1,336,200	1,283,233	12,916	168	11	1,189	11,549

(1) Taxable value has been held constant except for new value added in 2014-15 for property sales and reduced in 2014-15 for resolved appeals only. Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
(2) Based on the application of 1% tax rates to incremental taxable value. In 2032-33 and 2033-34, also includes tax increment from Los Medanos I that is equal to debt service on the outstanding 2006C Bonds, which refunded the 1993B Bonds. Includes unitary revenues based on County estimates.
(3) Amount shown reflects estimated property tax administrative fees charged by County at 1.3%.
(4) Amount shown is for the allocation to the City.
(5) Reflects debt service on the Housing Bonds. See "– Housing Bonds" above.
Source: Fraser & Associates

Estimated Debt Service Coverage for the Senior Bonds

Set forth in the tables below are a debt service coverage for the Senior Bonds reflecting the Tax Revenues presented in Table 6.

TABLE 7
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Debt Service Requirements and Coverage for the Senior Bonds

Year Ending(1)	Tax Revenue(2)	2014 Bonds Debt Service	Parity Bonds Debt Service(3)	Total Senior Bonds Debt Service(4)	Senior Bonds Coverage
2014	$34,003,864	$316,575	$7,168,524	$7,485,099	4.54 x
2015	34,196,285	5,901,200	5,241,450	11,142,650	3.07 x
2016	34,194,422	11,110,400	-	11,110,400	3.08 x
2017	34,194,358	11,977,000	-	11,977,000	2.86 x
2018	34,196,346	11,109,750	-	11,109,750	3.08 x
2019	34,196,259	7,693,000	5,150,000	12,843,000	2.66 x
2020	34,193,299	7,690,250	5,150,000	12,840,250	2.66 x
2021	34,197,735	7,693,250	5,150,000	12,843,250	2.66 x
2022	34,192,199	4,086,500	8,755,000	12,841,500	2.66 x
2023	33,826,451	3,229,250	8,750,000	11,979,250	2.82 x
2024	33,828,920	3,222,250	8,755,000	11,977,250	2.82 x
2025	33,829,082	3,224,750	8,755,000	11,979,750	2.82 x
2026	32,411,295	3,226,000	8,750,000	11,976,000	2.71 x
2027	32,408,387	2,830,750	9,145,000	11,975,750	2.71 x
2028	32,409,015	2,833,500	9,145,000	11,978,500	2.71 x
2029	32,408,179	2,835,000	9,145,000	11,980,000	2.71 x
2030	32,412,034	-	9,145,000	9,145,000	3.54 x
2031	32,409,747	-	-		
2032	32,411,878	-	-		
2033	22,217,992	-	-		
2034	22,223,317	-	-		
2035	11,548,657	-	-		

1. Tax Revenue presented for the fiscal year ending in the year; Bond debt service is presented for the calendar year as payable from that fiscal year Tax Revenue.
2. Tax Revenues from Table 5.1 of the Fiscal Consultant's Report. See Appendix D attached hereto.
3. Includes the February 1, 2014 interest payment on the 1999 Bonds, 2002A Bonds and 2003 Bonds and the August 1, 2014 payment on the 2002A Bonds and 2014 Bonds.
4. Reserve Requirement based on aggregate Maximum Annual Debt Service calculated on a fiscal year basis of $12,765,375 occurring in FY 2022-23.

Source: Stifel, Nicolaus & Company, Inc.

Estimated Debt Service Coverage for the Senior Bonds and Subordinate Bonds

Set forth in the tables below are a debt service coverage for the Senior Bonds and Subordinate Bonds assuming no growth in assessed values and reflecting the potential drop off in Tax Revenues as constituent project areas reach their time limit to collect tax increment.

TABLE 8
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Debt Service Requirements and Coverage for the Senior Bonds and Subordinate Bonds

Year Ending(1)	Tax Revenue(2)	Senior Bonds Debt Service(3)	Subordinate Bonds Debt Service(4)(5)	Total Debt Service	Combined Coverage
2014	$34,003,864	$7,485,099	$24,831,467	$32,316,566	1.05 x
2015	34,196,285	11,142,650	22,228,727	33,371,377	1.02 x
2016	34,194,422	11,110,400	21,578,981	32,689,381	1.05 x
2017	34,194,358	11,977,000	21,509,911	33,486,911	1.02 x
2018	34,196,346	11,109,750	21,446,838	32,556,588	1.05 x
2019	34,196,259	12,843,000	21,379,733	34,222,733	1.00 x
2020	34,193,299	12,840,250	21,316,986	34,157,236	1.00 x
2021	34,197,735	12,843,250	21,243,447	34,086,697	1.00 x
2022	34,192,199	12,841,500	21,175,402	34,016,902	1.01 x
2023	33,826,451	11,979,250	21,690,967	33,670,217	1.00 x
2024	33,828,920	11,977,250	21,611,940	33,589,190	1.01 x
2025	33,829,082	11,979,750	21,539,828	33,519,578	1.01 x
2026	32,411,295	11,976,000	19,863,352	31,839,352	1.02 x
2027	32,408,387	11,975,750	19,795,088	31,770,838	1.02 x
2028	32,409,015	11,978,500	17,485,764	29,464,264	1.10 x
2029	32,408,179	11,980,000	10,981,798	22,961,798	1.41 x
2030	32,412,034	9,145,000	12,678,395	21,823,395	1.49 x
2031	32,409,747	-	16,603,554	16,603,554	1.95 x
2032	32,411,878	-	16,519,076	16,519,076	1.96 x
2033	22,217,992	-	16,439,158	16,439,158	1.35 x
2034	22,223,317	-	16,357,147	16,357,147	1.36 x
2035	11,548,657	-	2,701,080	2,701,080	4.28 x

1. Tax Revenue presented for the fiscal year ending in the year; Bond debt service is presented for the calendar year as payable from that fiscal year Tax Revenue.
2. Tax Revenues from Table 5.1 of the Fiscal Consultant's Report. See Appendix D attached hereto.
3. Includes the February 1, 2014 interest payment on the 1999 Bonds, 2002A Bonds and 2003 Bonds and the August 1, 2014 payment on the 2002A Bonds and 2014 Bonds.
4. Includes debt service on the Agency's outstanding subordinate series 2004A, 2006B, 2006C and 2008A tax allocation bonds. The calculation of debt service for the variable rate 2004A Bonds is based on the fixed swap rate of 3.549%, plus letter of credit fees estimated at 2.75% through July 1, 2015 and then at 2.00% thereafter and remarketing fees of 0.10% annually.
5. Subordinate Bonds Debt Service also includes a $2,000,000 payment of deferred letter of credit fees due in December 2014.

Source: Stifel, Nicolaus & Company, Inc.

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

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

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

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

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

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

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, and this delayed the realization of increased property taxes from the new assessments for up to 14 months. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Area, Tax Revenues may increase.

Property Tax Administrative Costs. In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund. For Fiscal Year 2012-13, the County's administrative charge to the Agency was $484,687.

Negotiated Pass-Through Agreements. Prior to 1994, under the Redevelopment Law, a redevelopment agency could enter into an agreement to pay increment revenues to any taxing agency that has territory located within a redevelopment project in an amount which in the agency's determination is appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These 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. See "SECURITY FOR THE 2014 BONDS – Statutory Pass-Through Payments and Tax Sharing Agreements."

Statutory Pass-Through Payments. The payment of Statutory Pass-Through Amounts results from (i) plan amendments which add territory in existing project areas on or after January 1, 1994 and (ii) from plan amendments which eliminates 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 affected taxing entities is described in Sections 33607.5 and 33607.7 of the Redevelopment Law. See "SECURITY FOR THE 2014 BONDS – Statutory Pass-Through Payments and Tax Sharing Agreements."

Recognized Obligation Payment Schedule. The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Custody Account without a duly approved and effective

Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See "SECURITY FOR THE 2014 BONDS – Recognized Obligation Payment Schedule" and "RISK FACTORS – Recognized Obligation Payment Schedule" herein.

Unitary Property

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

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

Article XIIIA of 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 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. (See "RISK FACTORS – Reduction in Inflationary Rate.")

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

In the general election held November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article 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 (1) real property between spouses and (2) the principal residence and the first $1,000,000 of other property between parents and children. This amendment to Article XIIIA may reduce the rate of growth of local property tax revenues.

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

Legislation enacted by the Legislature to implement Article 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

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 the 1978-79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by an agency of proceeds of taxes levied by or on behalf of an agency within the meaning of Article XIIIB, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions. On the basis of these decisions, the Agency 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 2014 Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218. See also "– Propositions 218 and 26" below.

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. As a result of the adoption of the Dissolution Act, the January 1, 1989 date has been effectively eliminated.

Redevelopment Time Limits

In 1993, the State legislature passed AB 1290, which, among other things, required redevelopment agencies to adopt time limits in each redevelopment plan specifying: 1) the last date to incur debt for a redevelopment project; 2) the last date to undertake redevelopment activity within a project area; and 3) the last date to collect tax increment revenue from a project area to repay debt. Pursuant to AB 1290, which took effect January 1, 1994, the City Council adopted ordinances amending the Redevelopment Plan in the Project Area to impose limits on plan activity in each area, as well as a date past which tax increment revenue could not be collected.

In 2001, the California Legislature enacted SB 211, Chapter 741, Statutes 2001, effective January 1, 2002 ("SB 211"), which authorized, among other things, the deletion by ordinance of the legislative body of the AB 1290 limitation on incurring indebtedness contained in a redevelopment plan adopted prior to January 1, 1994. However, such elimination triggers statutory tax sharing with those taxing entities that do not have Pass-Through Agreements. The City adopted an ordinance, pursuant to the authorization contained in SB 211, deleting the limit on the Agency's authority to incur loans, advances and indebtedness with respect to the Project Area.

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 prior to the termination of the effectiveness of the plan.

Appeals of Assessed Values

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

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces the assessment or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted. See "THE PROJECT AREA – Ten Largest Property Taxpayers" for information regarding the assessed valuations of the top ten property owners within the Project Area and "– Assessment Appeals" for a discussion of pending appeals.

Proposition 8

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

After a roll reduction is granted under this code section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article 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.

Propositions 218 and 26

On November 5, 1996, California voters approved Proposition 218–Voter Approval for Local Government Taxes – Limitation on Fees, Assessments, and Charges – Initiative Constitutional Amendment. Proposition 218 added Articles 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 California Constitution by adding an expansive definition for the term "tax," which previously was not defined under the California Constitution. Tax Revenues securing the 2014 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

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

RISK FACTORS

The following information should be considered by prospective investors in evaluating whether to invest in the 2014 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 2014 Bonds, and the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Reduction in Taxable Value

Tax Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property in the Project Area caused by economic factors beyond the Agency's control, such as relocation out of the Project Area by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Tax Revenues that provide for the repayment of and secure the 2014 Bonds. Such reduction of Tax Revenues could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the 2014 Bonds.

As described in greater detail under the heading "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 two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the 2014 Bonds could reduce Tax Revenues securing the 2014 Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, described herein under the heading "RISK FACTORS," the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the Tax Revenues and adversely affect the source of repayment and security of the 2014 Bonds.

Reduction in Inflationary Rate

As described in greater detail under the heading "PROPERTY TAXATION IN CALIFORNIA – Article XIIIA of the State Constitution," 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 inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. 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 but 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. For Fiscal Year 2012-13 and Fiscal Year 2013-14, the inflationary value adjustment was 2.00%, which is the maximum permissible increase under Article XIIIA. On December 11, 2013, the State Board of Equalization announced that the inflationary value adjustment for 2014-15 will be 0.454%. The Agency is unable to predict if any adjustments to the full cash value of real property within the Project Area, whether an increase or a reduction, will be realized in the future.

Development Risks

The general economy of the Project Area will be subject to all the risks generally associated with real estate development. Future development within the Project Area may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within the Project Area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If future development in the Project Area are delayed or halted, the economy of the Project Area 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 Area, the owners of property within the Project Area 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 Area. In addition, the insolvency or bankruptcy of one or more large owners of property within the Project Area could delay or impair the receipt of Tax Revenues by the Agency.

State Budget Issues

ABx1 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its Fiscal Years 2011-12 and 2012-13, respectively. The 2011-12 State budget included projected State savings estimated to aggregate $1.7 billion in 2011-12 associated with ABx1 27, which would have allowed redevelopment agencies to continue in operation provided their establishing cities or counties agreed to make an aggregate $1.7 billion in payments to K-12 schools. However, ABx1 27 was found in December 2011 by the

California Supreme Court to violate the State Constitution, which altered this budgetary plan of the State. According to the State's Summary of the 2012-13 State budget, AB 1484 implements a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (projected savings of $1.5 billion). The State's budget for Fiscal Year 2013-14 was enacted on June 22, 2013 and did not include any additional legislation dealing with dissolution of redevelopment agencies. 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 Revenues. The full text of each State Assembly bill cited above may be obtained from the "Official California Legislative Information" website maintained by the Legislative Counsel of the State of California pursuant to State law, at the following web link: *http://www.leginfo.ca.gov/bilinfo.html*.

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

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

Recognized Obligation Payment Schedule

In the event a successor agency fails to submit to the DOF an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to clause (iv) in the following paragraph, pending approval of a Recognized Obligation Payment Schedule. 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 monies in the Redevelopment Property Tax Trust Fund 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 Recognized Obligation Payment Schedule when and as approved by the DOF.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the County Auditor-Controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act: (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (as described above under "SECURITY FOR THE 2014 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 such entity would have received under provisions of the

Redevelopment Law, as those provisions read on January 1, 2011, including pursuant to the Pass-Through Agreements and Statutory Pass-Through Amounts; (ii) second, on each January 2 and June 1, to the Agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule; (iii) third, on each January 2 and June 1, to the Agency for the administrative cost allowance, as defined in the Dissolution Act; and (iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

If the Agency does not submit an Oversight-Board approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the DOF does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above. However, the Agency has covenanted to take all actions required under the Dissolution Act to include scheduled debt service on the Senior Bonds, as well as any amount required under the Resolution to replenish the Reserve Account of the Special Fund, in Recognized Obligation Payment Schedules for each six-month period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Custody Account on each January 2 and June 1 amounts required for the Agency to pay principal of and interest on the Senior Bonds coming due in the respective six-month period, including listing a reserve on the Recognized Obligation Payment Schedule to the extent required by the Resolution or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the Senior Bonds for the next payment due in the following six-month period. With regard to each semiannual period ending on June 30 of a calendar year, the Agency shall include in the Recognized Obligation Payment Schedule for such semiannual period an amount equal to all principal and interest due and payable on the Senior Bonds in such calendar year, with any amounts unpaid in the first Recognized Obligation Payment Schedule payment included in the Agency's Recognized Obligation Payment Schedule filings for each semiannual period ending on December 31 of a calendar year. See "APPENDIX B – Summary of Certain Provisions of the Resolution" attached hereto.

AB 1484 also adds new provisions to the Dissolution Act implementing certain penalties in the event the Agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a Recognized Obligation Payment Schedule must be submitted by the 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 January 2 or June 1 property tax distribution with respect to each subsequent six-month period. If the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the DOF. Additionally, the Agency's administrative cost allowance is reduced by 25% if the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods.

The Agency has submitted the first six Recognized Obligation Payment Schedules, including the 2014-15A Recognized Obligation Payment Schedule for the period of July 1, 2014 to December 31, 2015 duly approved by the Oversight Board, in a timely manner. In the event the Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a six month period, as required under the Dissolution Act, the availability of Tax Revenues to the Agency could be adversely affected for such period.

Insufficiency Filing

Under Health and Safety Section 34183, funds required for servicing bonded indebtedness, in an amount not to exceed the subordinated Pass-Through Agreements and the Statutory Pass-Through Amounts may be deducted from the amounts to be distributed to taxing agencies, in order to be paid to the Agency for servicing bonded indebtedness, but only after the Agency has provided insufficiency reports to the County Auditor-Controller. The Agency has covenanted under the Seventeenth Supplemental Resolution to provide insufficiency reports to the County Auditor-Controller as permitted under the Dissolution Act and has provided such insufficiency reports with respect to each of the last four semi-annual Recognized Obligation Payment Schedule filings. In the event that the Agency does not provide an insufficiency report to the County Auditor-Controller, as required under Health and Safety Section 34183, or the State Controller does not agree with the Agency and the County Auditor-Controller that an insufficiency exists, the County Auditor-Controller will transfer the amounts required to be distributed under the Pass-Through Agreements and for Statutory Pass-Through Amounts prior to transferring of any Redevelopment Property Tax Trust Fund to the Custodian under the Custody Agreement.

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 or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2014 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the 2014 Bonds.

Estimated Revenues

In estimating that Tax Revenues will be sufficient to pay debt service on the 2014 Bonds after payment of the Senior Bonds, the Agency has made certain assumptions with regard to, among other things, future assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the Tax Revenues available to pay debt service on the 2014 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 2014 Bonds.

Hazardous Substances

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

Natural Disasters

The value of the property in the Project Area in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as droughts. In particular, according to the Federal Emergency Management Agency (FEMA), a majority of the County's creeks and shoreline lie within the 100-year flood plain. Areas with high flood hazards are the islands and adjacent mainland in the San Joaquin-Sacramento River Delta in East Contra Costa County. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in the Project Area could be diminished in the aftermath of such events. A substantial reduction of the value of such properties and could affect the ability or willingness of the property owners to pay the property taxes.

The City, like most communities in California, is an area of unpredictable seismic activity, and therefore, is subject to potentially destructive earthquakes. Numerous active and inactive fault lines pass through or near the City. Major earthquakes have occurred in the vicinity of the City in the past and can be expected to occur again in the near future. The occurrence of severe seismic activity in the City could result in substantial damage to property located in the Project Area, 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.

Changes in the Law

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Tax Revenues, which could have an adverse effect on the Agency's ability to pay debt service on the 2014 Bonds.

Investment Risk

Funds held under the Resolution are required to be invested in Permitted Investments as provided under the Resolution. See APPENDIX B – Deposit and Investment of Moneys attached hereto. The funds and accounts of the Agency, into which a portion of the proceeds of the 2014 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 "RISK FACTORS – Bankruptcy and Foreclosure" herein.

Concentration of Land Ownership

Ownership of property within the Project Area is distributed among numerous owners; however, some of these property owners are responsible for a significant percentage of the property taxes allocated to the Agency from the Project Area. The ten largest property taxpayers currently account for 31.02% of the Project Area secured and unsecured assessed value and 33.41% of the Project Area secured and unsecured incremental assessed value. See "THE PROJECT AREA – Ten Largest Property Taxpayers" herein. A default by one or more of these owners in the payment of their property taxes could materially and adversely affect the ability of the Agency to pay debt service on the 2014 Bonds. Such a result could be affected by events not related to the operation of the businesses of such taxpayers, including earthquakes or other natural disasters or other economic or environmental events occurring outside of their control.

Assessment Appeals

Property taxable values may be reduced as a result of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant property owner. Appeal and refund activity within the Project Area may result in resolved appeals which reduce the assessed value of parcels within the Project Area.

An assessee may contest either (i) the original determination of the "base assessment value" of a parcel (i.e. the value assigned after a change of ownership or completion of new construction), or (ii) the "current assessment value" (i.e., the value as determined by the County Assessor, which may be no more than the base assessment value plus the compounded 2% annual inflation factor) when specified factors have caused the market value of the parcel to drop below current assessment value.

At the time of reassessment, after a change of ownership or completion of new construction, the assessee may appeal the base assessment value of the property. Under an appeal of a base assessment value, the assessee appeals the actual underlying market value of the sales transaction or the recently completed improvement. A successful appeal of the base assessment value of a parcel has significant future revenue impacts, because a reduced base year assessment will reduce the compounded future value of the property prospectively. Except for the two percent inflation factor, the value of the property cannot be increased until a change in ownership occurs or additional improvements are added.

Proposition 8 Adjustments

Proposition 8, approved in 1978 (section 51(b) of the California Revenue and Taxation Code), 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 based on Proposition 8 do not establish new base year values, and the property may be reassessed on a following lien date up to the lower of the then current fair market value or the factored base year value. Certain properties in the Project Area have been subject to Proposition 8 adjustments made by the County Assessor.

Future Land Use Regulations and Growth Control Initiatives

In the past, citizens of a number of local communities in California have placed measures on the ballot designed to limit the issuance of building permits or impose other restrictions to control the rate of future growth in those areas. It is possible that future initiatives could be enacted, could be applicable to the City and have a negative impact on the ability of developers in the Project Area to complete any existing or proposed development. 2014 Bondowners should assume that any event that significantly affects the ability to develop land in the City could cause the land values within the Project Area to decrease substantially and could affect the willingness and ability of the owners of land within the Project Area to pay property taxes when due.

There can be no assurance that land development within the City will not be adversely affected by future governmental policies, including but not limited to, government policies to restrict or control development. Under current State law, it is generally accepted that proposed development is not exempt from future land use regulations until building permits have been issued and substantial work has been performed and substantial liabilities have been incurred in good faith reliance on the permits prior to the adoption of such regulations.

Interest Rate Swap

The Agency entered an interest rate swap with Piper Jaffray Financial Products with respect to the 2004A Bonds. Certain payments under the interest rate swap are on a parity with the Subordinate Bonds, but subordinate to the Senior Bonds. In addition, to the extent that the interest rate swap is terminated as a result of a credit rating downgrade or other termination event, the interest rate on the 2004A Bonds could potentially be the maximum rate permitted under the Subordinate Indenture. Furthermore, the interest rate swap is subject to early termination upon the occurrence of certain specified events. In the event of any early termination, there can be no assurance that (i) the Agency will receive any termination payment payable to it by the counterparty,

(ii) the Agency will not be obligated to make, or will have sufficient tax increment to make, a termination payment payable to the counterparty or (iii) the Agency will be able to enter into a replacement transaction with comparable terms. Any interest rate swap termination payment would be subordinate to debt service on the Senior Bonds, the Subordinate Bonds and the subordinated Pass-Through Agreements and the Statutory Pass-Through Amounts.

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 2014 Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the 2014 Bonds might be affected as a result of such an audit of the 2014 Bonds (or by an audit of similar bonds).

Secondary Market

There can be no guarantee that there will be a secondary market for the 2014 Bonds, or, if a secondary market exists, that the 2014 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the face amount of the 2014 Bonds.

TAX MATTERS

In the opinion of Meyers, Nave, Riback, Silver & Wilson, A Professional Law Corporation, Bond Counsel to the Agency ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2014 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2014 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expects to deliver at the time of issuance of the 2014 Bonds the opinion substantially in the form set forth in APPENDIX E hereto.

To the extent the issue price of any maturity of the 2014 Bonds is less than the amount to be paid at maturity of such 2014 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2014 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 2014 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 2014 Bonds is the first price at which a substantial amount of such maturity of the 2014 Bonds is sold to the public (excluding 2014 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 2014 Bonds accrues daily over the term to maturity of such 2014 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 2014 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2014 Bonds. Beneficial Owners of the 2014 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2014 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2014 Bonds in the original offering to the public at the first price at which a substantial amount of such 2014 Bonds is sold to the public.

2014 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 2014 Bonds. The Agency has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the 2014 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 2014 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2014 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 2014 Bonds may adversely affect the value of, or the tax status of interest on, the 2014 Bonds.

Although Bond Counsel is of the opinion that interest on the 2014 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 interest on, the 2014 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.

Future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the 2014 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the 2014 Bonds. Prospective purchasers of the

2014 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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 2014 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 2014 Bonds ends with the issuance of the 2014 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 2014 Bonds in the event of an audit examination by the IRS. Under current procedures, parties (such as the Beneficial Owners) other than the Agency and its appointed counsel 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 2014 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 2014 Bonds, and may cause the Agency or the Beneficial Owners to incur significant expense.

LEGAL MATTERS

Legal Opinion

The validity of the 2014 Bonds and certain other legal matters are subject to the approving opinion of Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain other legal matters related to this offering will be passed upon for the Agency by Meyers, Nave, Riback, Silver & Wilson, A Professional Law Corporation, as general counsel and as Disclosure Counsel to the Agency.

No Litigation

To the best knowledge of the Agency, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the Agency to restrain or enjoin the authorization, execution or delivery of the 2014 Bonds or the Resolution, or the pledge of the Tax Revenues or the collection of the payments to be made pursuant to the Resolution, or in any way contesting or affecting the validity of the 2014 Bonds, or the Resolution.

Continuing Disclosure

The Agency has covenanted for the benefit of the holders and beneficial owners of the 2014 Bonds to provide certain financial information and operating data relating to the Agency (the "Annual Report") by not later than March 1 of each year, commencing March 1, 2015 with the Annual Report for the Fiscal Year ending June 30, 2014, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed on the Electronic Municipal Market Access Website ("EMMA") operated by the Municipal Securities Rulemaking Board (www.emma.msrb.org). The notices of material events will be filed by the Agency with each Nationally Recognized Municipal Securities Information Repository or with the Municipal Securities Rulemaking Board, and with the State information repository, if any. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in "APPENDIX F – Form of Continuing Disclosure Certificate" attached hereto. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

In each of the last five years, the City, Agency, and related entities have prepared in a timely manner annual reports and certain material events notices as required by the prior continuing disclosure obligations (the "Prior Bonds Continuing Disclosure Filings") and filed the Prior Bonds Continuing Disclosure Filings on EMMA. However, following a review of the City, Agency and related entities' continuing disclosure compliance in connection with the issuance of the 2014 Bonds, certain instances of noncompliance were identified. For example, in several instances, audited financial statements were filed on EMMA but not correctly linked to all relevant CUSIPs. Similarly, in two instances, changes in the underlying ratings on two bond issues were filed on EMMA but not correctly linked to all relevant CUSIPs. In a few instances, the rating changes of a bond insurer were either not filed or filed only for certain but not all relevant CUSIPs. A preamble paragraph with respect to certain audited financial statements was left out of some filings. Finally, certain annual reports and rating changes were filed late. All of the correctable instances of noncompliance have since been remediated. Please see APPENDIX G – Continuing Disclosure Compliance Analysis attached hereto for further details. Other than such ratings change notices described in the prior sentence, the Agency is not aware of any events in the last five years which may have required the filing of significant event notices under the Prior Continuing Disclosure Undertakings that were not filed.

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MISCELLANEOUS

Ratings

Standard & Poor's Corporation, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's"), and Fitch Ratings Inc. have assigned their municipal bond ratings of "A" and "A," respectively, to the 2014 Bonds. In addition, Standard & Poor's is expected to assign a rating of "AA" (stable outlook) to the Insured 2014 Bonds with the understanding that upon delivery of the Insured 2014 Bonds, the Policy will be issued by the Insurer. See "BOND INSURANCE" herein and "APPENDIX I – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" attached hereto.

Such ratings reflect only the view of the respective rating agency, and any explanation of the significance of such ratings should be obtained from such rating agency. There is no assurance that such ratings will remain in effect for any given period of time or that it might not be revised downward or withdrawn entirely by the respective rating agency, if, in their respective judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price or marketability of the 2014 Bonds.

Underwriting

The 2014 Bonds will be sold to the Underwriters, under a bond purchase agreement between the Agency and the Underwriters (the "Bond Purchase Agreement"), pursuant to which the Underwriters agree to purchase all of the 2014 Bonds for an aggregate purchase price of $76,302,330.82 (consisting of the aggregate principal amount of the 2014 Bonds, less an Underwriter's discount of $271,815.53 and plus an original issue premium of $9,129,146.35).

The initial public offering prices to be stated on the cover of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell 2014 Bonds to certain dealers, dealer banks, banks acting as agents and others at prices lower than said public offering prices.

Miscellaneous

All of the preceding summaries of the Resolution, the Dissolution Act, the Redevelopment Law, other applicable legislation, the Redevelopment Plan for the Project Area, agreements and other documents are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Agency for further information in connection therewith. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

This Official Statement does not constitute a contract with the purchasers of the 2014 Bonds.

Authorization

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

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF PITTSBURG

By: /s/ Joe Sbranti
Executive Director

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY OF PITTSBURG

The following statistical information is presented for information purposes only. The 2014 Bonds are payable solely from the revenues described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2014 BONDS" of the Official Statement.

General

The City of Pittsburg (the "City") is located in the eastern portion of Contra Costa County (the "County") at the confluence of the San Joaquin and Sacramento Rivers about 40 miles northeast of San Francisco. Originally a coal shipping port, the City was founded in 1849, and incorporated in 1903 as a general law city. In the 1940s and early 1950s, the City was a major commercial and industrial center for the County and the eastern ports of the greater San Francisco Bay Area. During World War II and the Korean War it was a major military embarkation point. Today, the City is part of the second largest industrial center in the County.

Population

The following table summarizes population growth of the City, Contra Costa County and the State since 2008.

POPULATION
2008 through 2013

	2008	2009	2010	2011	2012	2013
City of Pittsburg	61,873	62,201	63,181	63,735	64,779	65,339
Contra Costa County	1,027,264	1,038,390	1,047,948	1,056,306	1,066,602	1,074,702
State of California	36,704,375	36,966,713	37,223,900	37,427,946	37,668,804	37,966,471

Source: State of California Department of Finance.

Employment

Employment information is collected on a County-wide basis and, therefore, not available for the City. The chart below shows the Civilian Labor Force and Unemployment Rate for the County, State and the United States.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Yearly Average for Years 2008 through 2013

Year and Area	Civilian Labor Force	Employed	Unemployed	Unemployment Rate
2008				
Contra Costa County	524,600	492,200	32,400	6.2%
California	18,207,300	16,893,900	1,313,500	7.2
United States	154,287,000	145,362,000	8,924,000	5.8
2009				
Contra Costa County	525,100	471,600	53,400	10.2
California	18,220,100	16,155,000	2,065,100	11.3
United States	154,142,000	139,877,000	14,265,000	9.3
2010				
Contra Costa County	523,800	465,500	58,300	11.1
California	18,336,300	16,068,400	2,267,900	12.4
United States	153,889,000	139,064,000	14,825,000	9.6
2011				
Contra Costa County	528,900	473,900	55,000	10.4
California	18,417,900	16,249,600	2,168,300	11.8
United States	153,617,000	139,869,000	13,747,000	8.9
2012				
Contra Costa County	535,800	487,600	48,200	9.0
California	18,519,000	16,589,700	1,929,300	10.4
United States	154,961,500	130,659,250	12,495,500	8.1
2013				
Contra Costa County	538,900	499,100	39,800	7.4
California	18,596,800	16,933,300	1,663,500	8.9
United States	155,379,000	143,930,000	11,449,000	7.4

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

Largest Employers in the County

The following table summarizes the largest employers in the County.

CONTRA COSTA COUNTY
Largest Employers, listed alphabetically
(2014)

Employer Name	Location	Industry
AAA Northern CA Nevada & Utah	Walnut Creek	Automobile Clubs
BART	Richmond	Transit Lines
Bayer Health Care Phrmctcls	Richmond	Laboratories-Pharmaceutical (Mfrs)
Bio-Rad Laboratories Inc	Hercules	Biological Products (Mfrs)
Chevron Corp	San Ramon	Oil Refiners (Mfrs)
Chevron Global Downstream LLC	San Ramon	Marketing Programs & Services
Concord Naval Weapons Station	Concord	Federal Government-National Security
Contra-Costa Regional Med Ctr	Martinez	Hospitals
Department of Veterans Affairs	Martinez	Clinics
Doctors Medical Ctr	San Pablo	Hospitals
John Muir Health Physical Rhb	Concord	Physical Therapists
John Muir Medical Ctr-Walnut	Walnut Creek	Hospitals
Kaiser	Martinez	Clinics
Kaiser Permanente	Walnut Creek	Hospitals
Kaiser Permanente	Antioch	Hospitals
Kaiser Permanente Martinez Med	Concord	Hospitals
La Raza Market	Richmond	Grocers-Retail
Muirlab	Walnut Creek	Laboratories-Medical
Richmond City Offices	Richmond	Government Offices
San Ramon Regional Medical Ctr	San Ramon	Hospitals
Shell Oil Products	Martinez	Oil & Gas Producers
St Mary's College of CA	Moraga	Schools-Universities & Colleges Academic
Sutter Delta Medical Ctr	Antioch	Hospitals
Tesoro Golden Eagle Refinery	Pacheco	Oil Refiners (Mfrs)
VA Outpatient Clinic	Martinez	Surgical Centers

Source: California Employment Development Department; America's Labor Market Information System (ALMIS) Employer Database, 2014 1st Edition.

Commercial Activity

The following table summarizes historical taxable transactions in the City and the County.

CITY OF PITTSBURG AND CONTRA COSTA COUNTY
Taxable Transactions
(Dollars in Thousands)

	City of Pittsburg		Contra Costa County	
Year	Retail and Food Services	Total All Outlets	Retail and Food Services	Total All Outlets
2008	$477,842	$620,665	$9,484,307	$13,307,681
2009	392,290	601,887	8,473,578	11,883,049
2010	398,371	514,129	8,716,393	11,953,846
2011	412,006	580,091	9,300,418	12,799,857
2012	419,230	750,373	10,062,436	13,997,249

Source: State Board of Equalization.

Construction Activity

The following table summarized residential building activity for the County.

CONTRA COSTA COUNTY
New Housing Units Building Permits

	2008	2009	2010	2011	2012
Single Family Units	1,023	1,076	890	729	1,268
Multifamily Units	1,020	159	786	132	883
Total Units	2,043	1,235	1,676	861	2,151

Source: U.S. Bureau of the Census (Estimates with Imputation).

The following table summarizes historical building permit valuation for the County.

CONTRA COSTA COUNTY
Building Permit Valuation

	2008	2009	2010	2011	2012
New Single-family	$287,105,947	$258,816,337	$216,419,325	$171,834,177	$327,718,300
New Multi-family	142,203,561	26,227,309	87,939,990	19,653,714	41,449,526
Total	429,309,508	285,043,646	304,359,315	191,487,891	369,167,826

Source: U.S. Bureau of the Census (Estimates with Imputation).

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution. This summary does not purport to be complete. Reference is hereby made to the Resolution for further information. Unless otherwise defined, terms used in this section shall have the same meaning as those terms have in the Resolution. Copies of the Resolution are available from the Agency upon request.

Special Fund; Disposition of Tax Revenues

The Resolution establishes and continues with the Fiscal Agent a special trust fund to be known as the Special Fund, within which are established the Interest Account, the Principal Account:, the Sinking Accounts, the Reserve Account: and the Surplus Account.

As long as any of the Parity Bonds are outstanding, the Agency shall not have any beneficial right or interest in the Tax Revenues, except as otherwise provided in the Resolution. Notwithstanding the foregoing, there shall not be deposited with the Fiscal Agent, Tax Revenues in an amount in excess of that amount which, together with all funds then on deposit with the Fiscal Agent in the Special Fund, shall be sufficient to discharge all outstanding Bonds, as provided in the Resolution.

All Tax Revenues together with any interest earned thereon and Accreted Value shall, so long as any Parity Bond be outstanding, be deposited and accumulated in the Special Fund and shall be set aside by the Fiscal Agent in the following respective special accounts within the Special Fund in the following priority; provided, however, that, to the extent deposits have been made in any of the accounts referred to below from the proceeds of the sale of the Bonds or otherwise,, the deposits below need not be made.

1. Interest Account. On or before the last date of January, and July of each year, the Fiscal Agent will set aside from the Special Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on all Parity Bonds then outstanding on the next succeeding interest payment date. 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 Parity Bonds on the next succeeding interest payment date. All moneys in the Interest Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of paying the interest on the Parity Bonds as it shall become due and payable (including; accrued interest on any Parity Bonds purchased or redeemed prior to the maturity).

2. Principal Account. On or before the last day of July of each year, beginning on the July 31 next proceeding the first principal payment date, the Fiscal Agent shall set aside from the Special Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal and Accreted Value coming due and payable on all Serial Bonds, then outstanding on the next succeeding principal payment date. In the event that there shall be insufficient money in the Special Fund to make in full all such principal and Accreted Value payments and Sinking Account

Installments required to be made pursuant to the Indenture at any one time, then the available money shall be applied in a Proportionate Basis to the making of such principal and Accreted Value payments and Sinking Account Installments in the proportion which all such principal and Accreted Value payments and Sinking Account Installments bear to each other.

No deposit need to be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal and Accreted Value of all Outstanding Serial Bonds. All money in the Principal Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of paying the principal and Accreted Value of the Bonds as they shall become due and payable.

3. Term Bonds Sinking Account. For each maturity of Term Bonds, the Fiscal Agent shall establish and maintain a Term Bonds Sinking Account. On or before the last day of July of each year beginning on the July 31 next proceeding the first Sinking Account Payment Date, and continuing through the final maturity of each Term Bond, the Fiscal Agent shall deposit in each Term Bonds Sinking Account an amount of money equal to the Sinking Account Installment payable on the next succeeding August 1, as set forth in the Sales Certificates (as defined in the Resolution) relating to the 2014 Bonds and the Outstanding Parity Bonds.

4. Reserve Account. The Fiscal Agent will set aside from the Special Fund (or transfer from the Escrow Fund, if any) and deposit in the Reserve Account an amount of money that shall be required to maintain the Reserve Account in the full amount of the Maximum Annual Debt Service on all Parity Bonds then outstanding, less amounts represented by Parity Bonds the proceeds of which are deposited in an Escrow Fund. No deposit need be made in the Reserve Account so long as there shall be on deposit therein a sum equal to at least the Reserve Requirement. All moneys in the Reserve Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of replenishing the Interest Account, the Principal Account or the Sinking Accounts, in such order, in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on, principal of, or Accreted Value of or redemption premiums, if any, on the 2014 Bonds, and the Outstanding Parity Bonds in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all Parity Bonds, then outstanding, except that for so long as the Agency is not in default under the Resolution, any amount in the Reserve Account which is in excess of the Reserve Requirement may, upon written request of the Agency, be withdrawn from the Reserve Account by the Fiscal Agent and transferred to the Surplus Account.

5. Surplus Account. On or before the last day of July in each year, the Fiscal Agent shall set aside from the Special Fund and deposit in the Surplus Account all moneys then remaining in the Special Fund. On February 2 and August 2 of each year (on or after the August 2 next succeeding the first principal payment date) the Fiscal Agent, if the Agency is not then in default under the Resolution, shall transfer the money in the Surplus Account to the Redevelopment Fund unless the Fiscal Agent, in its discretion, shall determine that any money in the Surplus Account is or will be required for the payment of the principal or Accreted Value of or interest on any Bonds on any succeeding interest payment date, in which event such money shall be held in the Surplus Account for such purpose, or unless, upon the written request of the Agency, the Fiscal Agent is instructed to purchase Bonds.

Notwithstanding the foregoing, the Fiscal Agent shall first use any funds in the Surplus Account solely for the purpose of replenishing the other accounts in the Special Fund, in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Parity Bonds, in the event that no other money of the Agency is lawfully available therefor, or for the retirement (together with other available money) of all Parity Bonds then outstanding.

Purchase of outstanding Bonds may be made by the Fiscal Agent, at public or private sale, as and when and at such prices as the Fiscal Agent may in his discretion determine but only at prices (including brokerage and other expenses) of not more than the greater of par or the price at which the 2014 Bonds, and the Outstanding Parity Bonds may be called for redemption. Any accrued interest payable upon the purchase of Parity Bonds may be paid from amounts in the Special Fund for the payment of interest on the next following interest payment date. Any Bonds so purchased will be cancelled by the Fiscal Agent and will not be reissued. In addition, the Fiscal Agent may purchase the 2014 Bonds, and the Outstanding Parity Bonds with moneys in the Special Fund to the extent that the balance in the Special Fund exceeds the principal and Accreted Value, if applicable, (including Sinking Account installments) and interest to become due on the 2014 Bonds, and the Outstanding Parity Bonds, then outstanding on the next following February 1 and August 1.

The Resolution creates a 2014 Rebate Fund held by the Fiscal Agent. The Agency is to cause to be deposited in the Rebate Funds moneys which are required to be rebated to the United States under Section 148(f) of the Code. Moneys in the Rebate Funds are not pledged as security for the 2014 Bonds, and the Outstanding Parity Bonds, and owners of any such Bonds shall have no right, title or interest therein.

Deposit and Investment of Moneys

Moneys in the Special Fund, the Interest Account, the Principal Account, the Term Bonds Sinking Accounts, or the Surplus Account may, and upon the Written Request of the Agency, shall be invested by the Fiscal Agent in Permitted Investments described in paragraphs (1), (2), (3), (5) or (7) of the definition thereof. The obligations in which moneys in the Special Fund, the Interest Account, the Principal Account, the Term Bond Sinking Accounts or the Surplus Account are so invested shall mature prior to the date on which such moneys are estimated to be required to be paid out hereunder. Moneys in the Escrow Fund, the Reserve Account and the Redevelopment Fund may and upon the Written Request of the Agency, shall be invested by the Fiscal Agent in Permitted Investments. Investments of moneys in the Reserve Account shall have a term to maturity not greater than five years; provided, that amounts in the Reserve Account may be invested in investments having a term to maturity greater than five years if (i) such investments permit withdrawal of any and all a:mounts invested on any Interest Payment Date at par for the purposes for which the Reserve Account was established (other than reinvestment) and (ii) the prior written consent of the Bonds Insurer is obtained prior to making such investment. Any interest, income or profits from the deposits or investments of the Redevelopment Fund shall remain in the Redevelopment Fund. Any interest, income or profits from the deposits or investments of all funds (except the Redevelopment Fund) and accounts shall be deposited in the Special Fund.

The following investments are Permitted Investments under the Resolution:

(1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below), or

(2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

(3) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

– Export- Import Bank
– Farm Credit System Financial Assistance Corporation
– Farmers Home Administration
– General Services Administration
– U.S. Maritime Administration
– Small Business Administration
– Government National Mortgage Association (GNMA)
– U.S. Department of Housing & Urban Development (PHA's)
– Federal Housing Administration;

(4) bonds, notes or other evidences of indebtedness rated "AAA" by Standard & Poor's Corporation and "Aaa" by Moody's Investor Services issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(5) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks (including the fiscal agent) which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(6) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's and "P-1" by Moody's Investor Services and which matures not more than 270 days after the date of purchase;

(7) investments in a money market fund rated "AAAm" or "AAAmG" or better by Standard & Poor's Corporation;

(8) Pre-refunded Municipal Obligations defined as follows: Any bonds or 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 prior to 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, based on the escrow, in the highest rating category of Standard & Poor's Corporation and Moody's Investor Service, Inc. or any successors thereto; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (1) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the

maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(9) other forms of investments approved in writing by the Bond Insurer with notice to Standard & Poor's Corporation including, without limitation, an investment agreement with an institution other than a national or state chartered bank or savings and loan, so long as the provider thereof is rated in one of the two highest rating categories by Standard & Poor's Corporation.

The value of the above investments shall be determined as follows:

"Value", which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination:

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) as to certificates of deposit and banker's acceptances: the face amount thereof, plus accrued interest; and

(d) as to any investment not specified above: the value thereof established by prior agreement between the Agency, the Fiscal Agent and the Bond Insurer.

Certain Covenants of the Agency

The Agency has covenanted under the Resolution as follows:

1. The Agency will punctually pay the interest on and principal of, and redemption premiums, if any, to become due with respect to the outstanding Parity Bonds, and will comply with all conditions, covenants and requirements of the outstanding Parity Bonds and the Resolution.

2. The Agency will not mortgage or otherwise encumber, pledge, or place any charge upon any of the Tax Revenues, except as provided in the Resolution, and will not issue any obligation or security superior to or on parity with the outstanding Parity Bonds payable from Tax Revenues other than Additional Bonds.

3. The Agency will not permit the extension of the time for the payment of any claim for interest on the outstanding Parity Bonds, and will not purchase or fund any such claims for interest. Should any claim for interest be extended or funded, such claim shall not be entitled to benefits u:nder the Resolution, in the case of default, until the principal of and all claims for interest which have not been extended or funded on all outstanding Parity Bonds have been paid.

4. The Agency will manage and operate all properties it owns and which comprise any part of the Project Area in a sound and businesslike manner and in conformity with all valid governmental requirements, and will keep such properties insured at all times in conformity with sound business practice.

5. The Agency will pay and discharge all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon Agency properties, the Tax Revenues, or funds in the hands of the Fiscal Agent, or which might in any way impair the security- of the outstanding Parity Bonds. The Agency does not covenant to make any such payment so long as it in good faith contests the validity of such claims.

6. The Agency will keep proper books of record and accounts, separate from all other records and accounts of the Agency, in which complete and correct entries shall be made of all transactions relating to the Project and the Special Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent or of the Owners of not less than ten percent (10%) of the principal amount of then outstanding Parity Bonds.

7. The Agency will prepare and file with the Fiscal Agent annually as soon as practicable, but in any event not later than one hundred eighty days (180) after the close of each fiscal year, so long as any Parity Bonds are outstanding, an audited financial statement of the Agency relating to the Special Fund and all other funds or accounts established pursuant to the Resolution for the preceding fiscal year prepared by an Independent Certified Public Accountant, showing the balances in each fund as of the beginning of such fiscal year and all deposits in and withdrawals from each such fund during such fiscal year and the balances in each fund as of the end of such fiscal year. The audited financial statement shall include a statement as to the manner and extent to which the Agency has complied with the provisions of the Resolution as they relate to such funds. The Agency will also prepare and file with the Fiscal Agent annually as soon as practicable, but in any event not later than one hundred eighty days (180) after the close of each fiscal year, a summary statement showing the status of the Project Area for the preceding fiscal year. The Agency will furnish a copy of such audited financial statement and such summary statement to any Owner upon request, and will furnish to the Fiscal Agent such reasonable number of copies thereof as may be required by the Fiscal Agent for distribution (at the expense of the Agency) to investment bankers, security dealers and others interested in the Parity Bonds.

8. The Agency will preserve and protect the security of the Parity 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 Parity Bonds, such Parity Bonds shall be incontestable by the Agency.

9. Subject to other provisions in the Resolution, the Agency will pay and discharge all governmental charges which may be lawfully imposed upon the Agency properties in the Project Area or revenues therefrom. The Agency does not covenant to make any such payment so long as it in good faith contests the validity of such charges.

10. The Agency will commence the financing of the improvement of the Project Area with all practicable dispatch, and such financing will be accomplished and completed in a sound, economical and expeditious manner and in conformity with the Redevelopment Plan and the Redevelopment law.

11. Whenever any property in the Project Area is redeveloped by the Agency and thereafter is leased by the Agency to any person or persons, or whenever the Agency leases any real property in the Project Area to any person or persons for redevelopment, the property shall be assessed and taxed in the same manner as privately-owned property. The lease or contract shall provide that the lessee shall pay taxes upon the assessed value of the entire property and that if the taxes paid by the lessee in any year are less than the taxes that would have been payable upon the entire property if it had been assessed and taxed in the same manner as privately-owned property, the lessee shall pay the difference to the Agency, which payments shall be treated as Tax Revenues and deposited in the Special Fund.

12. The Agency will not, without the approval of the Fiscal Agent and the Bond Insurer, authorize the disposition of any real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except for public ownership or use contemplated by the Redevelopment Plan in effect on the date of adoption of the Resolution, or property to be used for public streets or public off-street parking facilities or easements or rights of way for public utilities, or other similar uses) if such dispositions, together with all similar prior dispositions on or subsequent to the effective date of the Resolution, shall comprise more than ten per cent (10%) of the land area in the Project Area. If the Agency proposes to make any such disposition which, together will all similar dispositions on or subsequent to the effective date of the Resolution, shall comprise more than ten per cent (10%) of the land area in the Project Area, it shall cause to be filed with the Fiscal Agent and the Bond Insurer a Consultant's Report on the effect of such proposed disposition, and shall apply to the Fiscal Agent and the Bond Insurer for approval of such proposed disposition. If the Consultant's Report concludes that the Tax Revenues will not be materially reduced by such proposed disposition, the Fiscal Agent and the Bond Insurer may approve such proposed disposition. If the Consultant's Report concludes that Tax Revenues will be materially reduced by such proposed disposition, the Fiscal Agent and the Bond Insurer shall either disapprove such proposed disposition or, in their discretion and as a condition precedent to its approval of such proposed disposition, shall require that such new owner or owners either:

> (1) Pay to the Fiscal Agent, so long as any of the Bonds are Outstanding, an amount equal to the amount that would have been received by the Fiscal Agent as Tax Revenues if such property were assessed and taxed in the same manner as privately-owned non-exempt property, which payment shall be made within thirty (30) days after taxes for each year would become payable to the taxing agencies for non-exempt property and in any event prior to the delinquency date of such taxes established by law; or

(2) Pay to the Fiscal Agent a single sum equal to the amount estimated by the Fiscal Agent to be receivable from taxes on such property from the date of such payment to the last maturity date of all Outstanding Bonds, less a reasonable discount value.

All such payments to the Fiscal Agent in lieu of taxes shall be treated as Tax Revenues and shall be deposited by the Fiscal Agent in the Special Fund.

13. No amendment to the Redevelopment Plan will be made which would materially-reduce taxes from the Project Area eligible for allocation to the Agency.

14. The Agency will comply with all requirements of the Redevelopment Law to insure the payment t:o it of the Tax Revenues, including the timely filing of any necessary statements of indebtedness with appropriate officials of Contra Costa County, and will forward copies thereof to the Fiscal Agent.

15. The Agency will not take any action, or fail to take any action which would adversely affect the exclusion from gross income of the interest on any of the Parity Bonds under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). The Agency will not directly or indirectly use or permit the use of any proceeds of the Parity Bonds or any other funds of the Agency, or take or omit to take any action that would cause any of the Parity Bonds 1:0 be "private activity bonds" or "private loan bonds" within the meaning of Section 141 of the Code, or "arbitrage bonds" within the meaning of Section 148(a) of the Code or to be "federally guaranteed" within the meaning of Section 149(b) of the Code. Without limiting the generality of the foregoing, the Agency shall pay 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 as may be applicable to the Parity Bonds from time to time.

16. The Agency will comply with all requirements of the Law relating to the deposit of taxes allocated to the Agency from the Project Area in the Low and Moderate Income Housing Fund established by the Agency pursuant to the Law. In the event that the Agency adopts a plan in accordance with the provisions of Section 33334.6(g) of the Law, such plan shall not materially adversely affect the Agency's ability to pay debt service on the Parity Bonds.

17. The Agency shall, so long as any of the Parity Bonds are outstanding, make the findings provided for in subdivisions (d) and (e) of Section 33334.6 of the Law, at such time or times as are necessary in order to allow the deposit in each fiscal year of less than the amount otherwise required by Section 33334.6 to be set-aside in the Low and Moderate Income Housing Fund, to the extent such reduced deposit is necessary in order for the Agency to make payments under existing obligations (as that term is defined in said Section of the Law) incurred prior to January 1, 1986, of amounts due or required to be committed, set-aside, or reserved during that fiscal year, or to provide for the orderly and timely completion of existing public and private projects, programs or activities approved by the Agency prior to January 1, 1986; provided, that the Agency shall have no obligation to make such findings if the same are not then authorized or permitted by the Law.

18. The Agency covenants that it will annually review the total amount of Tax Revenues remaining available to be received by the Agency under the Redevelopment Plan's then-effective cumulative tax increment limitation, as well as future cumulative Annual Debt Service and estimated future fees of the Fiscal Agent. If the allocation of tax increment revenues to the Agency

in any year will cause the amount remaining under the tax increment limit to fall below remaining cumulative Annual Debt Service and estimated future fees of the Fiscal Agent, the Agency shall deposit an amount of such revenues equal to the amount by which cumulative Annual Debt Service exceeds such limit in escrow, invested in Federal Securities, for the payment of interest on and principal of and redemption premiums, if any, on the Bonds, unless otherwise approved in writing by the Bond Insurer.

The Agency shall annually no later than November 1 transmit to the Fiscal Agent, the Bond Insurer, Fitch Inc. and Standard & Poor's Corporation a statement setting forth the calculation required by the preceding paragraph, including the remaining Annual Debt Service and estimated future fees of the Fiscal Agent, remaining tax increment under the then-current limit, amount of Tax Revenues allocated to the Agency during the period covered by the statement, and the amount, if any, to be used or escrowed for use to pay interest on and principal of and redemption premiums, if any, on the Bonds.

19. The Agency shall comply with all requirements of the Dissolution Law to insure the allocation and payment to the Successor Agency of the Tax Revenues, including without limitation the timely filing of its Recognized Obligation Payment Schedule with appropriate officials of the County, the Oversight Board, and the State, and the timely filing of any notice of insufficiency required under Section 34183 of the Dissolution Law. The Successor Agency shall not enter into any agreement with any other governmental unit, or amend any such agreement, if such agreement or amendment would have the effect of reducing the amount of Tax Revenues available to the Agency for payment of the 2014 Bonds, unless in the written opinion of an Independent Financial Consultant filed with the Fiscal Agent such reduction will not adversely affect the interests hereunder of or the security granted hereunder to the Owners.

20. Semi-annually, not less than 90 days prior to the date of the next January 2 or June 1 property tax distribution date, as applicable, the Successor Agency shall, through its Oversight Board, approve the Recognized Obligation Payment Schedule for the subsequent six-month period, and timely file the Recognized Obligation Payment Schedule with the appropriate officials of the County, the State Department of Finance and the State Controller; provided, however, the Successor Agency shall include in its first Recognized Obligation Payment Schedule filing each year all principal and interest due and payable on the Bonds in such calendar year, with any amounts unpaid in the first Recognized Obligation Payment Schedule payment included in the Successor Agency's second Recognized Obligation Payment Schedule filing. If the Successor Agency determines that the Recognized Obligation Payment Schedule filing procedure described above is not permitted by the State Department of Finance's current practice, such Recognized Obligation Payment Schedule filings shall be for the next succeeding semi-annual installment of principal and interest payable on the Bonds.

The Fiscal Agent

The Agency may at any time with the consent of the Bond Insurer remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company doing business and having a principal office in San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars ($75,000,000), and subject to supervision or examination by federal or state authority.

The Fiscal Agent may at any time resign by giving written notice to the Agency and the Bond Insurer and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the Fiscal Agent. Upon receiving such notice of resignation, the Agency shall, pursuant to the Resolution, promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent.

The Agency shall from time to time, subject to any agreement between the Agency and the Fiscal Agent then in force, pay to the Fiscal Agent compensation for its services, reimburse the Fiscal Agent for all its advances and expenditures, including but not limited to advances to and fees ,and expenses of independent accountants, counsel and engineers or other experts employed by it in the exercise and performance of its powers and duties under the Resolution, and indemnify and save the Fiscal Agent harmless against liabilities not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties under the Resolution.

The Fiscal Agent shall not be liable in connection with the performance of its duties under the Resolution, except for its own negligence or willful misconduct.

Events of Default

Each of the following shall constitute an event of default under the Resolution:

(1) Default in the due and punctual payment of any installment of interest on any Parity Bond when and as such interest installment shall become due and payable;

(2) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Parity Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(3) Default by the Agency in the observance of any of the covenants, agreements or conditions contained in the Resolution or in the Parity Bonds, and the continuation of such default for a period of 60 days following written notice' to the Agency; or

(4) Certain events relating to the bankruptcy or insolvency of the Agency.

Remedies

Upon the occurrence of an event of default, subject to the prior consent the Bond Insurer, the Fiscal Agent may (and shall upon the request of the Owners of at least 25% in aggregate Bond Obligation at the time outstanding), declare the principal of and Accreted Value of all Parity Bonds then outstanding and, with respect to 2014 Bonds, the accrued interest thereon to be immediately due and payable, whereupon such Parity Bonds shall become immediately due and payable. Such declaration may, with the prior written consent of the Bond Insurer (as such term is defined in the Resolution), thereafter be rescinded as provided in the Resolution.

This remedy, however, is subject to the condition that if, at any time after the Bond Obligations shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Agency shall deposit with the Fiscal Agent a sum sufficient to pay all Bond Obligation matured prior to such declaration and all matured installments of interest, if any, upon all the Parity Bonds, with interest a t the rate of ten percent (10%) per annum on such overdue Bond Obligation and interest, and the reasonable expenses of the Fiscal Agent, and any and all other defaults known to the Fiscal Agent (other than in the payment of principal of and interest on the 2014 Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Fiscal Agent or provision deemed by the Fiscal Agent to be adequate shall have been made therefor, then, an in every such case, the Owners of at least 25% in aggregate Bond Obligation then outstanding, by written notice to the Agency and to the Fiscal Agent, may, on behalf of the Owners of all of the Parity Bonds, rescind and annul such declaration and its consequences; provided, however, that no such rescission or annulment shall occur without the prior written consent of the Bond Insurer. No such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

In addition to the above remedy, each Owner of a Parity Bond has the right for the equal protection and benefit of all Owners similarly situated (i) by mandamus, suit, action or proceeding, to compel performance by the Agency and its member of the duties imposed by the Resolution and by the Redevelopment Law; (ii) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful or in violation of the rights of the Owners of Parity Bonds; or (iii) upon the occurrence of an event of default, by suit, action or proceeding, to require the Agency and its members to account as though they were the trustees of an express trust.

Application of Funds Upon Acceleration

All money in the funds and accounts provided for in the Resolution upon the date of the declaration of acceleration by the Fiscal Agent described above, and all Tax Revenues thereafter received by the Agency under the Resolution, shall be transmitted to the Fiscal Agent and shall be applied by the Fiscal Agent in the following order:

First, to the payment of the costs and expenses of the Owners of Parity Bonds in providing for the declaration of such event of default, including reasonable compensation to their agents, attorneys and counsel, and to the payment of the costs and expenses of the Fiscal Agent, if any, in carrying out the provisions of this article, including reasonable compensation to its agents, attorneys and counsel;

Second, upon presentation of the several Parity 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 Parity Bonds for interest and Bond Obligation, with interest on the overdue interest and Bond Obligation at the rate of ten percent (10%) per annum, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Parity Bonds, then to the payment of such interest, Bond Obligation and interest on overdue interest and Bond Obligation without preference or priority among such interest, Bond Obligation and interest on overdue interest and Bond Obligation, ratably to the aggregate of such interest, Bond Obligation and interest on overdue interest and Bond Obligation.

Other Remedies of Owners

Any Owner of Parity Bonds has the right by mandamus or other appropriate proceedings to compel the Agency and its members to perform and carry out their duties under the Law and their agreements with the Owners of Parity Bonds as provided in the Resolution.

Additional Provisions Concerning Bond Insurer

Notwithstanding any other provision of the Resolution, for all purposes for which the consent: of the Owners of the 2014 Bonds is required, the Bond Insurer, as the insurer of the 2014 Bonds shall be considered the Owner of all of the outstanding 2014 Bonds so long as the Bond Insurance Policy insuring the 2014 Bonds and issued by the Bond Insurer is in effect.

Additionally, notwithstanding any other provision of the Resolution, in determining whether the rights of the Owners of the 2014 Bonds will be adversely affected by any action taken pursuant to the terms and provisions of the Resolution, the Fiscal Agent shall consider the effect on such Owners of 2014 Bonds as if there were no Bond Insurance Policy insuring the 2014 Bonds.

Defeasance

When all principal, interest and premium, if any, due in connection with the Parity Bonds have been duly paid or provision made therefor in accordance with the Resolution, the lien of the Resolution, including, without limitation, the pledge of the Tax Revenues and all other rights granted by the Resolution, will thereupon cease, terminate and become void and be discharged and satisfied and the Bond Obligation, interest and premium, if any, with respect to the Parity Bonds will no longer be deemed to be outstanding and unpaid within the meaning of the Resolution. The Agency may provide for such payment by depositing with the Fiscal Agent in escrow or in trust either money or Federal Securities (as defined in the Resolution), or a combination thereof, sufficient, together with interest earned or to be earned from Federal Securities, to meet all requirements of Bond Obligation, interest and premium, if any, as the same become due on or prior to the maturity date of the Parity Bonds or upon any prior to the maturity date of the Parity Bonds or upon any prior redemption date, provided that, in order for the Resolution to be discharged and the Parity Bonds to be no longer considered outstanding, the Agency has given the Fiscal Agent in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of the Parity Bonds that such deposit of money or Federal Securities has been made and that the Parity Bonds are deemed to have been paid in full and stating the maturity date upon which money will be available for the payment of the principal of such Bonds; provided, however, that securities deposited pursuant to this paragraph shall consist of direct obligations of the Department of Treasury of the United States of America.

Amendment of the Resolution

The Resolution may be supplemented or amended. at any time by a Supplemental Resolution adopted by the Agency without the consent of Bondholders, if the modification or amendment is for the purpose of adding covenants and agreements, to cure any ambiguities, defects or inconsistent provisions in the Resolution, to insert such provisions clarifying matters or questions arising under the Resolution as are necessary and desirable to accomplish the same, provided that such modifications or amendments do not adversely affect the rights of the holders, of any outstanding Parity Bonds, to provide for the issuance of Additional Bonds, to qualify the Resolution under the Trust Indenture Act of 1939 or any similar federal statute, or to obtain a policy of bond insurance with respect to a series of Parity.

The Resolution may be modified or amended for any purpose with the consent of holders of 60% in the aggregate principal amount of all Bond Obligation then outstanding (exclusive of Parity Bonds owned by or for the benefit of the Agency and the Bond Insurer); provided that no modification or amendment will, without the express written consent of the Bondholder affected, extend the maturity of reduce the Accreted Value of or interest rate payable thereon, or otherwise alter or impair the obligation of the Agency to pay interest or principal or Accreted Value or redemption premium, if any, at the time and place and at the rate and in the currency provided in the Resolution of any Parity Bond, or create a mortgage, pledge or lien upon the Tax Revenues superior to or on a parity with the pledge and lien created for the Parity Bonds, or reduce the percentage of Bond Obligation required for the written consent for any such amendment, modify the rights or obligations of the Fiscal Agent without its prior written assent thereto or modify the rights of the Bond Insurer without the prior written consent of the Bond Insurer.

Unclaimed Moneys

Any money held by the Fiscal Agent in trust for the payment and discharge of any of the Parity Bonds which remain unclaimed for two (2) years after the date when such Parity Bonds have become due and payable, if such money was held by the Fiscal Agent at such date, or for two years after the date of deposit of such money if deposited with the Fiscal Agent after the said date when such Parity Bonds become due and payable, shall, at the Written Request of the Agency, be repaid by the Fiscal Agent to the Agency, as its absolute property and free from trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Agency for the payment of such Parity Bonds; provided, however, that before being required to make any such payment to the Agency, the Fiscal Agent shall, at the expense of the Agency, cause to be mailed to the Owners of such Parity Bonds at their addresses as they appear on the registration books of the Fiscal Agent a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the Agency.

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APPENDIX C

EXCERPTS FROM AUDITED FINANCIAL STATEMENT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

To the Honorable City Council of
City of Pittsburg, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pittsburg as of and for the year ended June 30, 2013, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 City'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 City'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.

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W **mazeassociates.com**

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, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Management adopted the provisions of Governmental Accounting Standards Board Statement 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* which became effective during the year ended June 30, 2013, and required changes in statement titles and certain nomenclature to the financial statements.

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and budgetary comparison information for the General Fund, Housing Authority (Section 8) Special Revenue Fund, and Successor Agency Housing Special Revenue Fund 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 as a whole. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Supplemental Information is 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 November 18, 2013 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.

Maze & Associates

Pleasant Hill, California
November 18, 2013

CITY OF PITTSBURG
Comprehensive Annual Financial Report
June 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Pittsburg (the City), we offer readers this discussion and analysis of the City's financial performance for the Fiscal Year ended June 30, 2013. The accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures in this report, are the responsibility of the City. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standard Board (GASB). We encourage readers to consider the information presented here in conjunction with additional information which can be found in the introductory section of this report and within the City's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- The assets & deferred outflow of resources of the City exceeded its liabilities at the close of the Fiscal Year 2012-2013 by $435.2 million (M) (*net position*).

The City's total net position of $435.2M decreased from the prior fiscal year 2011-2012 by $(0.9)M related to capital project expenses covered by fund balances. The total capital assets decreased by $7M in governmental activities was due to elimination of non-capital project expenses from construction in progress of $5.6M and a reclassification adjustment of $1.7M. Business-type capital assets increased by $5.9M.

As of June 30, 2013, the City's governmental funds reported combined ending fund balances of $43.7M, an increase of $0.8M in comparison with the prior fiscal year of $42.9M.

- As of June 30, 2013, the fund balance (total assets minus total liabilities) for the General Fund, which includes the Budget Stabilization and Economic Development funds, was $18.2M, of which $3.1M is designated as "Non-spendable" for items that are not in spendable form such as deposits, inter-fund advances, and inventory; $1.6M is designated as "Assigned" for economic development activities and encumbrances, which is intended to use for specific purposes designated by the City Council. This leaves a total unassigned balance of $13.5M, of which $4.6M is the General Fund operating reserve which is available to cover expenses in the event of an emergency and $8.9M is in the Budget Stabilization Fund that can be used to balance future budgets. However, the General Fund Cash and Investments fund balance is $17.5M of which $7.0M is General Fund operating reserves, $8.9M is in the Budget Stabilization Fund, and $1.6M is in the Economic Development Fund.

- There are four major funds in the Governmental Funds section of the Comprehensive Annual Financial Report of which the Community Capital Improvement fund has been added.

Compared to the prior fiscal year, the City's total liabilities decreased by $(4)M primarily because of transfer of debt liability from former Redevelopment Agency to Successor Agency. Please refer to Note 14 Successor Agency Activities for additional information.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements - The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements consist of:

- The Statement of Net Position presents information on all of the City's assets and deferred outflow of resources and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

- The Statement of Activities presents information reflecting any change in the government's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs (regardless of the timing of related cash flows). Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation and compensated time leaves).

Both of the Government-Wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include legislative and legal, general government, public safety, public works, community development and recreation. The business-type activities of the City include Water, Sewer, Marina, Golf Course, Island Energy, and Pittsburg Power Company operation, and Water Front Operation.

The Government-Wide Financial Statements include not only the City itself but also the Housing Authority (formerly known as the Community Access), and Housing Successor Agency. Financial information for these component units are blended with the financial statements of the primary government itself.

Pursuant to ABx 1 26 ("AB 26"), approved by Governor Brown on June 28, 2011 and upheld by the California State Supreme Court on December 29, 2011, the Redevelopment Agency of the City of Pittsburg ("Agency") was dissolved on January 31, 2012. The former Agency is now administered under the name Successor Agency for Redevelopment Agency of the City of Pittsburg. The activities and assets of Successor Agency is now reported in Fiduciary Fund Section of the Financial Statements.

Fund Financial Statements – A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Pittsburg, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and City's fiduciary funds.

- *Governmental Funds*: These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the Government-Wide Financial Statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. However, 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 each of the governmental funds statements.

The City maintains 40 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for four funds that are considered to be major funds. These funds consist of the General Fund, Housing Authority (Section 8), the Successor Agency Housing Fund and Community Capital Improvement Fund. Data from the other 36 governmental funds, which are combined into a single, aggregated presentation, are considered non-major funds.

A budgetary comparison statement has been provided for the funds that have an adopted budget to demonstrate compliance with this budget.

Proprietary Funds: The City maintains two different types of proprietary funds; Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as “business-type activities” in the Government-Wide Financial Statements. The Enterprise Funds are used to account for the Water, Sewer, Marina, Golf Course, Island Energy and Pittsburg Power Company operations, and the Water Front Operations. In June 2009, the City hired a professional golf management team to maintain operations of the Delta View Golf Course. The City still maintains ownership of the Golf Course, so the Golf Course is still a reportable proprietary fund.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses Internal Service Funds to account for maintaining its fleet of vehicles , building maintenance, information and communication systems management, risk management/insurance, and employee fringe benefits activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within “governmental activities” in the government-wide financial statements.

Proprietary Funds provide the same type of information as the Government-Wide Financial Statements, only in more detail. The Proprietary Fund Financial Statements provide separate information for the Water Fund, the Sewer Fund and the Marina Fund, all of which are considered to be major funds. Data from the other four Enterprise Funds are combined into a single, aggregated presentation. Conversely Internal Service Funds are combined into a single, aggregated presentation in the Proprietary Fund Financial Statements.

- *Fiduciary Funds*: Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the Government-Wide Financial Statement because the resources of those funds are not available to support the City’s own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds. The Assessment District Bonds Fund, the Environmental Impact Fee Fund and the Other Impact Fees Fund are held as Fiduciary Funds by the City. With the dissolution of Redevelopment Agency per ABx 1484, the activities of the Successor Agency to the Former Redevelopment Agency are reported as Private Purpose Trust Fund in the Fiduciary Fund section.

Notes To The Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, combined net assets (government and business-type activities) totaled $435.2M at the close of the Fiscal Year ended June 30, 2013, which is $(0.9)M less than Fiscal Year 2011-2012.

The Government-Wide Financial Statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole. The following table reflects the Summary of Net Position for the Fiscal Year ended June 30, 2013 with the comparative data for the Fiscal Year ended June 30, 2012.

City of Pittsburg
Summary of Net Position
As of June 30, 2013

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current Assets	$ 93,111,658	$ 94,860,323	$ 39,767,835	$ 41,796,226	$ 132,879,493	$ 136,656,549
Non-Current Assets	288,997,575	281,819,958	121,796,698	127,672,264	410,794,273	409,492,222
Total Assets	382,109,233	376,680,281	161,564,533	169,468,490	543,673,766	546,148,771
Deferred Outflow of Resources	-	-	7,734,430	3,762,848	7,734,430	3,762,848
Current Liabilities	8,833,998	9,706,955	12,642,818	6,302,894	21,476,816	16,009,849
Non-Current Liabilities	49,600,942	52,393,579	44,235,097	46,289,745	93,836,039	98,683,324
Total Liabilities	58,434,940	62,100,534	56,877,915	52,592,639	115,312,855	114,693,173
Net Investments in Capital Assets	250,271,519	281,680,787	79,796,698	87,252,264	330,068,217	368,933,051
Restricted	31,591,442	25,904,321	23,822,296	21,659,904	55,413,738	47,564,225
Unrestricted	41,811,332	6,994,639	8,802,054	11,726,531	50,613,386	18,721,170
Total Net Position	$ 323,674,293	$ 314,579,747	$ 112,421,048	$ 120,638,699	$ 436,095,341	$ 435,218,446

Current Assets are assets that are liquid in nature or can be converted into cash quickly. Current Liabilities are outstanding liabilities that are due within one year.

Statement of Net Position contains more detail information on Current Assets, Non-Current Assets, Current Liabilities and Non-current Liabilities.

At the end of the Fiscal Year 2012-2013 the total assets exceeded total liabilities by $435.2M.

Changes in Net Position – In the Fiscal Year 2012-2013, the City's Governmental expenditure of $72.3M exceeded its total revenues and transfers of $63.2M by $9.10M. The decrease was due to a one-time adjustment in Fiscal Year 2011-2012 for former Redevelopment Agency dissolution. The City's expenses cover a range of services. Of the Governmental Activities, the largest expenses were in the Community Development and Services category ($23.2M), Public Safety ($21.0M), and Public Works ($19.7M). These expenses include capital outlays, which are now reflected in the City's capital assets. Further analysis is provided within the governmental and business-type sections on the following pages. For additional information on the Capital Assets, please refer to Note 6 – Capital Assets disclosure.

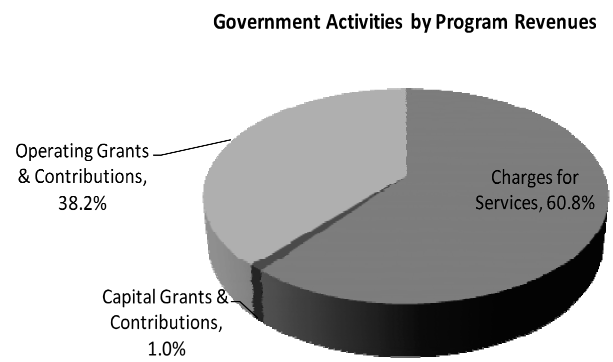
Governmental Activities – Governmental Activities reflects an decrease of $(9.1)M in net assets and Business Activities reflects an increase of $8.2M in net assets for the Fiscal Year 2012-13. A comparison of the cost of services by function for the City's Governmental Activities is shown below, along with the revenues used to cover the net expenses of the Governmental Activities, and with the comparative data from Fiscal Year 2012-2013.

City of Pittsburg
Management's Discussion and Analysis
For the year ended June 30, 2013

Statement of Changes in Net Assets
Fiscal Year Ended June 30, 2013
With comparative data for fiscal year ended June 30, 2012

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program Revenues:						
Charges for Services	$ 29,140,215	$ 19,264,879	$ 29,781,594	$ 32,774,467	$ 58,921,809	$ 52,039,346
Operating Grants and Contributions	12,661,955	12,104,023			12,661,955	12,104,023
Capital Grants and Contributions	3,997,403	314,203	205,675	2,019,849	4,203,078	2,334,052
Sub-Total	45,799,573	31,683,105	29,987,269	34,794,316	75,786,842	66,477,421
General Revenues:						
Property Taxes	23,507,704	2,176,999	-	-	23,507,704	2,176,999
Sales Taxes	6,168,690	11,232,622	-	-	6,168,690	11,232,622
Franchise Fees	3,103,823	3,890,567	-	-	3,103,823	3,890,567
Motor Vehicle in lieu fees	4,470,104	3,727,494	-	-	4,470,104	3,727,494
Gas Taxes	1,814,537	1,475,397	-	-	1,814,537	1,475,397
Other Taxes	5,369,372	7,224,731	-	-	5,369,372	7,224,731
Investment Earnings - Unrestricted	1,182,954	74,095	400,199	268,315	1,583,153	342,410
Sub-Total	45,617,184	29,801,905	400,199	268,315	46,017,383	30,070,220
Total Revenues	91,416,757	61,485,010	30,387,468	35,062,631	121,804,225	96,547,641
Expenses:						
General Government	3,708,090	3,330,008	-	-	3,708,090	3,330,008
City Council	68,774	73,672	-	-	68,774	73,672
City Manager and City Clerk	480,049	430,697	-	-	480,049	430,697
City Attorney	477,870	595,468	-	-	477,870	595,468
Human Resources	710,874	632,980	-	-	710,874	632,980
Finance and Services	2,720,333	2,321,512	-	-	2,720,333	2,321,512
Community Development & Services	29,578,105	23,214,430	-	-	29,578,105	23,214,430
Public Safety	23,744,135	20,955,624	-	-	23,744,135	20,955,624
Public Works	18,409,616	19,679,890	-	-	18,409,616	19,679,890
Interest on Long-Term Debt	12,406,317	1,026,639	-	-	12,406,317	1,026,639
Gain (loss) on sale of assets	-	-	-	-	-	-
Water Utility	-	-	14,904,479	15,518,027	14,904,479	15,518,027
Sewer Utility	-	-	2,443,497	2,212,309	2,443,497	2,212,309
Marina	-	-	2,414,479	2,448,483	2,414,479	2,448,483
Golf Course	-	-	153,666	105,657	153,666	105,657
Island Energy	-	-	3,828,566	3,619,464	3,828,566	3,619,464
Pittsburg Power	-	-	978,522	839,617	978,522	839,617
Water Front Operations	-	-	186,419	420,059	186,419	420,059
Total Expenses	92,304,163	72,260,920	24,909,628	25,163,616	117,213,791	97,424,536
Increase in Net Position before Transfers	(887,406)	(10,775,910)	5,477,840	9,899,015	4,590,434	(876,895)
Transfers	7,720,043	1,681,364	(7,720,043)	(1,681,364)	-	-
Extraordinary Items:						
Net Liabilities Transferred to Sucessor Agency	269,077,583					
Change in Net Position	275,910,220	(9,094,546)	(2,242,203)	8,217,651	273,668,017	(876,895)
Net Position- Beginning of Year	47,764,073	323,674,293	114,663,251	112,421,048	162,427,324	436,095,341
Net Position- End of Year	$ 323,674,293	$ 314,579,747	$ 112,421,048	$ 120,638,699	$ 436,095,341	$ 435,218,446

Total Program Revenues from Governmental Activities were $32M in Fiscal Year 2012-2013. Per GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. Program Revenues reduce the net cost of the function to be financed from the government's general revenues. As reflected in the pie chart below, 60.8% of the Governmental Program Revenues came from Charges for Services (which includes licenses and permits, plan checking fees, developer fees and several other revenues), 38.2% from the Operating Grants and Contributions category (including restricted revenues such as Gas Tax, Measure C Tax, Asset Seizure fund and Federal/State Grants), and 1% are from Capital Grants and Contributions. The charges for services were reduced by $(10)M mainly due to the one-time adjustment for former redevelopment agency dissolution in Fiscal Year 2011-2012.

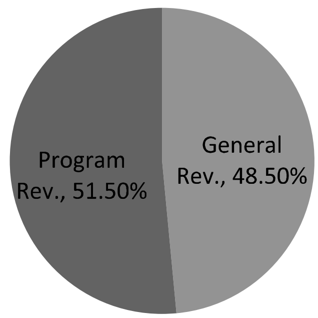


About 56.2% of General Government services are funded by General Revenues. General Revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes, intergovernmental and investment earnings. Interest on long-term debt is paid through general revenues, 70.3% of Public Safety services are supported through general revenues, as is (11.4)% of Community development and services are supported through general revenues.

General Revenues from Governmental Activities represented 48.5% of total City revenues, and Program revenues reflected 51.5% of total City revenues. Total General Revenues from Governmental Activities were $29.8M in Fiscal Year 2012-2013. Sales Taxes comprised the largest percentage of General Revenues, 37.7% or $11.2M, received during the fiscal year was Property Taxes.

Program Revenues	$	31,683,105	51.5 %
General Revenues	$	29,801,905	48.5 %
		61,485,010	

Governmental Activites by Program Revenues



Business-Type Activities – Net assets for Business-Type Activities were $121M, a net increase of $8M from the prior fiscal year. Total program revenues for Business-Type Activities were $34.8M. Total expenses for the Business-Type Activities were $25.2M for the Fiscal Year 2012-2013. The $3M increase of the charges for services in Business Type activities was mainly due to increased consumption of water and sewer service usage in Fiscal year 2012-13.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spending resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of $43.7M a decrease of $0.8M, in comparison with the prior year. Approximately 31% percent of this total amount or $13.5M constitutes unassigned general fund balance, which is available for spending at the government's discretion and $9.0M designated to balance future budget. The remainder of fund balance is either designated as "Nonspendable" ($3.9M) to indicate that it is not available for new spending because it is not in a spendable form or, designated as "Restricted" to fulfill future work on the special activities and capital improvement projects or debt service commitments ($22.0M), or designated as "Committed" for capital improvement projects ($3.2M), or designated as "Assigned" due to being been committed to liquidate contracts (encumbrances) and various departmental reservations ($1.8M). However, the "Assigned" balance is an internal designation and can be altered to become unassigned, if needed. For a detail breakdown of fund balances and designation, please refer to Note 9 Fund Balance.

The Housing Authority (Section 8), which was reported as a Special Revenue Fund, had a decrease fund balance of $628K. This is due to program funding reduction from Housing Urban Department (HUD) as a measure for the Housing Authority to utilize the existing available fund balance starting in FY 2011-2012.

General Fund Budgetary Highlights – The final amended budget totaled $31M, including $437,511 for prior fiscal year budget carry forward totals and new appropriation amendments to the originally adopted budget, these amendments are briefly summarized below.

Per Resolutions 12-11858 the City Council adopted the approval of the follow additional appropriations and project carry-forwards:

Budget Carry Forwards			
	$	5,000	Other Special Department Supplies (City Clerk)
		6,000	Advertising & Promotion (City Clerk)
		20,000	Furniture & Equipment
		20,000	Contractual and Professional Services (Human Resources)
		12,739	Contractual and Professional Services (Finance)
		21,371	Contractual and Professional Services (Planning)
		14,000	Contractual and Professional Services (Bldg Enforcement)
		51,947	Contractual and Professional Services (Engineering)
		43,067	Contractual and Professional Services (Swim Center)
		3,000	Other Special Department Supplies (Swim Center)
		10,000	Contractual and Professional Services (Recreation)
		7,000	Advertising and Promotion (Senior Center)
		2,300	Special Events (Senior Center)
		10,500	Contractual and Professional Services (Non-Departmental)
		192,487	Economic Development
		18,100	Contingency
	$	**437,511**	**Sub-Total Budget Carry Over**
Approved Amendments			
	$	9,598	Building Code Enforcement
		35,900	Recreation - Aquatics
		15,000	Recreation-Small World Park
		50,000	Economic Development-Tenant Improvements
	$	**110,498**	**Sub-Total Approved Appropriations**
	$	**548,009**	**Total Budget Carry Forwards and Approved Appropriations**

As the economy has yet to recover, a couple of the General Fund revenues did not reach their budgeted forecasts. Property Taxes for the City fell short $97,001 of its budgeted projection and other taxes were short by $111,468 of its budgeted forecast. On a positive note, sales taxes and franchise taxes exceeded their budget forecasts by $3,332,622 and $121,699 respectively and governmental service fees exceed its estimated budget by $226,836. The increase in sales taxes was mainly due to a one time local sales taxes from Siemens of $2 million and $1.3 million was attributed by the higher Measure P sales taxes collected.

There is a total deferral of revenue of $585.2K in the General Fund, $504,577 of which is set aside for future engineering related construction activity, such as inspections fees and plan check fees. Other deferrals can be attributed to business license fees of $18,606, deferred interest loans of $15,000, future GIS mapping fees of $38,504, and various donations to the Leisure Services for Teen activities, the Senior Center, Sister City donations and recycling containers of $8,546.

At the end of the fiscal year, the total actual expenses in the General Fund were $439,395 under the total amended budget. This is the result of most of the General Fund operating departments and projects, prudently operating under budget. Public safety employee pension expenses were also considerably less than budgeted. The two largest under budget divisions were Public Safety which was under budget by ($727,915) and Public Works which was under budget by ($174,986).

The City's Proprietary Funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail. According to standardized Governmental reporting standard, the Water Fund, Sewer Fund are major funds. The Marina Fund is no longer considered to be major fund, however, the City has elected to continue to report the Marina Funds as a major fund to maintain continuity with the prior year reporting format.

Total net position of the Proprietary Funds at the end of the year were $120.6M; an increase of $8.2M from the prior fiscal year, in which $87.3M was invested in capital assets net of related debt.

Capital Asset and Debt Administration – The City's investment in capital assets for its Governmental and Business Type activities as of June 30, 2013, amounts to $409M (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, bridges, water lines, sewer and storm systems, and the golf course. The total decrease in the City's investment in capital assets net of depreciation for the current fiscal year was $(1)M.

City of Pittsburg
Capital Assets
(Net of Depreciation)
June 30, 2013

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Non-depreciable assets:						
Land	$ 33,828,944	$ 33,828,944	$ 1,143,506	$ 1,143,506	$ 34,972,450	$ 34,972,450
Construction in progress	77,262,342	20,492,611	8,725,637	15,432,387	85,987,979	35,924,998
Total	111,091,286	54,321,555	9,869,143	16,575,893	120,960,429	70,897,448
Depreciable assets (net of depreciation):						
Buildings and improvements	36,935,646	59,811,465	11,500,931	9,013,264	48,436,577	68,824,729
Machinery and equipment	2,570,556	2,815,673	1,906,361	4,196,098	4,476,917	7,011,771
Infrastructure	138,400,087	164,871,265	98,520,263	97,887,009	236,920,350	262,758,274
Total	177,906,289	227,498,403	111,927,555	111,096,371	289,833,844	338,594,774
Total capital assets	$ 288,997,575	$ 281,819,958	$ 121,796,698	$ 127,672,264	$ 410,794,273	$ 409,492,222

Please see more detailed information regarding the City's capital assets in Note 6 of the Basic Financial Statements.

Debt Service Administration – A complete detail of all outstanding debt is contained in Note 7 in the Notes to the Basic Financial Statements section. At the end of the fiscal year, the City had total long-term debt outstanding of $38M for 2006 Pension Obligation Bonds and 106K for a Capital Lease for telephone voice over internet protocol (VOIP) system. $40.4M in Business-Type Activities represents two revenue bonds in the Water and Sewer Funds.

City of Pittsburg
Long-Term Debt
June 30, 2013

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Pension Obligation Bonds	$ 38,726,056	38,351,056	$		$ 38,726,056	$ 38,351,056
Capital Lease	-	139,171			-	139,171
Revenue Bonds	-	-	42,000,000	40,420,000	42,000,000	40,420,000
Total	$ 38,726,056	$ 38,490,227	$ 42,000,000	$ 40,420,000	$ 80,726,056	$ 78,910,227

Economic Factors and Next Year's Budget – the Bay Area economy is rapidly improving, particularly in San Francisco and the South Bay. However, Pittsburg's economy is recovering more slowly. To balance the FY 2012-2013 budget, the City continued to implement cost reduction measures such as staff reductions, and an increase in recoveries for staff time from capital project accounts. Unfortunately, even with the above measures and the temporary sales tax increase passed by Measure P, the City's General Fund continued to experience a structural imbalance. With the dissolution of Redevelopment Agency, the City's General Fund had to absorb almost $2 million in expenses comprised of staff and services formerly funded by the Agency. City staff developed a 7-year Balancing Plan that will result in a balanced General Fund budget by end of FY 2017-18.

A primary on-going goal of the City Council and Management Staff is to continue to prioritize public safety and maintain responsive, high quality public services to the Pittsburg community.

Requests for Information – This financial report is designed to provide a general overview of the finances for the City of Pittsburg. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Pittsburg, Finance Department, 65 Civic Avenue, Pittsburg, California 94565.

FIDUCIARY FUND
FINANCIAL STATEMENTS

The fiduciary funds account for resources received and are held by the City in a fiduciary capacity. Disbursements are made in accordance with the trust agreement or applicable legislative enactment for each fund.

Successor Agency to the Redevelopment Agency Private – Purpose Trust – This fund was established to account for the activities of the Successor Agency to the former Redevelopment Agency of the City of Pittsburg.

Agency Funds -These funds were created to account for all of the Assessment District Bonds, Environmental and Other Impact Fees. Special assessments received are used to meet the debt service requirements and to pay for the administrative costs. The environment impact fees are collected and utilized for environmental improvement projects and the other impact fees are collected on behalf of other agencies and remitted to them for their improvement projects. Other agencies include Contra Costa Fire Protection District (CCFPD), Contra Costa Water District (CCWD) and the East Contra Costa Regional Fee and Finance Authority (ECCRFF).

City of Pittsburg
Statement of Fiduciary Net Position
June 30, 2013

ASSETS	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Agency Funds
Cash and investments (Note 2)	$ 105,735	$ 3,564,768
Cash and investments held by fiscal agent (Note 2)	89,993,360	22,017,807
Assessment receivable	-	2,184,564
Accounts receivable	3,766,383	-
Interest receivable	-	982
Inventory	16,821	-
Prepaid items and other assets	240,933	-
Loans receivable (Notes 14A)	13,497,636	-
Deferred charges	4,641,675	-
Capital Assets (Note 14B):		
Land and construction in progress	22,017,046	-
Depreciable capital assets, net	1,807,838	-
Total assets	136,087,427	27,768,121
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow of resources (Note 14C)	15,630,186	-
Total Deferred Outflow of Resources	15,630,186	-
LIABILITIES		
Accounts payable	416,065	47,786
Interest payable	5,931,298	-
Refundable deposits	101,520	-
Deferred assessments	-	2,184,564
Due to other parties	-	5,715
Due to other governments	792,763	-
Due to bond-holders	-	25,530,056
Compensated absences payable:		
Due in one year	17,495	-
Due in more than one year	12,557	-
Long-term obligations (Note 14C):		
Derivative instrument	15,630,186	
Due in one year	16,642,665	-
Due in more than one year	377,241,833	-
Total Liabilities	416,786,382	$ 27,768,121
NET POSITION		
Held in Trust for Private Purpose	$ (265,068,769)	

See accompanying notes to financial statements

City of Pittsburg
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2013

ADDITIONS		Successor Agency to the Redevelopment Agency Private-Purpose Trust
Property tax	$	37,580,423
Intergovernmental revenues		1,512,384
Investment earnings		1,330,513
Other revenues		2,313,387
Total Additions		42,736,707
DEDUCTIONS		
General administration		5,101,497
Depreciation expense		43,543
Capital outlay and improvements		3,824,126
Interest and fiscal charges		20,107,474
Total Deductions		29,076,640
Change in Net Position		13,660,067
NET POSITION HELD IN TRUST		
Beginning of Year		(278,728,836)
End of Year	$	(265,068,769)

See accompanying notes to financial statements

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Pittsburg, California, (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City was incorporated under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City uses the City Council/Manager form of government. The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by No. 61. The City is the primary governmental unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The following entities have been accounted for as "blended" component units of the City. Despite being legally separate, these entities are so intertwined with the City that they are, in substance, part of the City's operations. Accordingly, the balances and transactions of these component units are reported within the funds of the City. Balances for these entities are reported as separate funds in the special revenue and enterprise funds. The following specific criteria are used in determining that these other entities are blended component units:

- The members of the City Council also act as the governing bodies of the agencies.
- The entities are managed by employees of the City. A portion of the City's salary and overhead expenses are billed to the entities each year.
- The City and the entities are financially interdependent. The City makes loans to the entities for community development purposes and for operational purposes. General revenues of the agencies are used to repay the loans to the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

The following is a brief review of the component units included in the accompanying basic financial statements of the City:

Housing Authority

Housing Authority Section 8, formerly known as Community Access, in the accompanying financial statements, was established to account for Federal funds for low income housing under both certificate and voucher programs. The Housing Authority also administers the Veterans Affairs Supportive Housing (VASH), which provides rental and other clinical services to homeless veterans. The Housing Authority is reported in the special revenue fund of the City. No separate financial report is issued by the Housing Authority.

Public Infrastructure Financing Authority

The Public Infrastructure Financing Authority (PIFA) was established by a Joint Exercise of Powers Agreement dated December 5, 1994, by and among the City and the Agency, and is qualified to issue bonds under the Mello-Roos Local Bond Pooling Act of 1985. The PIFA was formed to finance the acquisition of certain public improvements and to refinance prior outstanding special assessment district debt with City commitment. The Authority is currently inactive; therefore, no separate financial report is issued.

Pittsburg Power Company

The Pittsburg Power Company (the Company) was established by a Joint Exercise of Powers Agreement dated September 23, 2006, by and among the City and the Agency. The Company was formed to establish a municipal utility for natural gas and electric service. The Company is reported in the Pittsburg Power enterprise fund of the City. No separate financial report is issued by the Company.

Pittsburg Arts and Community Foundation

The Pittsburg Arts and Community Foundation (PACF) was created as an independent non-profit corporation set up to increase, support and encourage art, literacy, education, economic development, affordable housing and other community resources and programs to benefit the City of Pittsburg and its residents.

Since the City of Pittsburg and PACF have the same governing board, it is required to be reported as a blended component unit of the City. Its financial information can be found as a special revenue fund under non-major Governmental Funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column.

These financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and deferred outflows and liabilities and deferred inflows, including capital assets, as well as infrastructure assets, and long-term liabilities and deferred inflows, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions reported as program revenues for the City are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following inter-fund activities have been eliminated:

- Due to/from other funds
- Advances from/to other funds
- Transfers in/out

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-Wide financial statements. The City has presented all major funds that met the qualifications for major fund reporting. The following are descriptions of the major funds.

General Fund – This fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources which are not accounted for in another fund. To comply with GASB 54, the Budget Stabilization and Economic Development balances are combined and reported under the General Fund. Details are as follows:

Fund	Balances
General Fund	$ 7,814,905
Budget Stabilization	8,930,349
Economic Development	1,428,437
Total	$ 18,173,691

Housing Authority (Section 8) Special Revenue Fund – This fund was established to administer grants from Housing and Urban Development Department (HUD) to subsidize the rental costs of low-income families and veterans.

Successor Agency Housing Fund - This fund accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

Community Capital Improvement Capital Projects Fund **–** This fund was established to administer the Cooperative and Repayment Agreement between the former Redevelopment Agency of the City of Pittsburg and the City of Pittsburg. The goal of this agreement is to utilize the City personnel and facilities more effectively to control planning and administrative costs for redevelopment activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, charges for services, Federal and State grants, sales taxes and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Fund Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental and business-type activities in the government-wide financial statements as appropriate.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows, liabilities and deferred inflows (whether current or noncurrent) are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The following are descriptions of the major enterprise funds.

Water Utility Fund – This fund accounts for the revenues and expenses associated with management, operation, and maintenance of water treatment and distribution system to water customers of the City of Pittsburg. It also accounts for the maintenance of water plant, distribution reservoirs, and water lines.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

Sewer Utility Fund – This fund accounts for the revenues and expenses associated with the maintenance and repair of 126 miles of sewer mains, sewer lift stations and sewer laterals within the City's right-of-way.

Marina Fund – This fund accounts for the revenues received from Marina berth rentals, from sales of gasoline, and expenses from operation and maintenance.

Internal service fund balances and activities have been combined with governmental activities in the government-wide financial statements, and are comprised of the following funds:

Fleet Maintenance Fund – Used to account for the cost of maintaining all City governmental buildings.

Building Maintenance Fund – Used to account for the costs of operating, maintaining, and replacing automotive equipment used by other departments. Rental rates charged to the using departments include operating costs and equipment depreciation.

Insurance Fund – Used to account for revenues from charges to operating departments sufficient to provide adequate reserve for future claims.

Information/Communication Services Fund – Used to account for the cost of operating, maintaining and replacing a data processing system. Rental rates charged to the using departments include operating cost and equipment depreciation.

Fringe Benefits Fund – Used to allocate fringe costs to various departments.

Other Post-Employment Benefits (OPEB) Fund – Used to reduce unfunded OPEB liabilities and to pay the City's portion of current year retiree medical expenses. This fund receives its funding from surplus funds beyond the maximum amount required for the Budget Stabilization reserve (25% of surplus) and from Citywide allocations based on salaries.

The City also reports fiduciary fund types.

Fiduciary Fund Financial Statements - Fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Change in Fiduciary Net Position. The City's fiduciary funds represent a private purpose trust fund and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary funds are accounted for on the accrual basis of accounting as are the Proprietary funds explained above.

Private Purpose Trust Fund – This fund was created to account for the accumulation of resources to be used for payments at appropriate amounts and times in the future.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

Agency Funds – These funds were created to account for all of the Assessment District Bonds, Environmental and Other Impact Fees. Special assessments received are used to meet the debt service requirements and to pay for the administrative costs. The environmental impact fees are collected and utilized for environmental improvement projects and the other impact fees are collected on behalf of other agencies and remitted to them for their improvement projects. Other agencies include Contra Costa Fire Protection District (CCFPD), Contra Costa Water District (CCWD) and the East Contra Costa Regional Fee and Finance Authority (ECCRFF).

C. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

D. Spending Policy

The City's policy is to spend restricted fund balances first, before spending unrestricted fund balances, for expenditures incurred for purposes for which both restricted and unrestricted fund balances are available, except for instances wherein an Agency ordinance or resolution specifies the fund balance. The Agency's policy is that committed and assigned fund balances are considered to have been spent first before unassigned fund balances have been spent, when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used, except for instances wherein an Agency ordinance specifies the fund balance.

E. Cash and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California, entitled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
- Overall Custodial Credit Risk
- Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

F. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects.

G. Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are receivable from the county within sixty days after year-end.

Lien Date	January 1
Levy Date	July 1
Due Date	Secured: November 1 and February 1
	Unsecured: July 1
Collection Date	Secured: December 10 and April 10
	Unsecured: August 31

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, because of the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the City and Contra Costa County. The Teeter Plan authorizes the Auditor/Controller of Contra Costa County to allocate 100% of the secured property taxes billed, but not yet paid.

H. Interfund Balances/Internal Balances

Advances to and advances from other funds represent inter-fund loans in the fund financial statements. Advances between funds are offset by a fund balance reservation or by deferred revenue in the applicable governmental funds to indicate that they are not expendable available financial resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

Any unpaid interest due to lack of funds in the borrowing fund increases the principal owed and is reported in the lending fund as deferred revenue.

All other outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as "internal balances."

I. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, machinery and equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated.

City policy has set the capitalization thresholds for reporting capital assets as follows:

- General Capital Assets $5,000
- Infrastructure Capital Assets $25,000

Depreciation is recorded on a straight-line method over the useful lives of the assets as follows:

- Building and Improvements 30 - 45 years
- Machinery and Equipment 5 - 20 years
- Infrastructure 30 - 75 years

The GASB Statement No. 34 requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included the value of all infrastructure assets in its Government-Wide Financial Statements.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include:

- Street system
- Site amenities such as parking and landscaped areas used by the City in the conduct of its business.
- Water and sewer plants

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

Each major infrastructure system can be divided into subsystems. For example the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. These subsystems were not delineated in the Government-Wide Financial Statements. The appropriate operating department maintains information regarding the subsystems.

For all infrastructure systems, the City has elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City conducted a valuation of its infrastructure assets as of July 1, 2002. This valuation determined the original cost using one of the following methods:

1) Use of historical records where available.
2) Standard unit costs appropriate for the construction/acquisition date of the asset.
3) Present replacement cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date.

The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date was computed on a straight-line method using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

Interest accrued during capital assets construction, if any, is capitalized for the business-type activities and proprietary funds as part of the asset cost.

J. Interest Payable

In the government-wide financial statements, interest payable on long-term debt is recognized as the liability incurred for governmental fund types and proprietary fund types.

In the fund financial statements, propriety fund types recognize the interest payable when the liability is incurred.

K. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

Fund Financial Statements
The Governmental Fund Financial Statements do not present long-term debt, which are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Governmental funds 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 financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Proprietary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

L. Unearned Revenue

Government-Wide Financial Statements

Unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are unearned grants and prepaid charges for services.

Fund Financial Statements

Unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which funds are not available to meet current financial obligations. Typical transactions for which unavailable revenue is recorded are grants received but not yet earned or available, interest on inter-fund advances receivable and long-term loans receivable.

M. Compensated Absences

City employees have vested interests in varying levels of vacation compensation. If vacation is not used by the employee during the term of employment, compensation is payable to the employee at the time of retirement or termination. Such compensation is calculated at the employee's then prevalent rate at the time of retirement or termination and compensated at 100% of accumulated hours. The City's liability for compensated absences is recorded in various Governmental funds or Proprietary funds as appropriate. The liability for compensated absences is determined annually.

Governmental funds include only amounts expected to be paid after the end of the fiscal year for terminated employees. The long-term liabilities are recorded in the Statement of Net Position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

The change in compensated absences was as follows:

	Governmental Activities	Business-Type	Total
Beginning Balance	$ 1,773,762	$ 338,304	$ 2,112,066
Additions	1,338,373	200,680	1,539,053
Payments	(1,331,796)	(189,547)	(1,521,343)
Ending Balance	$ 1,780,339	$ 349,437	$ 2,129,776
Current Portion	$ 1,335,000	$ 189,500	$ 1,524,500

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has reported deferred outflows of resources in the Statement of Net Position and proprietary fund statements for the accumulated decrease in fair value of hedging derivatives.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

O. Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. New Funds

During fiscal year ended June 30, 2013, the City opened a new Infrastructure Repair & Replacement Capital Projects Fund and the Other Post-Employment Benefits (OPEB) Internal Service Fund.

NOTE 2 - CASH AND INVESTMENTS

The City pools cash from all sources and all funds except Cash and Investments held by Trustees so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City managed investments, regardless of their form. Individual investments are generally made by their City's fiscal agent as required under its debt issues, or through the City's Investment Advisor, Public Financial Management (PFM).

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

	Government-Wide Statement of Net Position			Separate Statement	
	Governmental Activities	Type Activities	Total	Fiduciary Funds	Total
Cash and investments	$ 46,599,019	$ 26,928,544	$ 73,527,563	$ 3,670,503	$ 77,198,066
Restricted cash and investments	1,444,627	5,054,552	6,499,179	112,011,167	118,510,346
Total cash and investments	$ 48,043,646	$ 31,983,096	$ 80,026,742	$ 115,681,670	$ 195,708,412

NOTE 2 - CASH AND INVESTMENTS (Continued)

C. Investments Authorized by the California Government Code and the City's Investment Policy

The City's Investment Policy and the California Government Code allow the City to invest in the following investments, provided the credit ratings of the issuers are acceptable to the City, and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum per Issuer
U.S. Treasury Obligations	5 years	none	none	none
Federal Agency Obligations	5 years	none	50%	15%
Bankers' Acceptances	180 days	A1/P1	40%	40%
State and Local Obligations	5 years	"A-"	30%	none
Commercial Paper	270 days	A1/P1/F1	25%	25%
Negotiable Certificates of Deposit	5 years	Aa/AA	30%	15%
Certificates of Deposits	1 year	"A"	30%	15%
Repurchase Agreements	90 days	"A"	15%	15%
Medium-Term Notes	5 years	"A"	30%	15%
Money Market Funds	n/a	3 highest ratings	20%	none
Local Agency Investment Fund (LAIF)	n/a	none	$50 million	none
(CAMP)	n/a	n/a	none	none

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Pools*, investments were stated at fair value using the aggregate method.

The City's investments with Local Agency Investment Fund (LAIF), a State of California external investment pool, at June 30, 2013, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

Structured Notes – debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or state maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities – generally mortgage-backed securities which entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

NOTE 2 - CASH AND INVESTMENTS (Continued)

As of June 30, 2013, the City had $29,162,071 invested in LAIF, which had invested 1.88% of the pool investment funds in Structured Notes and Medium-term Asset-Backed Securities. The LAIF fair value factor of 1.0002732070 was used to calculate the fair value of the investments in LAIF. The fair value of the City's position in the pool is materially equivalent to the value of the pool share. At June 30, 2013, these investments matured in an average of 278 days.

D. Investments Authorized by Debt Agreements

The City and Successor Agency to the Redevelopment Agency must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the agencies fail to meet their obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations	n/a	none
U.S. Agencies	n/a	AAA
Bankers' Acceptances	360 days	A-1/A-1+
Commercial Paper	270 days	A-1+
Money Market Fund	n/a	AAAm
State of California Obligations	n/a	A
Municipal Obligations	n/a	AAA
Pre-refunded Municipal Obligations	n/a	AAA
Medium Term Notes	5 years	A
Certificates of Deposit	330 days	none
Guaranteed Investment Agreements	n/a	none
Repurchase Agreements	30 days	A
Local Agency Investment Fund (LAIF)	n/a	none
(CAMP)	n/a	none

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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.

NOTE 2 - CASH AND INVESTMENTS (Continued)

	Investment Maturities (in years)			
Investment Type	Less than 1 year	1 - 5 years	More than 5 years	Total
Securities Of U.S. Government	$ 10,380,684	$ 53,470,602	$ -	$ 63,851,286
Municipal Bonds	1,108,670	-	-	1,108,670
U.S. Corporate Notes	-	6,116,080	-	6,116,080
Limited Obligation Refunding Bond	1,608,869	3,877,834	12,025,242	17,511,945
California Local Agency Investment Fund	29,162,071	-	-	29,162,071
Guaranteed Investment Agreements	-	2,179,281	1,002,183	3,181,464
Money Market (CAMP)	45,412,306	-	-	45,412,306
Non-negotiable Certificates of Deposit	5,101,916	10,000,000	-	15,101,916
Total Investments	$ 92,774,516	$ 75,643,797	$ 13,027,425	181,445,738
Cash in banks and on hand				14,262,674
Total Cash and Investments				$ 195,708,412

Money Market Funds are available for withdrawal on demand and at June 30, 2013 matured in an average of 35 days.

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2013 for each investment type as provided by Standard and Poor's investment rating system.

	Fair Value	AAA	AA	AA+	A+	A	Not Rated
Securities of U.S. Government	$ 63,851,286	$ -	$ -	$63,851,286	$ -	$ -	$ -
Municipal Bonds	1,108,670	-	1,108,670	-	-	-	-
U.S. Corporate Notes	6,116,080	-	-	2,002,180	2,115,800	1,998,100	-
Limited Obligation Refunding Bond	17,511,945	-	-	-	-	-	17,511,945
Money Market (CAMP)	45,412,306	45,412,306	-	-	-	-	-
Guaranteed Investment Agreements	3,181,464	3,181,464	-	-	-	-	-
California Local Agency Investment Fund	29,162,071	-	-	-	-	-	29,162,071
Non-negotiable Certificates of Deposit	15,101,916	-	-	-	-	-	15,101,916
Total Investments	181,445,738	$48,593,770	$1,108,670	$65,853,466	$2,115,800	$1,998,100	$61,775,932
Cash in banks and on hand	14,262,674						
Total Cash and Investments	$ 195,708,412						

NOTE 2 - CASH AND INVESTMENTS (Continued)

G. Concentration of Credit Risk

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, mutual funds and external investment pools are set forth below:

Issuer	Investment Type	Amount
Entity-Wide:		
Federal National Mortgage Association	Securities of U.S. Government	$ 23,555,077
Fannie Mae	Securities of U.S. Government	29,417,763

NOTE 3 - LOANS AND NOTES RECEIVABLES

As of June 30, 2013, loans and notes receivable consisted of the following:

Description	Total Balance at June 30, 2013
Governmental Funds:	
HUD Community Development Block Grant	$ 319,154
CalHome Program Loans	454,626
Rehabilitation and Construction Loans	1,733,955
Nana's Place	353,906
La Veranda Café, Inc.	729,808
9th Street Associates (Santa Fe Commons Housing	1,614,713
Miriam Cancel	6,000
Residential Loans on Vidrio	3,520,209
Fairfield Belmont, L.P. Loan	4,650,861
Steadfast Marina Heights L.P.	1,400,000
Low Income Families Loans	917,440
Pacific Community Services Loan	641,948
Palm Plaza Group, LLC	436,800
Palm Plaza Development	564,000
Resources for Community Development Loan	6,680,448
Mariner Walk Loan	180,000
Vista Del Mar Loans	300,000
Mercy Housing California Loan	4,395,109
Domus Development LLC Loan	4,739,175
Domus Development LLC (Gateway DEV)	8,230,609
Francis Palermo & Mary Lieser (PACF)	941,511
Miriam Cancel (PACF)	24,422
Total Governmental Funds	42,834,694
Total Loans and Notes Receivable	$ 42,834,694

NOTE 3 - NOTES AND LOAN RECEIVABLES (Continued)

A. HUD Community Development Block Grant (CDBG) Loans

The HUD CDBG Special Revenue fund had a loans receivable balance as of June 30, 2013 which was made up of $159,123 in CDBG entitlement loans and $160,031 in First Time Homebuyer loans, totaling $319,154.

B. CalHome Program Loans

CalHome Program funds of $600,000 were awarded by the State of California and are used to provide first-time home buyer mortgage assistance as well as housing rehabilitation assistance for low income homeowners. Loans are payable upon sale or transfer of property, when the property ceases to be owner-occupied, or upon the CalHome loan maturity date. The outstanding balance as of June 30, 2013 was $454,626.

C. Rehabilitation and Construction Loans

Housing and rehabilitation loans are provided to homeowners who meet low and moderate income requirements as defined by the Department of Housing and Urban Development. These residential loans are available from $5,000 to $25,000 per property at a loan term of 3% simple interest for 10 years. The property will be rehabilitated to be free from health and safety violations upon completion of the rehabilitation program. The outstanding balance of these loan types was $1,733,955 as of June 30, 2013.

D. Community Capital Improvement and Neighborhood Stabilization Program Loans

These are rehabilitation and construction loans to eliminate blight to a number of small businesses and property owners to assists improvements and rehabilitation of properties that were currently vacant or underutilized.

- During fiscal year 2010-2011, the City approved a loan to Nana's Place for tenant improvements at 51 Marina Boulevard. The outstanding amount as of June 30, 2013 was $353,906.

- During fiscal year 2010-2011, the City approved a loan to La Veranda Café, Inc., for improvements at 711 and 755 Railroad Ave. The outstanding amount as of June 30, 2013 was $729,808.

- During fiscal year 2011-2012, the City agreed to provide a property development loan of $1,614,713 to 9th Street Associates LP to develop the units at Santa Fe Commons. The loan terms include 3% simple interest and are due in 55 years. The repayment will be made from residual receipts. The outstanding balance as of June 30, 2013 was $1,614,713.

NOTE 3 - NOTES AND LOAN RECEIVABLES (Continued)

- During fiscal year 2009-2010, the City approved a rehabilitation loan to Miriam Cancel for her property at 48 Dolphin Drive. Loan is 0% interest and fully forgivable in 5 years if home remains as the buyer's primary residence. The outstanding balance as of June 30, 2013 was $6,000.

E. Other Loans

During fiscal year 2010-2011, City of Pittsburg financed the residential loans to the homebuyers of Vidrio Condominium. The outstanding amount as of June 30, 2013 was $3,520,209.

F. Housing Successor Agency Loans

During fiscal year 2004-2005, the former Redevelopment Agency Low-Moderate Income Housing II Special Revenue Fund agreed to loan funds of $4,880,000 to the Fairfield Belmont, L.P. for the purchase and renovation of 224 affordable residential units located within the Redevelopment Project Area. The loan bears the lesser interest of 1% per year or the amount of the former Redevelopment Agency Receipts and provides for the Agency to receive 20% of the project's residual receipts annually. With the dissolution of the Redevelopment Agency effective February 1, 2012, the assets of the Agency, including this loan were assumed by the Housing Successor Agency. The outstanding balance as of June 30, 2013 was $4,650,861.

During fiscal year 2004-2005, the former Redevelopment Agency Low-Moderate Income Housing II Special Revenue Fund agreed to loan funds of $1,400,000 to the Steadfast Marina Heights L.P. for the purchase and renovation of 200 affordable residential units located within the Redevelopment Project Area. The loan bears interest of 7% per year or the amount of Agency Receipts and provides for the Agency to receive 30% of the project's residual receipts annually. With the dissolution of the Agency effective February 1, 2012, the assets of the Agency, including this loan were assumed by the Housing Successor Agency. The outstanding balance as of June 30, 2013 was $1,400,000.

During fiscal year 2006-2007 and 2007-2008, the former Redevelopment Agency Low-Moderate Income Housing II Special Revenue Fund agreed to loan funds to low income families to purchase homes. The loans bear no interest and are deferred until the property changes title or are refinanced for cash. With the dissolution of the Agency effective February 1, 2012, this loan was assumed by the Housing Successor Agency. The outstanding balance as of June 30, 2013 was $917,440.

During fiscal year 2006-2007, the former Redevelopment Agency Low-Moderate Income Housing II Special Revenue Fund agreed to loan funds of $566,150 to Pacific Community Services for prior construction of 104 units called the Presidio Village Senior Housing. The loan bears interest of 3% per year and provides for the Agency to receive 50% of the project's residual receipts annually. With the dissolution of the Agency effective February 1, 2012, this loan was assumed by the Housing Successor Agency. The outstanding balance and accrued interest as of June 30, 2013 was $641,948.

NOTE 3 - NOTES AND LOAN RECEIVABLES (Continued)

During fiscal year 2006-2007, the former Redevelopment Agency Low-Moderate Income Housing II Special Revenue Fund provided $728,000 and $940,000 to Palm Plaza Group, LLC and Palm Plaza Development, respectively, for the purchase and renovation of residential units located within the Redevelopment Project Area. With the dissolution of the Agency effective February 1, 2012, these loans were assumed by the Housing Successor Agency. The outstanding balance as of June 30, 2013 was $436,800 for Palm Plaza Group, LLC and $564,000 for Palm Plaza Development, respectively, totaling $1,000,800.

During fiscal year 2006-2007, the former Redevelopment Agency Low-Moderate Income Housing II Special Revenue Fund agreed to loan funds of $6,105,848 to Resources for Community Development for the development of 71 rental dwellings and a community center. During the fiscal year 2008-2009, an amendment was filed to increase the loan up to an additional $350,000 and $5,710,730 of the loan was disbursed to the Developer. The loan bears interest of 1% per year and provides for the Agency to receive 50% of the project's residual receipts annually. With the dissolution of the Agency effective February 1, 2012, this loan was assumed by the Housing Successor Agency. The outstanding balance as of June 30, 2013 was $6,680,448.

In fiscal year 2005-2006, a Development and Disposition Agreement was entered into with Olson Urban Housing LLC (Developer) of up to $1,000,000 and with Lyon Vista Del Mar 533, LLC (Developer) of up to $800,000, to provide mortgage assistance for qualified moderate income households purchasing the affordable units. With the dissolution of the Agency effective February 1, 2012, there loans were assumed by the Housing Successor. The balance outstanding as of June 30, 2013 was $180,000 and $300,000 for the property owners.

During fiscal year 2005-2006, the former Redevelopment Agency Low-Moderate Income Housing II Special Revenue Fund agreed to loan funds of $1,052,854 to Mercy Housing California for the development of a 64-unit dwelling and child care center located within the Redevelopment Project Area. During the fiscal year 2007-2008, an amendment was filed to increase the loan for a total of $4,952,854. The loan bears interest of 1% per year and provides for the Agency to receive 50% of the project's residual receipts annually. With the dissolution of the Agency effective February 1, 2012, this loan was assumed by the Housing Successor Agency. The outstanding balance as of June 30, 2013 was $4,395,109.

During fiscal year 2007-2008, the former Redevelopment Agency Low-Moderate Income Housing II Special Revenue Fund agreed to loan funds of $250,000 to Domus Development LLC for the feasibility study of a senior affordable housing development (Siena Court). The loan bears interest of 3% per year. The Domus Development LLC loan was amended in fiscal year 2010-2011 to increase the loan by an additional $850,000, and then further amended in fiscal year 2010-2011 bringing total loan funding to $4,323,645. With the dissolution of the Agency effective February 1, 2012, this loan was assumed by the Housing Successor. The outstanding balance as of June 30, 2013 was $4,739,175.

NOTE 3 - NOTES AND LOAN RECEIVABLES (Continued)

In Fiscal Year 2005-2006, a Development and Disposition Agreement was entered into with Domus Development LLC (Developer) of up to $8,000,000 for the development of a 28-unit residential rental dwelling and an 8,000 square feet ground floor commercial space at the northeast corner of Railroad Avenue and 10th Street. Funding was provided by the Housing-Set Aside funds in the amount of $6,000,000 and $2,000,000 by future tax increments. During the fiscal year 2007-2008, an amendment was filed to increase the loan up to an additional $800,000 and $4,845,755 of the loan was disbursed to the Developer. With the dissolution of the Agency effective February 1, 2012, this loan was assumed by the by the Housing Successor Agency. The outstanding balance as of June 30, 2013 was $8,230,609.

G. Pittsburg Arts and Community Foundation (PACF) Loans

During fiscal year 2010-2011, the PACF assumed a construction loan and lease due from Francis Palermo and Mary Lieser. The loan will be repaid through lease payments on 159 4th Street, with a balloon payment due on December 1, 2023. The outstanding amount as of June 30, 2013 was $941,511.

During fiscal year 2011-2012, PACF assumed an NSP Home Buyer assistance program loan that was issued to Miriam Cancel. Loan payments are deferred for 10 years, expiring on March 24, 2020, and will be forgiven if certain terms are met. The outstanding amount as of June 30, 2013 was $24,422.

NOTE 4 - UNEARNED AND UNAVAILABLE REVENUE

A. Government-Wide Financial Statements

Unearned revenues in Government-Wide Financial Statements represent amounts for which revenues have not been earned. At June 30, 2013, unearned revenues in the Government-Wide Financial Statements consisted of unearned developer, donation, and grant revenues of $1,568,543 in Governmental Activities and $1,056,255 in Business-Type Activities.

NOTE 4 - UNEARNED AND UNAVAILABLE REVENUE (Continued)

B. *Fund Financial Statements*

At June 30, 2013, the following amounts were recorded in the Fund Financial Statements because either the revenues had not been earned or the funds were not available to finance expenditures of the current period:

	Governmental Funds					
	General Fund	Housing Authority (Sec. 8)	Successor Agency Housing	Community Capital Improvement	Non-Major Governmental Funds	Total Governmental Activities
Unearned developer/ donation revenue	$ 505,177	$ -	$ -	$ -	$ -	$ 505,177
Housing loans receivable	-	-	8,449,101	-	4,920,258	13,369,359
Construction loan receivable	-	-	24,687,290	1,083,714	-	25,771,004
Unearned service revenue	80,057	121,245	-	30,000	832,064	1,063,366
Total	$ 585,234	$ 121,245	$ 33,136,391	$ 1,113,714	$ 5,752,322	$ 40,708,906

	Business-Type		
	Water	Non-Major Enterprise	Total
Unearned developer/ donation revenue	$ -	$ 530,610	$ 530,610
Unearned service revenue	3,411	522,234	525,645
	$ 3,411	$ 1,052,844	$ 1,056,255

NOTE 5 - INTERFUND TRANSACTIONS

A. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. Current inter-fund balances are as follows:

DUE TO FUND:	DUE FROM FUND:	AMOUNT
Non-Major Governmental Funds:		
Special Revenue Funds:		
Measure C Tax Fund	General Fund	$ 276,968
Local Law Enforcement Block Grant	General Fund	180
HUD Community Development Block Grant	General Fund	86,883
Energy Efficiency Conservation (EECBG)	General Fund	72,877
Park Maintenance CFD 2007-1	General Fund	163,047
Pittsburg Arts & Community Foundation	General Fund	400
	Due to General Fund	600,355
Small Cities Grant Special Revenue Fund	Successor Agency Housing	221,670
		$ 822,025

B. Interfund Advances

At June 30, 2013, the following funds had advances that were not expected to be repaid within the next year:

TO FUND:	FROM FUND :	AMOUNT
PROPRIETARY FUNDS		
Water Utility	General Fund	$ 3,230,000
Water Utility	Lighting & Landscape	178,600
Water Utility	Storm Water Utility (NPDES)	60,800
Water Utility	HUD Community Development Block	15,200
Water Utility	San Marco CFD 2004-1	64,600
Water Utility	Vista Del Mar CFD-2005-2	7,600
Water Utility	Public Safety Service CFD 2005-1	30,400
Water Utility	Park Maintenance CFD 2007-1	3,800
Water Utility	Housing Authority (Section 8)	110,200
Water Utility	Fleet Maintenance	49,400
Water Utility	Building Maintenance	34,200
Water Utility	Information/Communication Services	15,200
	Sub-total: Advance from Water Utility	3,800,000
NON-MAJOR ENTERPRISE FUNDS		
Pittsburg Power	Golf Course	375,000
Pittsburg Power	Island Energy	300,000
Pittsburg Power	Island Energy	650,000
Pittsburg Power	Island Energy	200,000
Pittsburg Power	Island Energy	100,000
Pittsburg Power	Island Energy	2,224,514
	Sub-total: Advance from Pittsburg Power	3,849,514
	TOTAL ADVANCE	$ 7,649,514

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

During fiscal year 2011-2012, the Water Utility Enterprise Fund advanced $3,800,000 to various funds as detailed in the table above, to apply towards the unfunded pension liability with Contra Costa County Employees' Retirement Association (CCCERA). The advance is to be repaid to the Water Utility fund by February 21, 2017 and bears interest at .36% per year.

During fiscal year 2002-2003, the Pittsburg Power Enterprise Fund advanced $375,000 to the Golf Course Enterprise Fund for the replacement and improvements of golf carts. The advance is to be repaid within ten years provided the money is available in the Golf Fund.

During fiscal year 2003-2004, the Pittsburg Power Enterprise Fund advanced $300,000 to the Island Energy Enterprise Fund to establish a reserve fund for the operating activities on Mare Island. The advance is to be repaid in future years when the net positions in the Island Energy Fund have reached a level to replace the amount transferred from the Pittsburg Power Fund.

During fiscal year 2004-2005, the Pittsburg Power Enterprise Fund advanced $650,000 to the Island Energy Proprietary Fund to meet the capital requirements for the new gas and electric meters for new residential units on Mare Island. The advance is to be repaid in future years when the net positions in the Island Energy have reached a level to replace the amount transferred from the Pittsburg Power Fund.

During fiscal year 2004-2005, the Pittsburg Power Enterprise Fund advanced $200,000 to the Island Energy Enterprise Fund to meet the capital requirements for the Development Refund Account for the new residential units on Mare Island. The advance is to be repaid when the development is complete.

During fiscal year 2005-2006, the Pittsburg Power Enterprise Fund advanced $100,000 to the Island Energy Enterprise Fund to enable the delivery of high quality and responsive services to all its customers and to maintain sound operations. The advance is to be repaid in future years when the net positions in the Island Energy Fund have reached a level to replace the amount transferred from the Pittsburg Power Fund.

The Pittsburg Power Enterprise Fund advanced a total of $523,072 to the Island Energy Enterprise Fund to fund the refurbishment of a main Substation H during fiscal year 2008-2009. During fiscal year 2010/2011, 2011/12 and 2012/13 the Pittsburg Power Enterprise Fund advanced an additional $632,280, $814,477 and $254,685, respectively, to the Island Energy Enterprise Fund to fund the refurbishment of a main Substation H. The cumulative advance to Island Energy for the substation H project amounted to $2,224,514.

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

C. Interfund Transfers

At June 30, 2013, the City had the following inter-fund transfers:

A. Transfers to the General Fund were to fund General Fund operations and administrative services for which the other funds received services.
B. Transfers 25% surplus from Budget Stabilization fund to Other Post Employment Benefit fund per ordinance.
C. Transfers to cover Citywide Lighting & Landscaping operating expenses.
D. Transfer to fund capital improvement projects and transfer to Infrastructure Repair & Replacement Fund per Ordinance.
E. Transfers to the Water Utility Enterprise Fund were to subsidize senior discount and to fund water projects.
F. Transfer to Golf Course fund to cover property taxes and building allocation charge.

FROM FUND:	TO FUND:	AMOUNT	
Non-Major Governmental Funds		$ 1,871,209	
Water Utility Enterprise Fund		756,632	
Sewer Utility		554,632	
Non-Major Enterprise Funds		436,500	
Internal Service Funds		181,800	
	General Fund	3,800,773	A
General Fund		282,832	D
Non-Major Governmental Funds		500,000	C
	Community Capital Improvement Capital	782,832	
General Fund		2,211,190	D
Non-Major Governmental Funds		440,518	C
	Non-Major Governmental Funds	2,651,708	
	Sub-total: Total Governmental Funds	7,235,313	
General Fund	Water Utility Enterprise Fund	51,400	E
General Fund	Non-Major Enterprise Funds	15,000	F
General Fund	Internal Service Funds	577,358	B
	Sub-total: Total Proprietary Funds	643,758	
	TOTAL TRANSFERS	$ 7,879,071	

NOTE 6 - CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2013, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	$ 33,828,944	$ 1,143,506	$ 34,972,450
Construction in progress	20,492,611	15,432,387	35,924,998
Total non-depreciable assets	54,321,555	16,575,893	70,897,448
Depreciable assets:			
Buildings and improvements	81,996,455	24,135,543	106,131,998
Machinery and equipment	12,684,945	6,624,756	19,309,701
Infrastructure	283,614,817	130,422,455	414,037,272
Total depreciable assets	378,296,217	161,182,754	539,478,971
Less accumulated depreciation:			
Buildings and improvements	(22,184,990)	(15,122,279)	(37,307,269)
Machinery and equipment	(9,869,272)	(2,428,658)	(12,297,930)
Infrastructure	(118,743,552)	(32,535,446)	(151,278,998)
Total accumulated depreciation	(150,797,814)	(50,086,383)	(200,884,197)
Total net depreciable assets	227,498,403	111,096,371	338,594,774
Total capital assets	$ 281,819,958	$ 127,672,264	$ 409,492,222

NOTE 6 - CAPITAL ASSETS (Continued)

The following is a summary of capital assets for governmental activities:

	Balance at July 1, 2012	Additions	Deletions	Reclass-ifications	Transfer to Business Type	Balance at June 30, 2013
Non-depreciable assets:						
Land	$ 33,828,944	$ -	$ -	$ -	$ -	$ 33,828,944
Construction in progress	77,262,342	11,110,470	(5,617,513)	(60,592,853)	(1,669,835)	20,492,611
Total	111,091,286	11,110,470	(5,617,513)	(60,592,853)	(1,669,835)	54,321,555
Depreciable assets:						
Buildings and improvements	56,092,287	-	-	25,904,168	-	81,996,455
Machinery and equipment	11,563,319	594,133	(88,746)	616,239	-	12,684,945
Infrastructure	249,796,155	5,465	(259,249)	34,072,446	-	283,614,817
Total	317,451,761	599,598	(347,995)	60,592,853	-	378,296,217
Less accumulated depreciation:						
Buildings and improvements	(19,156,643)	(3,028,347)	-	-	-	(22,184,990)
Machinery and equipment	(8,992,762)	(965,107)	88,597	-	-	(9,869,272)
Infrastructure	(111,396,067)	(7,398,324)	50,839	-	-	(118,743,552)
Total	(139,545,472)	(11,391,778)	139,436	-	-	(150,797,814)
Total depreciable assets, net	177,906,289	(10,792,180)	(208,559)	60,592,853	-	227,498,403
Total capital assets, net	$ 288,997,575	$ 318,290	$ (5,826,072)	$ -	$ (1,669,835)	$ 281,819,958

Governmental activities depreciation expense for capital assets for the year ended June 30, 2013 is as follows:

General government	$ 1,367,014
City Manager and City Clerk	46,908
City Attorney	65
Human Resources	4,840
Finance and services	97,619
Community development and services	114,670
Public Safety	256,052
Public Works	9,504,610
Total depreciation expense	$ 11,391,778

NOTE 6 - CAPITAL ASSETS (Continued)

The following is a summary of capital assets for business-type activities:

	Balance at July 1, 2012	Additions	Deletions	Reclassifications	Transfers from Governmental Activities	Balance at June 30, 2013
Non-depreciable assets:						
Land	$ 1,143,506	$ -	$ -	$ -	$ -	$ 1,143,506
Construction in progress	8,725,637	7,615,377	(264,512)	(2,313,950)	1,669,835	15,432,387
Total	9,869,143	7,615,377	(264,512)	(2,313,950)	1,669,835	16,575,893
Depreciable assets:						
Buildings and improvements	24,116,831	18,712	-	-	-	24,135,543
Machinery and equipment	4,038,940	178,018	(202,524)	2,610,322		6,624,756
Infrastructure	130,829,727		(110,900)	(296,372)		130,422,455
Total	158,985,498	196,730	(313,424)	2,313,950	-	161,182,754
Less accumulated depreciation:						
Buildings and improvements	(12,615,901)	(2,520,533)	14,155	-	-	(15,122,279)
Machinery and equipment	(2,132,579)	(480,303)	184,224	-	-	(2,428,658)
Infrastructure	(32,309,463)	(283,483)	57,500	-	-	(32,535,446)
Total	(47,057,943)	(3,284,319)	255,879	-	-	(50,086,383)
Total depreciable assets, net	111,927,555	(3,087,589)	(57,545)	2,313,950	-	111,096,371
Total capital assets, net	$ 121,796,698	$ 4,527,788	$ (322,057)	$ -	$ 1,669,835	$ 127,672,264

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2013 are as follows:

Water Utility	$ 1,665,896
Sewer Utility	683,587
Marina	476,114
Golf Course	91,486
Island Energy	334,181
Pittsburg Power	33,055
Total	$ 3,284,319

NOTE 6 - CAPITAL ASSETS (Continued)

B. Fund Financial Statements

The Governmental Fund Financial Statements do not present General Government Capital Assets. Consequently, capital assets are shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

The capital assets of the enterprise funds in the Proprietary Fund Financial Statements are the same as those shown in the business-type activities of the Government-Wide Financial Statements. Internal Service Funds capital assets are combined with governmental activities.

NOTE 7 - LONG TERM DEBT

Governmental Activities

The following is a summary of long-term debt transactions of the governmental activities for the year ended June 30, 2013:

Description	Original Issue Amount	Beginning Balance July 1, 2012	Additions	Retirements	Ending Balance June 30, 2013	Amounts Due Within One Year	Amounts Due in More Than One Year
Governmental Activities:							
2006 Pension Obligation Bonds	$ 39,566,056	$ 38,726,056	$ -	$ 375,000	$ 38,351,056	$ 450,000	$ 37,901,056
Capital Lease	176,450	-	176,450	37,279	139,171	33,355	105,816
Total Governmental Activities		$ 38,726,056	$ 176,450	$ 412,279	$ 38,490,227	$ 483,355	$ 38,006,872

<u>Series 2006 Pension Obligation Bonds</u>

On June 15, 2006, the City issued $39,566,056 of Series 2006 Taxable Pension Obligations Bonds bearing interest at 5.784-6.115% to prepay the City's unfunded accrued actuarial liability of the Miscellaneous and Safety plans through the California Public Employees' Retirement System. The City also prepaid the unfunded liability owed to Contra Costa County Employees Retirement Association (CCCERA) which amounted to $12,700,000 as of June 30, 2006. The Bonds are issued as current interest bonds and capital interest bonds where the current interest is payable annually on July 1, and the capital appreciation bonds will accrete interest from the date of issuance and will be payable only upon maturity or redemption. The bonds are payable from any form of taxation. Annual principal and interest payments on the bonds are expected to require less than 3% percent of city-wide revenues. The total principal and interest remaining to be paid on the bonds is $64,275,565. For the current year, principal and interest paid were $1,930,087 and city-wide revenues were $61,485,010.

NOTE 7 - LONG TERM DEBT (Continued)

The annual debt service requirements to mature the Series 2006 Pension Obligation Bonds outstanding at June 30, 2013, were as follows:

Year Ending June 30,	Principal	Interest	Total
2014	$ 450,000	$ 1,531,228	$ 1,981,228
2015	530,000	1,502,886	2,032,886
2016	1,280,275	1,479,171	2,759,446
2017	1,272,395	1,461,241	2,733,636
2018	1,269,004	1,440,996	2,710,000
2019-2023	6,512,067	6,809,020	13,321,087
2024-2028	6,662,250	5,890,830	12,553,080
2029-2033	8,860,065	4,754,824	13,614,889
2034-2035	11,515,000	1,054,313	12,569,313
Total	$ 38,351,056	$ 25,924,509	$ 64,275,565

Capital Lease for Governmental Activities

On November 2, 2012, the City entered into a four-year tax-exempt lease agreement for a total principal cost of $310,572 with Key Government Finance, Inc., the proceeds of which were used to upgrade the telephone voice over internet protocol (VOIP) system. The interest rate on the capital lease is 2.820% and principal and interest payments are due annually, commencing November 2, 2012, maturing on November 2, 2016. As of June 30, 2013, the outstanding principal balance on the lease was $139,171.

The annual debt service requirements to mature the lease outstanding at June 30, 2013, are as follows:

Year Ending June 30,	Principal	Interest	Totals
2014	$ 33,355	$ 3,924	$ 37,279
2015	34,295	2,984	37,279
2016	35,263	2,016	37,279
2017	36,258	1,021	37,279
Totals	139,171	$ 9,945	$ 149,116

NOTE 7 - LONG TERM DEBT (Continued)

Business-Type Activities

The following is a summary of long-term debt transactions of the business-type activities for the year ended June 30, 2013:

Description	Original Issue Amount	Beginning Balance July 1, 2012	Retirements	Ending Balance June 30, 2013	Amounts Due Within One Year	Amounts Due in More Than One Year
Business-Type Activities:						
2004 Waste Water Revenue Bonds	$ 11,950,000	$ 7,420,000	$ 620,000	$ 6,800,000	$ 640,000	$ 6,160,000
2008A Water Revenue Refunding Bonds	38,395,000	34,580,000	960,000	33,620,000	1,010,000	32,610,000
Total Business-Type Activities		$ 42,000,000	$ 1,580,000	$ 40,420,000	$ 1,650,000	$ 38,770,000

<u>*2004 Wastewater Revenue Bonds*</u>

2004 Wastewater Revenue Bonds (2004 Wastewater) outstanding at June 30, 2013 amounted to $6,800,000. In March 2004, the City of Pittsburg Financing Authority (Authority) issued $11,950,000 of Wastewater Revenue Refunding Bonds, Series 2004. The bonds bear interest rates from 2.00%-4.25% with interest payments made semi-annually on June 1 and December 1 commencing June 1, 2004 through June 1, 2022. The Bonds are payable solely from Net Wastewater Revenues. Annual principal and interest payments on the bonds are expected to require less than 24% percent of net revenues. The total principal and interest remaining to be paid on the bonds is $8,271,352. For the current year, principal and interest paid were $908,272 and wastewater net operating revenues were $3,132,885 The Bonds were issued to refund the $11,545,000 outstanding balance of the 1994 Wastewater Revenue Refunding Bonds. The defeased 1994 Bonds were called on June 1, 2004.

The annual debt service requirements to mature the 2004 Bonds outstanding at June 30, 2013, were as follows:

Year Ending June 30,	Principal	Interest	Total
2014	$ 640,000	$ 271,440	$ 911,440
2015	670,000	249,040	919,040
2016	695,000	224,586	919,586
2017	725,000	198,176	923,176
2018	750,000	169,900	919,900
2019-2022	3,320,000	358,210	3,678,210
Total	$ 6,800,000	$ 1,471,352	$ 8,271,352

NOTE 7 - LONG TERM DEBT (Continued)

2008 Water Revenue Refunding Bonds

On May 8, 2008, the City issued $38,395,000 of Series 2008 Water Revenue Refunding Bonds with multi-model interest modes, to refund, on a current basis, 2005 Water Revenue Bonds, to fund a debt service reserve account with respect to the 2008 Bonds and to pay certain costs of issuance of the 2008 Bonds. The bonds are authorized to be issued in a Weekly Interest Rate Period, a Daily Interest Rate Period, a Long-Term Interest Rate Period, an Index Interest Period or an Auction Rate Bond Interest Rate Period. A portion of the proceeds from the 2008 Bonds was placed in an irrevocable trust to provide for all future debt service payments on the defeased 2005 Bonds. As of June 30, 2013, $33,620,000 of principal remained outstanding on the 2008 Bonds. The Bonds are payable solely from Water System revenues. Annual principal and interest payments on the bonds are expected to require less than 13% percent of net revenues. The total principal and interest remaining to be paid on the bonds is $54,207,993. For the current year, principal and interest paid were $2,123,585 and Water System net operating revenues were $5,730,584.

In connection with the issuance of the 2005 Water Revenue Bonds, the City entered into a pay-fixed, receive-variable interest rate swap agreement for the purpose of protecting against the potential of rising interest rates associated with the 2005 Water Revenue Bonds. The 2005 Swap agreement remained with 2008 Water Revenue Refunding Bonds and the terms, fair value and credit risk are disclosed in the Interest Rate Swap Agreements section.

The annual debt service requirements to mature the 2008 Bonds outstanding at June 30, 2013, were as follows:

Year Ending June 30,	Principal	Interest	Remarketing & LOC Fees	Total
2014	$ 1,010,000	$ 1,232,441	$ 378,385	$ 2,620,826
2015	1,035,000	1,172,752	367,013	2,574,765
2016	1,090,000	1,134,433	356,245	2,580,678
2017	1,140,000	1,094,170	343,083	2,577,253
2018	1,165,000	1,055,146	330,248	2,550,394
2019-2023	6,575,000	4,622,854	1,443,961	12,641,815
2024-2028	7,850,000	3,339,156	1,045,919	12,235,075
2029-2033	9,450,000	1,806,343	569,367	11,825,710
2034-2035	4,305,000	223,708	72,769	4,601,477
Total	$ 33,620,000	$ 15,681,003	$ 4,906,990	$ 54,207,993

NOTE 7 - LONG TERM DEBT (Continued)

Interest Rate Swap Agreements

The 2008 Water Revenue Bonds were issued as variable rate bonds, with interest calculated daily. The rate fluctuates according to market conditions. In order to protect against the potential of rising interest rates associated with the Bonds, the City entered into a pay-fixed, receive-variable interest rate swap. The terms, fair value and credit risk of the swap agreement are disclosed below.

Terms. The terms, including the counterparty credit ratings of the outstanding swap, as of June 30, 2013 are included below. The City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds.

Associated Bonds	2008 Water Revenue Bonds
City Pays	3.615%
City Receives	63% of 1 month USD-LIBOR + .30%
Maturity Date	5/25/2035
Initial Notional	$38,850,000
Bank Counterparty	Piper Jaffray Financial Products Inc. with a Guarantee from Morgan Stanley Capital Services
Credit Rating by Moody's / Fitch / S&P	Baa1/ A / A-
Total Value	($3,762,848)

On December 15, 2005, the City elected to enter into a 63% of 1-month LIBOR plus 30 basis points (0.30%) floating-to-fixed interest rate swap to hedge the issuance of $38,850,000 of variable-rate Series 2005 Water Bonds. The Series 2005 Water Bonds were refunded by the variable rate Series 2008 Water Bonds. The combination of variable rate bonds and a floating-to-fixed swap creates synthetic fixed-rate debt for the City. The transaction allowed the City to create a synthetic fixed rate on the Bonds, protecting the City against increases in short-term interest rates.

Fair value. The City's swap had a negative fair value of $3,762,848 for the 2008 Water Revenue Bonds. This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and any upfront payments that may have been received. The fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

NOTE 7 - LONG TERM DEBT (Continued)

Credit risk. As of June 30, 2013, the City was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, if interest rates rise and the fair value of the swap were to become positive, the City would be exposed to credit risk in the amount of the fair value on the swap. The swap counterparty is Piper Jaffray Financial Products, Inc. who is guaranteed by Morgan Stanley Capital Services, Inc. (MSCS), the guarantor for the counterparty is rated A2/A/A by Moody's, Standard & Poor's and Fitch, respectively. The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated at a time when the swap has a positive fair value.

The swap agreement contains a collateral agreement with MSCS which guarantees Piper Jaffray. The swap requires collateralization of the fair value of the swap should the MSCS credit rating fall below the applicable thresholds.

Basis risk. Basis risk is the risk that the interest rate paid by the City on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. The City bears basis risk on its swap. The Swap has basis risk since the City receive a percentage of LIBOR to offset the actual variable bond rate the City pay on its bonds. The City are exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the City pay on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

The financial credit crisis triggered by the sub-prime mortgage crisis, which began in 2007, resulted in a lack of liquidity for the City's 2008 Water Revenue Bonds leading to rate dislocation and unanticipated increase in interest rate expense. Prior to December of 2007, the basis difference is relatively small; the basis difference increased drastically between December of 2007 and November 2008. As the financial markets improved in early 2009, the basis difference narrowed significantly on both of the bonds. The exception has been the City's 2008 Water Revenue Bonds between May 2010 and February 2011. The City's bonds were backed by a direct-pay letter-of-credit (LOC) from Allied Irish Bank (AIB). In response to the European debt crisis, and consequently investors' declining confidence in the financial health of the bank, these bonds traded at much higher rates. In February 2011, the City replaced the LOC provided by AIB with an LOC provided by Bank of the West which reduced the basis difference.

Tax risk. Tax risk is a specific type of basis risk. Tax risk is a permanent mismatch between the interest rate paid on the City's underlying variable-rate bonds and the rate received on the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds, e.g. a tax cut that results in an increase in the ratio of tax-exempt to taxable yields. The City is receiving 63% of 1-month LIBOR (a taxable index) plus 30 basis points on the swap and would experience a shortfall relative to the rate paid on its bonds if marginal income tax rates decrease relative to expected levels, thus increasing the overall cost of its synthetic fixed rate debt.

NOTE 7 - LONG TERM DEBT (Continued)

Termination risk. The City or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the respective contracts. If any of the swaps are terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. If at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

NOTE 8 - SPECIAL ASSESSMENT DISTRICT DEBT WITHOUT CITY COMMITMENT

The City has sponsored special assessment debt issues under which it has no legal or moral liability with respect to repayment of the debt and therefore does not include this debt in the City's Governmental Activities. The activity for those issues for the year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Retirements	Balance June 30, 2013
2001-03 Century Plaza A.D. Bonds	$ 3,745,000	$ 100,000	$ 3,645,000
2005 Vista Del Mar A.D. Bonds	10,905,000	265,000	10,640,000
2011 Pittsburg IFA Bonds	17,840,000	950,000	16,890,000
Total	$ 32,490,000	$ 1,315,000	$ 31,175,000

2001-03 Century Plaza Assessment District Bonds – 2001-03 Limited Obligation Improvement Assessment District Bonds (Century Plaza Bonds) outstanding at June 30, 2013, amounted to $3,645,000. The Century Plaza Bonds bear interest rates between 2.40% and 5.88% with interest payments made semi-annually on March 2 and September 2. The Century Plaza Bonds are to be paid from annual assessment installments. Proceeds from the Century Plaza Bonds were used to finance the construction and acquisition of certain public improvements within the City's Assessment District No. 2001-03.

2005 Vista Del Mar Assessment District Bonds – In October 2005, the City of Pittsburg sponsored $12,115,000 of 2005 Community Facilities District Bonds (Vista Del Mar). The Vista Del Mar Bonds bear interest rates between 3.00% and 5.00% with interest payments made annual on September 1. The Vista Del Mar Bonds are to be paid from special taxes which are levied by the City on taxable real property within the boundaries of the District. Proceeds from the Vista Del Mar Bonds will be used to finance certain public infrastructure improvements within the City's Community Facilities District No. 2005-2. The outstanding balance at June 30, 2013 amounted to $10,640,000.

2011 Pittsburg Infrastructure Financing Authority Bonds - In August 2011, the City refinanced the 1998 Marina Walk Assessment District Bonds, 1998 Pittsburg Infrastructure Financing Authority Bonds, 2001-01 San Marco Assessment District Bonds and 2001-02 Oak Hills South Assessment District Bonds. These Districts were consolidated into one Reassessment District No. 2011-1. The true interest cost of the refunded bonds is 4.5%. The outstanding balance at June 30, 2013 amounted to $16,890,000.

NOTE 9 - NET POSITION AND FUND BALANCES

Net Position is measured on the full accrual basis while Fund Balance is measured on the modified accrual basis.

A. Net Position

Net Position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

In the Government-Wide Financial Statements, net positions are classified in the following categories.

Net Investment in Capital Assets, describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

Unrestricted describes the portion of Net Position which is not restricted to use.

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions,* which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

Committed fund balances have constraints imposed by formal action of the City Council through City Resolution, which may be altered only by formal action (Resolution) of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed through City Resolution, Ordinance, or through language in the adopted budget, by the City Council or its designee (City Manager for items from $75,000 to $150,000 and Department Heads for items below $75,000) and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; Nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

To comply with GASB 54 requirements, the Budget Stabilization and Economic Development activities are consolidated within the General Fund. The following table provides details of the General Fund's fund balance at June 30, 2013:

Fund/Activity	Nonspendable	Assigned	Unassigned	Total
General	$ 3,054,208	$ 146,295	$ 4,614,402	$ 7,814,905
Budget stabilization	-	-	8,930,349	8,930,349
Economic development	-	1,428,437	-	1,428,437
Total	$ 3,054,208	$ 1,574,732	$ 13,544,751	$ 18,173,691

Budget Stabilization Arrangement

City Council adopted a Resolution establishing a Budget Stabilization reserve for the City's General Fund and requires the City to deposit year-end surpluses into it. The funds can only be used to help balance future budgets when the deficit is caused by revenue shortfalls. As of June 30, 2013, the General Fund Reserve for Budget Stabilization, which is reported within the unassigned fund balance of the General Fund, had a balance of $8,930,349.

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2013, are listed below:

Fund Balance Classifications	General Fund	Housing Authority (Section 8)	Successor Agency Housing	Community Capital Improvement	Other Governmental Funds	Total
Nonspendables:						
Items not in spendable form:						
Deposits for Land	$ 15,000	$ -	$ -	$ -	$ 579,648	$ 594,648
Loans and Notes Receivable	2,934,975	-	-	-	-	2,934,975
Inventory	98,213	1,374	-	-	227,633	327,220
Prepaid Items & Other Assets	6,020	-	-	-	14,348	$20,368
Total Nonspendable Fund Balances	3,054,208	1,374	-	-	821,629	3,877,211
Restricted for:						-
Special Revenue	-	-	-	-	6,846,236	6,846,236
Debt Service	-	-	-	-	1,680,220	1,680,220
Low Income Housing	-	779,895	323,581	-		1,103,476
Capital Projects	-	-	-	-	12,341,011	12,341,011
Total Restricted Fund Balances	-	779,895	323,581	-	20,867,467	21,970,943
Committed to:						
Capital Improvement	-	-	-	407,735	2,392,356	2,800,091
Field Replacement	-	-	-	-	201,070	201,070
Public Education	-	-	-	-	227,187	227,187
Total Committed Fund Balances	-	-	-	407,735	2,820,613	3,228,348
Assigned to:						
Encumbrances (PO's)	361,153	-	-	-	123,046	484,199
Reserved for Police Buys	1,220	-	-	-	-	1,220
Reserved for Leisure Service	6,656	-	-	-	-	6,656
Payroll Imprest Fund Balance	22,662	-	-	-	-	22,662
For Economic Development	1,183,041	-	-	-	-	1,183,041
Public Safety	-	-	-	-	97,949	97,949
Total Assigned Fund Balances	1,574,732	-	-	-	220,995	1,795,727
Unassigned:						
General	4,614,402	-	-	-	-	4,614,402
Stabilization Arrangements	8,930,349	-	-	-	-	8,930,349
Other Governmental Fund Deficits	-	-	-	-	(677,255)	(677,255)
Total Unassigned Fund Balances	13,544,751	-	-	-	(677,255)	12,867,496
Total Fund Balances	$ 18,173,691	$ 781,269	$ 323,581	$ 407,735	$ 24,053,449	$ 43,739,725

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

C. Deficit Fund Balance/Net Position

At June 30, 2013, the Small Cities Grant Special Revenue Fund had a deficit fund balance $122,323. The deficit will be reduced with CDBG loan pay offs and as cash becomes available.

At June 30, 2013, the Energy Efficiency & Conservation (EECBG) Special Revenue Fund had a deficit fund balance of $458,195 due to the timing difference on the loan funding. The deficit is temporary and will be eliminated when the loan is received.

At June 30, 2013, the Park Maintenance CFD 2007-1 Special Revenue Fund had a deficit fund balance of $127,652. The deficit will be reduced with future years' assessment revenues.

D. Restricted Net Position for Special Projects and Programs

At June 30, 2013, the City has the following restricted net position for special projects and programs approved by Resolution 13-12018:

Measure C Fund	$ 29,500
Gas Tax Fund	1,244,697
Traffic Congestion Fund	152,425
NPDES Fund	74,189
Local Traffic Mitigation Fund	564,757
Park Dedication Fund	3,476,969
City Capital Improvement Project Fund	301,938
Kirker Creek Drainage Fund	49,085
Community Capital Improvement Fund	3,569,717
Regional Traffic Mitigation Fund	807,687
	$ 10,270,964

NOTE 10 - RISK MANAGEMENT

A. General Liability Insurance

The City is self-insured for the first $25,000 of each loss and maintains excess liability insurance through Municipal Pooling Authority (MPA). The City is not insured for liability occurrences over $29,000,000 per occurrence.

B. Workers' Compensation

The City maintains statutory excess workers' compensation insurance through MPA, and is insured for an individual accident resulting in claims up to statutory limits. The City is not self-insured for any initial portion of a claim but is self-insured for claims exceeding statutory limits.

NOTE 10 - RISK MANAGEMENT (Continued)

C. Estimated Reserves for Claims

Municipalities are required to record their liability for uninsured claims and to reflect the current portion of this liability as expenditure in their financial statements. As discussed below, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion, of these claims.

The City reports all claims as a current liability based on historical results. The City's liability for uninsured claims, based on claims history, was computed as follows and is recorded in the Insurance Internal Service Fund:

For the Years Ended June 30,	Claims Payable July 1	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
2009	$ 255,713	$ 41,742	$ (88,685)	$ 208,770
2010	208,770	(95,076)	(29,519)	84,175
2011	84,175	69,494	-	153,669
2012	153,669	(27,629)	(8,327)	117,713
2013	117,713	47,199	(36,027)	128,885

The Enterprise Fund liability was the residual from Water Bond Rebate Liability (Arbitrage).

For the Years Ended June 30,	Claims Payable July 1	Fiscal Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
2012	$ 24,480	-	-	$ 24,480
2013	24,480	24,480	-	-

D. Purchased Insurance

MPA provides additional coverage for the following risks incurred by the City:

Coverage Type	Deductible	Coverage Limits
All Risk Fire and Property	$ 25,000	$ 1,000,000,000
Boiler and Machinery	5,000	100,000,000
All Vehicles (Physical Damage)	2,000	250,000
Police Vehicles (Physical Damage)	3,000	250,000
Workers' Compensation	None	Statutory Limits
Liability	25,000	29,000,000
Cyber Liability	50,000	2,000,000
Public Entity Pollution	100,000	1,000,000

MPA is governed by a Board consisting of representatives from member municipalities.

NOTE 10 - RISK MANAGEMENT (Continued)

The Board controls the operations of MPA, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's deposits with MPA are in accordance with formulas established by MPA. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements can be obtained from Municipal Pooling Authority at 1911 San Miguel Drive #200, Walnut Creek, CA 94596-5332.

E. Adequacy of Protection

During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

NOTE 11 - DEFINED BENEFIT PENSION PLAN

A. CalPERS Safety and Miscellaneous Plans

All qualified permanent and probationary employees are eligible to participate in pension plans offered by the California Public Employees' Retirement System (CalPERS).

Plan Description – The miscellaneous employees of the City are part of an agent multiple-employer defined benefit pension plan. The safety employees are part of a cost-sharing multiple–employer defined benefit plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and 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 their executive office at 400 P Street, Sacramento, CA 95814.

Funding Policy – The Plan's provisions and benefits in effect at June 30, 2013, are summarized as follows:

	Miscellaneous	Safety	Miscellaneous Tier II	Safety Tier II
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefits payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	62	57
Monthly benefits, as % of annual salary	1.426-2.418%	3%	2%	2.7%
Required employee contribution rate	7%	9%	6.25%	11.5%
Required employer contribution rate	12.871%	27.349%	12.871%	20.05%

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

Assembly Bill (AB) 340 pension reform created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and the final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member under PEPRA. This created a second tier for the City's pension plan.

The Plans are funded by contributions from both the City and its employees. However, certain labor contracts require the City to also pay employee contributions. See the Required Supplementary Information for the Schedule of Funding Progress.

<u>Annual Pension Cost</u> – For 2012-2013, the City's annual pension cost of $4,594,142 for CalPERS 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 salary increases ranging from 3.30% to 14.20% for miscellaneous employees and from 3.30% to 14.20% for safety employees depending on age, service, and type of employment, and (c) 2% per year cost of living adjustments. Both (a) and (b) included an inflation component of 2.75%. 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 three-year period. CalPERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payrolls on a closed basis. The average remaining amortization period at June 30, 2012, was 27 years for miscellaneous and 21 years for safety employees for prior and current service unfunded liability.

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	$ 4,506,266	100%	-
6/30/2012	4,678,569	100%	-
6/30/2013	4,594,142	100%	-

On June 15, 2006, the City, issued $39,566,056 of Series 2006 Taxable Pension Obligation Bonds to prepay the City's unfunded CalPERS accrued actuarial liability of $25,977,758 as determined in certified actuarial calculations as of June 2004.

As required by State law, effective July 1, 2005, the City's Safety Plan was terminated, and the employees in the plan were required by CalPERS to join a new State-wide pool. One of the conditions of entry was that the City true-up any unfunded liabilities or overfunded assets in the former Plan, either by paying cash or by increasing or decreasing its future contribution rates through a Side Fund offered by CalPERS. The City satisfied its Safety Plan's unfunded liability of $11,341,333 by agreeing to contribute that amount to the Side Fund through an addition to its normal contribution rates over the next twenty years.

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

B. Funding Status as of the Most Recent Actuarial Date

The City contributes to the California Public Employees' Retirement System (CalPERS), as an agent multiple – employer public employee defined benefit pension plan. The amounts reflected herein represent the City's portion as reported by CalPERS.

Miscellaneous Plan:

Actuarial Valuation Date	Actuarial Asset Value (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Covered Payroll	Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (C/E)
6/30/2009	$ 45,834,714	$ 51,599,039	$5,764,325	88.83%	$ 14,386,852	40.1%
6/30/2010	49,123,779	56,515,918	7,392,139	86.92%	13,205,117	56.0%
6/30/2011*	52,512,073	60,051,999	7,539,926	87.44%	12,601,426	59.8%

*Latest information available.

Safety Plan

The City retirement plan for safety employees is a part of the CalPERS risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of the funding progress for the City's safety employees is no longer available.

Safety Plan:

Actuarial Valuation Date	Actuarial Asset Value (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Covered Payroll	Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (C/E)
6/30/2009	$ 8,027,158,724	$ 9,721,675,347	$1,694,516,623	82.57%	$ 973,814,168	174.0%
6/30/2010	8,470,235,152	10,165,475,166	1,695,240,014	83.32%	955,980,815	177.3%
6/30/2011*	9,135,654,246	10,951,745,049	1,816,090,803	83.42%	949,833,090	191.2%

*Latest information available.

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

C. Contra Costa County Employees' Retirement Association

Between July 1, 1973 and June 30, 2001, the City provided retirement benefits to its employee groups by contracting with the Contra Costa County Employees' Retirement Association (CCCERA). The City of Pittsburg converted to the CalPERS retirement system effective July 1, 2001 and entered into a Termination Withdrawal Agreement with CCCERA that resulted in the following consequences: CCCERA retained the obligation to provide future benefits to the City's past retirees and vested members that had left the City's employment prior to July 1, 2001.

The City would provide CalPERS retirement benefits for its then current and future employees. The Termination Withdrawal Agreement stated that as of June 30, 2001, the City accrued liability and allocated assets was determined at $31,483,218. The Termination Withdrawal Agreement also stated that due to market fluctuation and the uncertainty with other actuarial assumptions, the unfunded accrued liability will be recomputed every three years as CCCERA's triennial experience studies are completed. In addition, CCCERA is required to annually submit to the City a cash accounting update of the City of Pittsburg Bookkeeping Asset Account. If the ratio of the balance of the City's Bookkeeping Asset Account to its triennial updated termination unfunded liability is below 95% or exceeds 105%, the resulting obligation (if not paid in full) or surplus, will be amortized as a level amount over 15 years at a 7.75% annual interest rate.

In January 2006, the City received correspondence from CCCERA indicating that the City had an updated unfunded liability of $11,902,898 that had been re-determined as of December 31, 2003. In June 2006, the City issued Pension Obligation bonds for a total amount of $39,566,055; upon completion of this transaction the City utilized these bond proceeds to prepay the unfunded liability owed to CCCERA which amounted to $12,700,000 as of June 30, 2006. The balance of bond funds in the amount of $25,977,758 was used to prepay the City's unfunded accrued liability for both the miscellaneous and safety plans to the Public Employees Retirement System (PERS).

Almost a year later the City received a letter from CCCERA dated August 23, 2007, providing the December 31, 2006 withdrawal liability update. In summary, the update reported the funding ratio of the present value of benefits ($47.9 million) to allocated market assets ($45.4 million) as 94.8%. The August 23, 2007 letter stated that since this ratio is below 95% this triggers a lump sum payment as of December 31, 2006 for $2,505,433 plus interest at the rate of 7.8% to date of payment or an annual payment of $289,144 to be amortized over 15 years starting with the first payment due on December 31, 2007.

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

In December of 2010, CCCERA sent a letter to the City regarding the triennial update of the City of Pittsburg's withdrawal liability as of December 31, 2009. The City of Pittsburg's unfunded termination liability of $15,877,533 was calculated by The Segal Company, which would result in an annual payment of $1,826,746 or approximately $1.5 million more than CCCERA' s previous 2006 calculated annual payment of $289,144. In response to CCCERA's December 2010 calculated triennial update of the City's withdrawal liability, the City worked with CCCERA to amend the City's Termination Agreement to (1) allow the calculation be prepared on an Actuarial rather than Market value of assets basis, and (2) create an 18-month lag between the valuation date and the date the contribution is due which lowered the December 31, 2009 unfunded obligation from $15.9 million to $9.9 million.

In addition, the City borrowed $3.8 million from the City's Water Fund balance at the LAIF annual interest rate to repay a portion of the City's CCCERA unfunded liability and used $1,980,096 of various fund balances to help reduce the City's CCCERA unfunded liability. Thus, through FY 2012-13, the City reduced its CCCERA unfunded liability by $5,780,096 leaving $4.1 million to be repaid over 15 years at the 7.75% annual interest rate.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description. The City of Pittsburg Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the City. The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City, its management employees, and unions representing City employees.

The City allows eligible retirees to continue in the City medical plans, currently Kaiser and Health Net. The City contributes up to a percentage of the single or dual Kaiser Retiree premium based on years of City service. No dental, vision, or life insurance benefits are provided.

Funding Policy. There is no statutory requirement for the City to prefund its OPEB obligation. The City has currently chosen to pay plan benefits on a pay-as-you-go basis. There are no employee contributions.

For fiscal year 2012-2013, the City paid $1,439,936 for retiree healthcare plan benefits, including $1,235,936 in premium payments for retirees and $204,000 for implied subsidies.

The City allows retirees to participate in the same City medical plans (Kaiser and Health Net) as active employees. For the Kaiser medical plan, retiree premium rates are the same as the active premiums. Because this premium rate is a "blended" rate, retiree premiums payments are lower than what they would pay if the retirees were in a standalone medical plan, resulting in an implied subsidy for retirees under GASB Statement 45.

The Annual Required Contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC is equal to the normal cost plus a 30-year amortization of the unfunded actuarial liability.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation. The following table, based on the City's most recent actuarial valuation dated November 8, 2013, as of June 30, 2013, shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's Net OPEB obligation:

Annual Required Contribution	$ 5,577,000
Interest on net OPEB obligation	581,000
Adjustment to annual required contribution	(844,000)
Annual OPEB cost (expense)	5,314,000
Contribution (benefits payments)	(1,235,936)
Implied Subsidy Payments	(204,000)
Increase in net OPEB obligation	3,874,064
Net OPEB obligation - beginning of year	13,664,264
Net OPEB obligation - end of year	$ 17,538,328

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
June 30, 2011	$ 3,682,000	27.4%	$ 10,953,551
June 30, 2012	3,874,000	30.0%	13,664,264
June 30, 2013	5,314,000	23.3%	17,538,328

Funded Status and Funding Progress. The funded status of the plan as of January 1, 2011, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$ 46,094,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 46,094,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Projected covered payroll (active Plan members)	$ 17,985,000
UAAL as a percentage of covered payroll	256.3%

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are consistent with the long-term perspective of the calculations.

In the June 30, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5.00% investment rate of return (net of administrative expenses), and a 3% general inflation assumption. Premiums were assumed to increase with a Non-Medicare medical cost increase rate of 8.0% for 2015 and grading down to 5.0% for 2021 and thereafter. The Medicare premiums were assumed to increase at a rate of 8.3% and grading down to 5.0% for 2021 and thereafter. The initial UAAL was amortized as a level percentage of projected payrolls over a fixed 30-year period from 6/30/10 and will be amortized as a level dollar amortization over a 27 year period from 6/30/13.

Schedule of Funding Progress
Postemployment Healthcare Plan

Actuarial Valuation Date	Actuarial Asset Value (A)	Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/2009	$ -	$ 37,383,000	$ 37,383,000	0%	$ 18,792,000	198.9%
1/1/2011	-	49,439,000	49,439,000	0%	17,911,000	276.0%
6/30/2013	-	46,094,000	46,094,000	0%	17,985,000	256.3%

NOTE 13 - COMMITMENTS AND CONTINGENCIES

A. Grants from Other Governments

The City participates in a number of Federal, State, and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government. As of June 30, 2013, some amounts of grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the City.

B. Litigation

The City is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty.

C. Pass-Through Agreements

The Agency has agreements with the County of Contra Costa, College District, Education Office, Fire District, Flood Control District, County Library District, East Bay Regional Parks District, Mosquito Abatement District, Antioch Unified School District and Pittsburg Unified School District which requires it to pass through a portion of its property tax increment to these agencies.

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

D. Construction Commitments

As of June 30, 2013 the City has construction commitments to various capital projects as shown in the table below:

Project		Amount
Citywide Sewer Rehabilitation/Water & Sewer Conversion	$	2,396,730
Ambrose Park Master Plan & Improvements		1,806,175
Other Construction Commitments		1,357,205
Old Town Park		1,250,000
Citywide Pavement Management Project		1,244,697
Island Energy Main Substation "H" Refurbishment		1,015,487
James Donlon Extension Project		807,687
Seismic Retrofit Bridge		800,649
Pavement Rehabilitation/North Parkside Improvements		737,267
Loveridge Road Waterline Project		730,013
Water Treatment Plant Sludge Handling Facility		636,013
Bailey Road Widening/Streetscape Improvements		599,152
Mare Island Residential Units - Gas Electric Meters		505,213
Sewer Replacement Program		492,127
Railroad Avenue Building Improvements		445,008
California Theatre - Phase I		418,413
California Avenue Widening - Phase I (North Side)		399,187
IE Facility Relocation Project		335,747
Central Harbor Dock/Shed Replacement		325,248
Library Improvements		321,124
Water Treatment Plant Sludge Removal		300,000
Concrete Reservoir Rehabilitation		290,078
WTP Sluice Gate Replacement		267,887
Railroad Avenue Pavement Rehab		245,030
Traffic Signal Install - 4 Locations		221,938
Hillview Reservoir Recoating		204,516
Water Main/Service/Valve Replacement Project		200,796
Rossmoor Well Replacement		194,153
Railroad Avenue Waterline Project		190,738
West Leland Reservoir Demolition		150,000
Convert Natural Gas Distribution System to 50 PSI		140,283
Highway 4 Trunk Line Relief		133,113
Small World Park New Features Project		125,392
South Island RA Switch Removal		124,402
Stoneman (John Henry Johnson) Park Improvements		123,474
Upgrade SCADA System		109,636
Mare Island Residential Units - Development Refund		106,356
Pavement Management Project		102,425
Capital Reinvestment Projects		100,708
Western Waterline Loop		100,000
Total Construction Commitments	$	20,054,067

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency. Activities of the Successor Agency are as follows:

A. Notes and Loans Receivable

The various rehabilitation and construction loans including deferred and accrued interest balance is $13,497,636 as of June 30, 2013. These loans have been made to individual homeowners, businesses and developers within the Redevelopment Project Area. The terms of these loans are specific to the borrower and interest rates, as well as usage and repayment requirements, vary according to the loan type. The following are descriptions of the various loans:

- Housing and rehabilitation loans are provided to homeowners who meet low and moderate income requirements as defined by the Department of Housing and Urban Development. These residential loans are available from $5,000 to $25,000 per property at a loan term of 3% simple interest for 10 years. The property will be rehabilitated to be free from health and safety violations upon completion of the rehabilitation program. The outstanding balance of these loan types as of June 30, 2013 was $385,901.

- In 2005, a long agreement was entered into with the Mt. Diablo Unified School District (District) in the amount of $6,178,936 for capital improvements. The funding was provided with the 2003A Bond proceeds. The District will repay the loan from school impact fees collected until the Agency is fully reimbursed or 35 years, whichever occurs first. The balance outstanding as of June 30, 2013 was $5,102,671.

- The remaining loans receivable of $8,009,064 as of June 30, 2013 represent a number of small business and property owner rehabilitation and construction loans to eliminate blight by assisting improvements and rehabilitation of properties that were vacant or underutilized.

B. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. The Agency's policy has set the capitalization threshold for general capital assets at $5,000 and infrastructure capital assets at $25,000 for reporting purposes. The Successor Agency has recorded all its public domain (infrastructure) capital assets, which include landscape, storm, street, and traffic systems.

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

Depreciation is provided using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Successor Agency has assigned the useful lives and capitalization thresholds listed below to capital assets.

Depreciation is recorded on a straight-line method over the useful lives of the assets as follows:

- Building and Improvements 30 - 45 years
- Machinery and Equipment 5 - 20 years
- Infrastructure 30 - 75 years

Capital Asset Additions, Retirements and Balances

	Balance at June 30, 2012	Additions	Balance at June 30, 2013
Capital assets not being depreciated:			
Land	$ 22,017,046	$ -	$ 22,017,046
Total capital assets not being depreciated	22,017,046	-	22,017,046
Capital assets being depreciated:			
Buildings and Improvements	1,919,494	-	1,919,494
Total capital assets being depreciated	1,919,494	-	1,919,494
Less accumulated depreciation for:			
Buildings and Improvements	(68,113)	(43,543)	(111,656)
Net capital assets being depreciated	1,851,381	(43,543)	1,807,838
Total capital assets, net	$ 23,868,427	$ (43,543)	$ 23,824,884

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

C. Long-Term Debt

The Successor Agency' long term debt activities for fiscal year ended June 30, 2013 are as follows:

Description	Original Issue Amount	Balance June 30, 2012	Retirements	Balance June 30, 2013	Amounts Due Within One Year	Amounts Due in More Than One Year
Tax Allocation Bonds						
1999 RDA Bonds	$ 30,106,357	$ 27,861,357	$ 660,000	$ 27,201,357	$ 695,000	$ 26,506,357
2002A RDA Refunding Bonds	59,970,000	18,475,000	4,270,000	14,205,000	4,495,000	9,710,000
2003A RDA Bonds	88,375,000	76,875,000	2,780,000	74,095,000	2,920,000	71,175,000
2004A RDA Housing Set-Aside Bonds	18,270,000	16,130,000	360,000	15,770,000	380,000	15,390,000
2004A RDA Subordinated Bonds	117,615,000	117,615,000	3,890,000	113,725,000	4,030,000	109,695,000
2006A RDA Housing Set-Aside Bonds	11,020,000	9,955,000	200,000	9,755,000	205,000	9,550,000
2006B RDA Subordinated Bonds	36,840,000	35,560,000	2,130,000	33,430,000	3,465,000	29,965,000
2006C RDA Subordinated Refunding Bonds	46,660,000	45,540,000	155,000	45,385,000	160,000	45,225,000
2008A RDA Subordinated Refunding Bonds	61,660,856	61,660,856	1,150,000	60,510,856	-	60,510,856
Sub-total		409,672,213	15,595,000	394,077,213	16,350,000	377,727,213
Unamortized Premium		3,536,719	442,090	3,094,629	442,090	2,652,539
Deferred amount on refunding on 2006C RDA		(3,436,769)	(149,425)	(3,287,344)	(149,425)	(3,137,919)
Total Successor Agency Debt		$ 409,772,163	$ 15,887,665	$ 393,884,498	$ 16,642,665	$ 377,241,833

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

1999 Redevelopment Agency Tax Allocation Bonds

1999 Redevelopment Agency Tax Allocation Bonds (1999 RDA Bonds) outstanding at June 30, 2013 amounted to $27,201,357. The bonds bear interest at rates between 4.1 % and 6.2% with interest payments made semi-annually on February 1 and August 1. The bonds mature on August 1 of each year. The proceeds of the bonds were used to provide money for certain public capital improvements located within the Agency's Project Area, to fund a reserve account, and to pay cost of issuance incurred in connection with the issuance. Annual principal and interest payments secured by the RDA property tax increment revenues are expected to require less than 20% from these revenues. The total principal and interest remaining to be paid on the bonds is $104,001,290. For FY 2012-13, principal and interest paid were $1,068,242. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues.

The annual debt service requirements to mature the 1999 RDA Bonds outstanding at June 30, 2013, were as follows:

Year Ending June 30,	Principal	Interest	Totals
2014	$ 695,000	$ 371,310	$ 1,066,310
2015	740,000	331,478	1,071,478
2016	790,000	288,243	1,078,243
2017	1,440,000	224,327	1,664,327
2018	1,525,000	138,703	1,663,703
2019-2023	8,270,886	20,930,575	29,201,461
2024-2028	9,262,074	35,338,781	44,600,855
2029-2031	4,478,397	19,176,516	23,654,913
Totals	$ 27,201,357	$ 76,799,933	$ 104,001,290

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

2002 Series A Redevelopment Agency Tax Allocation Refunding Bonds

2002 Series A Redevelopment Agency Tax Allocation Refunding Bonds (2002 RDA Bonds) outstanding at June 30, 2013 amounted to $14,205,000. The 2002A RDA Bonds bear interest at rates between 2.00% and 5.25% with interest payments made semi-annually on February 1 and August 1. The 2002A RDA Bonds mature annually from 2002 to 2015 on August 1 in amounts ranging from $3,690,000 to $4,980,000. Proceeds from the 2002A RDA Bonds were used to refund $58,460,000 of the Agency's 1992 Los Medanos Community Development Project, Tax Allocation Refunding Bonds and to pay costs of issuance incurred in connection with the issuance, sales and delivery of Series 2002A. Annual principal and interest payments secured by the RDA property tax increment revenues are expected to require less than 14% from these revenues. The total principal and interest remaining to be paid on the bonds is $15,349,107. For FY 2012-13, principal and interest paid were $5,127,850. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues.

The annual debt service requirements on the 2002A RDA Bonds outstanding at June 30, 2013, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	$ 4,495,000	$ 627,769	$ 5,122,769
2015	4,730,000	385,613	5,115,613
2016	4,980,000	130,725	5,110,725
2017	-	-	-
Total	$ 14,205,000	$ 1,144,107	$ 15,349,107

2003 Series A Redevelopment Agency Tax Allocation Bonds

2003 Series A Redevelopment Agency Tax Allocation Bonds (2003A RDA Bonds) outstanding at June 30, 2013 amounted to $74,095,000. The 2003A RDA Bonds bear interest at rates between 2.00% and 5.00% with interest payments made semi-annually on February 1 and August 1. The 2003A RDA Bonds mature annually from 2004 to 2029 on August 1 in amounts ranging from $5,000 to $8,815,000.

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

Proceeds from the 2003A RDA Bonds were used to fund redevelopment activities of benefit to the Agency's Los Medanos Redevelopment Project, to refund all of the Agency's outstanding Series 1993A Tax Allocation Refunding Bonds ($36,760,000), to fund a reserve account, to fund capitalized interest on a portion of the Series 2003A Bonds, and to pay costs of issuance incurred in connection with the issuance, sale and delivery of the Series 2003A Bonds. The Bonds were issued at a premium of $7,515,529 which is to be amortized over the life of the bond using straight-line method with an annual amortization of $442,090. The bonds are to be repaid from certain tax revenues and other funds as provided in certain resolutions of the Agency. Annual principal and interest payments secured by the RDA property tax increment revenues are expected to require less than 24% from these revenues. The total principal and interest remaining to be paid on the bonds is $100,581,312. For FY 2012-13, principal and interest paid $6,500,800. The issuance of Redevelopment Agency 2008A Subordinate Tax Allocation Refunding Bonds paid a partial early payment of $4,365,000 in 2008 to principal. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County’s Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues.

The annual debt service requirements on the 2003A RDA Bonds outstanding at June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	$ 2,920,000	$ 3,578,300	$ 6,498,300
2015	3,060,000	3,428,800	6,488,800
2016	3,200,000	3,272,300	6,472,300
2017	7,995,000	2,992,425	10,987,425
2018	8,395,000	2,582,675	10,977,675
2019-2023	30,270,000	7,544,906	37,814,906
2024-2028	12,870,000	2,828,149	15,698,149
2029-2031	5,385,000	258,757	5,643,757
Total	$ 74,095,000	$ 26,486,312	$ 100,581,312

2004 Series A Housing Set Aside Redevelopment Agency Tax Allocation Bonds

2004 Series A Housing Set Aside Tax Allocation Bonds Series (2004A HSA bonds) outstanding at June 30, 2013 amounted to $15,770,000. The Bonds bear interest rates from 3.750%-5.620% with interest payments made semi-annually on February 1 and August 1 each year commencing August 1, 2005 through August 1, 2035. The Bonds were issued to fund the low and moderate income housing within the Agency's Los Medanos Community Development Project Area, to fund a reserve account, and to pay costs of issuance incurred in connection with issuance, sale and delivery of the Series 2004A HSA bonds.

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

Annual principal and interest payments secured by the mandated 20% set-aside of RDA property tax increment revenues in the Los Medanos II and III Areas are expected to require less than 37% from these revenues. The total principal and interest remaining to be paid on the bonds is $27,570,182. For FY 2012-13, principal and interest paid were $1,231,508. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues.

The annual debt service requirements on the 2004A HSA RDA Bonds outstanding at June 30, 2013, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	$ 380,000	$ 853,452	$ 1,233,452
2015	395,000	834,542	1,229,542
2016	415,000	814,218	1,229,218
2017	440,000	792,202	1,232,202
2018	460,000	769,027	1,229,027
2019-2023	2,695,000	3,437,671	6,132,671
2024-2028	3,515,000	2,599,429	6,114,429
2029-2033	4,595,000	1,481,163	6,076,163
2034-2037	2,875,000	218,478	3,093,478
Total	$ 15,770,000	$ 11,800,182	$ 27,570,182

2004 Series A Redevelopment Agency Subordinate Tax Allocation Bonds

2004 Series A Redevelopment Agency Subordinate Tax Allocation Bonds (2004 A Bonds) outstanding at June 30, 2013 amounted to $113,725,000. The bonds are repayable from Redevelopment Agency tax revenues. Principal payments are due annually on September 1, commencing in 2012. Proceeds from the 2004A Bonds were to be used to fund redevelopment activities of benefit to the Agency's Los Medanos Redevelopment Project, to refund, on an advance basis, a portion of the Agency's outstanding Series 1996 Subordinate Tax Allocation bonds (now retired), to fund capitalized interest on a portion of the 2004A Bonds through September 2007, to fund a reserve account, and to pay costs of issuance incurred in connection with issuance, sale and delivery of the 2004A Bonds. A portion of the proceeds from the 2004A Bonds was placed in an irrevocable trust to provide for all future debt service payments on the defeased 1996 Bonds. As of June 30, 2008, $20,000,000 of principal remained outstanding on the defeased 1996 bonds. Annual principal and interest payments secured by the RDA property tax increment revenues are expected to require less than 19% from these revenues. The total principal and interest remaining to be paid on the bonds is $114,607,322. For FY 2012-13, total principal and interest paid were $4,042,785.

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

The 2004A Bonds were issued as variable rate bonds, with interest calculated daily. The rate fluctuates according to market conditions. In order to protect against the potential of rising interest rates associated with the 2004A Bonds, the Agency entered into a pay-fixed, receive-variable interest rate swap. The actual variable interest rate can be more or less than 0.5%. For the past year, the rate has fluctuated between 0.15% to 0.2%. The terms, fair value and credit risk of the swap agreement are disclosed in Interest Rate Swap Agreements section. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues.

In March 2011, the Agency and LOC providers, State Street Bank and CalSTRS, renewed the Letter of Credit ("LOC") for the 2004A bonds. The agreement included a provision that the LOC fees would increase by 75 basis points from 2.00% to 2.75% of the outstanding principal in the event the underlying rating on the 2004A bonds dropped below BB+. In August 2012, Fitch reduced the underlying rating on the 2004A bonds to BB-. As a result of the rating decrease, in fiscal year 2012-13, the LOC fee increased by $782,961. Because Tax Increment growth has been stagnant, the LOC providers agreed to defer charging the increased LOC fee until December 29, 2014. The Agency will owe $782,961 associated with the fiscal year 2012-13 LOC deferred fee increase. In addition, if the underlying rating on the bonds does not improve, the increased LOC fee of 2.75% will continue until such time as the rating improves. The debt service table below includes the LOC fee at 2.75% for fiscal years 2012-13 through 2014-15 based on the expectation that Fitch will improve the underlying rating on the 2004A bonds within three years as a result of Tax Increment projected to improve.

The annual debt service requirements on the 2004A Bonds outstanding at June 30, 2013, are as follows:

Year Ending June 30,	Principal	Interest	Remarketing & LOC Fees	Total
2014	$4,030,000	$4,036,100	$3,323,448	$ 11,389,548
2015	4,170,000	3,893,076	3,206,394	11,269,470
2016	4,330,000	3,745,082	2,874,132	10,949,214
2017	4,495,000	3,591,411	2,189,349	10,275,760
2018	4,660,000	3,431,883	2,087,965	10,179,848
2019-2023	25,360,000	14,564,919	8,886,840	48,811,759
2024-2028	26,805,000	9,878,464	6,064,001	42,747,465
2029-2033	28,515,000	4,885,908	3,061,679	36,462,587
2034-2037	11,360,000	742,806	505,502	12,608,308
Total	$ 113,725,000	$ 48,769,649	$ 32,199,310	$ 194,693,959

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

2006 Series A Housing Set Aside Redevelopment Agency Tax Allocation Bonds

2006 Series A Housing Set Aside Tax Allocation Bonds (2006A HSA RDA Bonds) outstanding at June 30, 2013 amounted to $9,755,000. On November 30, 2006, the Agency issued $11,020,000 of Series 2006A Bonds bearing interest at 5.12-5.31% to fund low and moderate income housing of benefit to the Agency's Los Medanos Redevelopment Project, to fund a reserve account, and to pay costs of issuance incurred in connection with issuance, sale and delivery of the Series 2006A RDA bonds. The bonds with interest payments made semi-annually on February 1 and August 1 each year commencing August 1, 2007 through August 1, 2036. Annual principal and interest payments on the bonds are expected to require less than 22% from these revenues. The total principal and interest remaining to be paid on the bonds is $17,331,753. For FY 2012-13, principal and interest paid were $720,398. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues.

The annual debt service requirements to mature the Series 2006A Bonds outstanding at June 30, 2013, were as follows:

Year Ending June 30,	Principal	Interest	Total
2014	$ 205,000	$ 510,040	$ 715,040
2015	220,000	499,171	719,171
2016	230,000	487,662	717,662
2017	240,000	475,744	715,744
2018	255,000	462,855	717,855
2019-2023	1,480,000	2,095,814	3,575,814
2024-2028	1,910,000	1,649,066	3,559,066
2029-2033	2,485,000	1,068,178	3,553,178
2034-2038	2,730,000	328,223	3,058,223
Total	$ 9,755,000	$ 7,576,753	$ 17,331,753

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

2006 Series B Redevelopment Agency Subordinate Tax Allocation Bonds

2006 Series B Redevelopment Agency Subordinate Tax Allocation Bonds (2006B STAB Bonds) outstanding at June 30, 2013 amounted to $33,430,000. On November 29, 2006, the Agency issued $36,840,000 of Series 2006B Bonds bearing interest at 5.12-5.22% to finance certain public capital improvements within the Los Medanos Community Development Project, to fund capitalized interest on the 2006B STAB Bonds through September 1, 2009, to make a deposit to a debt service reserve account, and to pay costs of issuance incurred, in connection with the issuance, sale and delivery of the 2006B STAB Bonds. The bonds with interest payments made semi-annually on March 1 and September 1 each year commencing March 1, 2007 through September 1, 2020, are secured by the RDA property tax increment revenues. Annual principal and interest payments are expected to require less than 11% from these revenues. The total principal and interest remaining to be paid on the bonds is $40,845,020. For FY 2012-13, principal and interest paid were $3,912,850. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues.

The annual debt service requirements to mature the Series 2006B STAB Bonds outstanding at June 30, 2013, were as follows:

Year Ending June 30,	Principal	Interest	Total
2014	$ 3,465,000	$ 1,639,758	$ 5,104,758
2015	3,655,000	1,457,664	5,112,664
2016	3,840,000	1,265,980	5,105,980
2017	4,040,000	1,064,449	5,104,449
2018	4,250,000	850,307	5,100,307
2019-2022	14,180,000	1,136,862	15,316,862
Total	$ 33,430,000	$ 7,415,020	$ 40,845,020

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

2006 Series C Redevelopment Agency Subordinate Tax Allocation Refunding Bonds

2006 Series C Redevelopment Agency Subordinate Tax Allocation Refunding Bonds (2006C STAB Bonds) outstanding at June 30, 2013 amounted to $42,097,656. On November 29, 2006, the Agency issued $46,660,000 of Series 2006C Bonds bearing interest at 3.50-4.50% to refund, on an advance basis, the Agency's outstanding Los Medanos Community Development Project Tax Allocation Bonds, Series 1993B, to make a deposit to a debt service reserve account, and to pay costs of issuance incurred in connection with issuance, sale and delivery of the Series 2006C STAB bonds. The bonds with interest payments made semi-annually on March 1 and September 1 each year commencing March 1, 2007 through September 1, 2034, are secured by the RDA property tax increment revenues. Annual principal and interest payments are expected to require less than 25% from these revenues. The total principal and interest remaining to be paid on the bonds is $83,010,074. For FY 2012-13, total principal and interest paid were $2,118,208.

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues.

The annual debt service requirements to mature the Series 2006C STAB Bonds outstanding at June 30, 2013, were as follows:

Year Ending June 30,	Principal	Interest	Total
2014	$ 160,000	$ 1,956,908	$ 2,116,908
2015	170,000	1,950,733	2,120,733
2016	175,000	1,943,821	2,118,821
2017	180,000	1,935,833	2,115,833
2018	190,000	1,928,339	2,118,339
2019-2023	1,060,000	9,524,790	10,584,790
2024-2028	1,300,000	9,285,183	10,585,183
2029-2033	20,660,000	8,157,191	28,817,191
2034-2036	21,490,000	942,276	22,432,276
Total	45,385,000	$ 37,625,074	$ 83,010,074
Deferred amount on refunding	(3,287,344)		
Total	$ 42,097,656		

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

2008 Series A Redevelopment Agency Subordinate Tax Allocation Refunding Bonds

2008 Series A Redevelopment Agency Subordinate Tax Allocation Refunding Bonds (2008A STAB Bonds) outstanding at June 30, 2013 amounted to $60,510,856. On November 2008, the Agency issued $61,660,856 of Series 2008A STAB Bonds bearing interest at 4.375-6.125% to refund, on an advance basis, the Agency's outstanding Los Medanos Community Development Project Subordinated Tax Allocation Bonds, Series 2006A, and to make a deposit to a debt service reserve account for the early principal retirement of $4,365,000 of the Los Medanos Community Development Project Tax Allocation Bonds, Series 2003A. The bonds with interest payments made semi-annually on March 1 and September 1 each year commencing March 1, 2009 through September 1, 2029 are secured by the RDA property tax increment revenues. Annual principal and interest payments are expected to require less than 10% from these revenues. The 2008A STAB Bonds are also subject to optional redemption and to mandatory sinking account redemption prior to maturity. The total principal and interest remaining to be paid on the bonds is $108,950,511. For FY 2012-13, total principal and interest paid were $5,088,438. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues.

The annual debt service requirements to mature the Series 2008A Bonds outstanding at June 30, 2013 were as follows:

Year Ending June 30,	Principal	Interest	Total
2014	$ -	$ 3,913,281	$ 3,913,281
2015	15,000	3,912,925	3,927,925
2016	40,000	3,911,569	3,951,569
2017	65,000	3,908,863	3,973,863
2018	90,000	3,904,681	3,994,681
2019-2023	12,400,000	18,656,566	31,056,566
2024-2028	40,660,000	9,159,801	49,819,801
2029-2031	7,240,856	1,071,969	8,312,825
Total	$ 60,510,856	$ 48,439,655	$ 108,950,511

Interest Rate Swap Agreements

The 2004 Series A Redevelopment Agency Subordinate Tax Allocation Bonds were issued as variable rate bonds, with interest calculated daily. The rate fluctuates according to market conditions. In order to protect against the potential of rising interest rates associated with the Bonds, the Agency entered into a pay-fixed, receive-variable interest rate swap. The terms, fair value and credit risk of the swap agreement are disclosed below.

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

Terms. The terms, including the counterparty credit ratings of the outstanding swap, as of June 30, 2013 are included below. The Agency's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds.

Associated Bonds	2004A RDA Tax Allocation Bor
City Pays	3.5490%
City Receives	63% of 1 month USD-LIBOR
Maturity Date	9/1/2035
Initial Notional	$117,615,000
Bank Counterparty	Piper Jaffray Financial Products Inc. with a Guarantee from Morgan Stanley Capital
Credit Rating by Moody's / Fitch / S&P	Baa1/ A / A-
Total Value	($15,630,186)

On December 16, 2004, the Agency elected to enter into a 63% of 1-month LIBOR plus 35 basis points (0.35%) floating-to-fixed interest rate swap to hedge the issuance of $117,615,000 of variable-rate Series A 2004 Bonds. The combination of variable rate bonds and a floating-to-fixed swap creates synthetic fixed-rate debt for the Agency. The transaction allowed the Agency to create a synthetic fixed rate on the Bonds, protecting the Agency against increases in short-term interest rates.

Fair value. The Agency's swap had a negative fair value as of June 30, 2013 of $15,630,186 for 2004A. This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and any upfront payments that may have been received. The fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

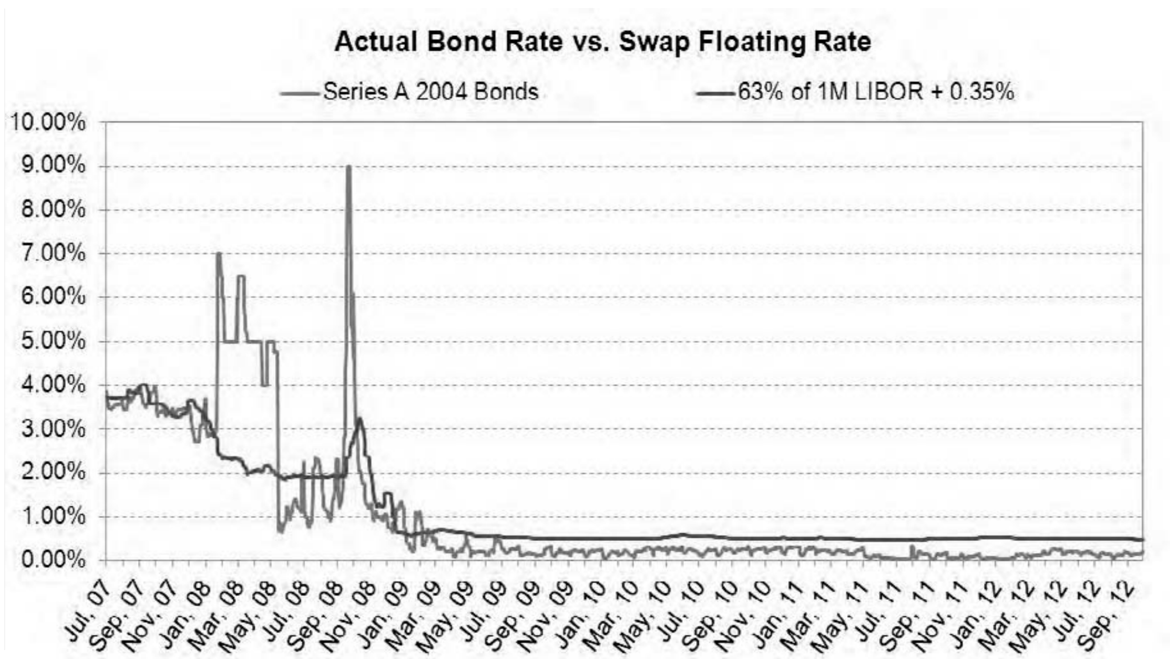
Credit risk. As of June 30, 2013, the Agency was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, if interest rates rise and the fair value of the swap were to become positive, the Agency would be exposed to credit risk in the amount of the fair value on the swap. The swap counterparty is Piper Jaffray Financial Products, Inc. who is guaranteed by Morgan Stanley Capital Services, Inc. (MSCS), the guarantor for the counterparty is rated A2/A/A by Moody's, Standard & Poor's and Fitch, respectively. The Agency will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated at a time when the swap has a positive fair value.

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

The swap agreement contains a collateral agreement with MSCS which guarantees Piper Jaffray. The swap requires collateralization of the fair value of the swap should the MSCS credit rating fall below the applicable thresholds.

Basis risk. Basis risk is the risk that the interest rate paid by the Agency on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. The Agency bears basis risk on its swap. The Swap has basis risk since the Agency receive a percentage of LIBOR to offset the actual variable bond rate the Agency pay on its bonds. The Agency are exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Agency pay on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

The financial credit crisis triggered by the sub-prime mortgage crisis, which began in 2007, resulted in a lack of liquidity for the Agency's Series A 2004 leading to rate dislocation and unanticipated increase in interest rate expense. Prior to December of 2007, the basis difference is relatively small; the basis difference increased drastically between December of 2007 and November 2008. As the financial markets improved in early 2009, the basis difference narrowed significantly on both of the bonds.



NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

Tax risk. Tax risk is a specific type of basis risk. Tax risk is a permanent mismatch between the interest rate paid on the Agency's underlying variable-rate bonds and the rate received on the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds, e.g. a tax cut that results in an increase in the ratio of tax-exempt to taxable yields. The Agency is receiving 63% of 1-month LIBOR (a taxable index) plus 35 basis points on the swap and would experience a shortfall relative to the rate paid on its bonds if marginal income tax rates decrease relative to expected levels, thus increasing the overall cost of its synthetic fixed rate debt.

Termination risk. The Agency or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the respective contracts. If any of the swaps are terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. If at the time of termination the swap has a negative fair value, the Agency would be liable to the counterparty for a payment equal to the swap's fair value.

D. Commitments and Contingencies

State Asset Transfer Review

The activities of the former Redevelopment Agency and the Successor Agency are subject to further examination by the State of California and the amount, if any, of expenditures which may be disallowed. The State Controller's Office conducted a review of the propriety of asset transfers between the former Redevelopment Agency or the Successor Agency and any public agency that occurred on or after January 1, 2011 and the amount, if any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time. As of November 18, 2013, the State Controller's Office has not yet issued its final report for the review.

APPENDIX D

FISCAL CONSULTANT'S REPORT

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FA FRASER & ASSOCIATES

Redevelopment and Financial Consulting

225 Holmfirth Court
Roseville CA 95661

Phone: (916) 791-8958
FAX: (916) 791-9234

FISCAL CONSULTANT REPORT

Pittsburg Redevelopment Agency
Successor Agency

Los Medanos Community Development Project Area

June 2014

Section A - Introduction

The Redevelopment Agency of the City of Pittsburg Successor Agency (Agency) is considering the issuance of its 2014 Tax Allocation Refunding Bonds (Bonds). The Bonds will be secured through a pledge of a portion of the tax increment revenues generated from the Los Medanos Community Development Project Area (Project Area). The 2014 Bonds will have a parity lien on the former tax increment revenues of the Project Area with the former Pittsburg Redevelopment Agency's (Former Agency) outstanding Series 1999, 2002A, and 2003 A Bonds (Parity Bonds) (the Parity Bonds and together with the 2014 Bonds the Bonds).

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 stream:

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.
C. **General Information**: Provides information on the Project Area, including a general description of the Redevelopment Plans and the financial and time limits of the seven Constituent Project Areas that comprise the Los Medanos Project Area. A brief description of the systems and procedures used by Contra Costa 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 historical trends in values and revenues and the Top Ten Assessees in the Project Area.
E. **Assessment Appeals**: The findings from a review of the records of the Contra Costa County Assessment Appeals Board 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 Area.
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 Contra Costa 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 of California (State) to dissolve redevelopment agencies pursuant to AB 26, which had been passed by the legislature and signed by the governor in June 2011. Based on modified time lines approved by the Court, all redevelopment agencies in the State, including the Former Agency, were dissolved effective February 1, 2012. The City of Pittsburg 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 AB 26. AB 1484, which was passed in June 2012, amended certain sections of AB 26 and together they are referred to as 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 also no longer required. AB 1484 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 Former Agency not been dissolved. All former tax increment monies go into a Redevelopment Property Trust Fund (Trust Fund or RPTTF) which is controlled by the County Auditor-Controller. References in this report to tax increment indicate property taxes that are deposited to the RPTTF.

The money in the Trust Fund 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 Project Area has an obligation to make payments required pursuant to negotiated agreements pursuant to former Section 33401 of the Community Redevelopment Law (CRL) and also payments per Section 33607.5 and 33607.7 of the CRL. The 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 used this provision of the Dissolution Act in order to meet debt service payments on its outstanding Bonds for each of the last four Recognized Obligation Payment Schedule (ROPS) cycles.
3. Pay obligations required per the 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 redevelopment 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 the state Department of Finance (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 June 2013 generally reflect property taxes that were collected during the period from January through May 2013. The approved ROPS covered costs that are paid during the period from July through December 2013. 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 Agency has submitted all required ROPS to date, and all of the Trust Fund revenues have been retained by the Agency, except for a small portion of the subordinated pass through payments that were subject to a legal settlement with the Pittsburg Unified School District, since its total ROPS obligations have exceeded the total available RPTTF.

Section C - General Information

The Los Medanos Project Area

The Community Development Plan for the Los Medanos Community Development Project was adopted by the City Council in 1979. This project encircled four small redevelopment projects (Marina View, Riverside Mall, and Neighborhood Development Project Areas 1 and 2) that had been adopted in prior years. In 1980 the City Council merged all five projects together (this part of the Project Area is referred to as Los Medanos I). In 1983, three additional noncontiguous areas of the City were added to the previously merged projects (referred to as Los Medanos II).

In 1993, the City Council adopted a third amendment to the Community Development Plan. The Third Amendment: 1) added four additional noncontiguous areas (referred to as Los Medanos III) to the Project Area; 2) substantially revised, restated and adopted the Amended and Restated Community Development Plan for the Los Medanos Community Development Project; and 3) increased the tax increment and bond limits of the Project Area.

In 1994, the Community Development Plan was amended to bring various financial time limits into conformance with those required by State law pursuant to AB 1290. In 2003, the Plan was again amended pursuant to SB 211 to eliminate the last date to incur debt for the Project Area. This amendment has had the impact of triggering statutory pass through payments, as discussed further in Section G of this report. In 2004, the City Council approved an ordinance which amended the Plan to remove certain territory. The Agency also extended the date when the Redevelopment Plan could be effective and also the final date to receive tax increment pursuant to amendments that were completed in 2004 and 2006. The current financial time limits for each of the project areas that make up the entire Project Area (Constituent Project Areas) are shown below.

Constituent Project Areas	*Last date to Incur Debt*	*Plan Effectiveness*	*Tax Increment Receipt*
Marina View	None	1/1/12	1/1/22
Riverside Mall	None	1/19/13	1/19/23
Neigh. Dev. I	None	7/17/15	7/17/25
Neigh. Dev. II	None	12/4/15	12/4/25
Los Medanos I	None	7/18/22	7/18/32
Los Medanos II	None	11/28/26	11/28/36
Los Medanos III	None	6/7/34	6/7/44

It is our understanding that tax increment from Los Medanos I can be received through 8/2034 to pay debt service on the Agency's 2006 C Bonds that were used to refund the Series 1993 A and Series 1993 B Bonds. Due to this, the tax increment projections included in Section F include revenue from Los Medanos I in 2032-33 and 2033-34 equal to debt service on the 2006 C Bonds.

As part of the third amendment, the Agency also established a cumulative tax increment limit of $1.7 billion and a bond limit of $624 million. Both limits are calculated exclusive of tax sharing payments to the taxing entities and any housing set-aside on the tax sharing payments. The Agency reports that it has received approximately $632.9 million in tax increment for the Project Area through 2012-13. We have estimated that when tax sharing and housing set-aside payments are deducted that this equals $556.7 million.

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 based on the projections of tax increment shown in this Report in Table 5, which are based on a 2 percent trend in real property values and reductions for potential appeals impacts, the cumulative tax increment limit will not be reached before the Bonds are repaid. Growth would need to average 9 percent per year in order for the tax increment limit to be reached by 2034-35.

The chart below provides summarized land use information on the Project Area for 2013-14.

LAND USE CATEGORY SUMMARY 2013-14			
	Parcels	Taxable Value	Percent of Total
Residential	11,694	$2,292,992,433	59.06%
Commercial	387	321,013,645	8.27%
Industrial	127	168,797,123	4.35%
Vacant	361	60,972,150	1.57%
Other	454	76,972,998	1.98%
Total Secured	**13,023**	**2,920,748,349**	**75.2%**
Unsecured / State Assessed		961,755,847	24.77%
Grand Total		**$3,882,504,196**	**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, Contra Costa County's procedures for the allocation of property taxes and tax increment were evaluated.

Contra Costa County calculates tax increment to the Agency by applying the 1 percent tax rate to incremental taxable value. The County also allocates unitary revenue to redevelopment projects. 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 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 also does not adjust tax increment payments for roll corrections, such as refunds of property taxes due to successfully appealed assessments. The County does reduce revenues for property tax refunds that occur when properties are sold at a price that is below the tax roll value. These refunds affect the supplemental tax roll and can cause supplemental revenue to be negative in some fiscal years.

Sections F and G of this Report includes a discussion of the impact of the County's allocation practices on the Project Area's tax increment revenues.

Section D – Taxable Values and Historical Revenues

Taxable Values

Property is valued as of January 1 of each year. Property that is subject to taxation is valued at 100 percent of its 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. Personal property is appraised annually 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 typically categorized as secured property and is either unitary or non-unitary property. Since 1987-88, unitary property has been reported on a countywide basis, with unitary revenues allocated to taxing entities and redevelopment projects pursuant to a formula contained in AB 454 (Chapter 921, Statues of 1986). Beginning in fiscal year 2007-08, unitary railroad values are reported on a countywide basis and allocated based on a formula contained in state law. State-assessed non-unitary values are reported at the local tax rate area level.

In the aftermath of deregulation of electrical markets in California, certain electrical facilities were to remain state assessed property, and others were to be assessed at the local level. Assembly Bill 81, which was approved in 2002, clarified which electrical generation facilities would be state versus locally assessed. It also established that regardless of whether the property is state or locally assessed that the taxable value would be reported on a situs basis. There are two major power plants in the Project Area: the Los Medanos Energy Center (LMEC) and the Delta Energy Center. The LMEC is assessed by the Contra Costa County Assessor's Office and appears on the secured roll. The SBE assesses the Delta Energy Center which appears on the state Board roll. The taxable value for the Delta Energy Center is included in the taxable values used to calculate non-unitary tax increment pursuant to AB 81.

Project Area Value Trends

Table 1 shows the historical taxable values for the Project Area over the past ten years. Taxable values have increased from $ 3.7 billion in 2004-05 to $3.9 billion in 2013-14. The total percentage change was 5.93 percent over the five-year period. The average annual percentage change in values was .64 percent. Beginning in 2008-09 taxable values began to decline due to the nation-wide economic recession.

Secured taxable values decreased by approximately $1 billion between fiscal years 2008-09 and 2012-13. The major reason for the decline was due to across the board residential Proposition 8 reductions processed by the County Assessor, which reduced value in the Project Area by over $900 million. (See Section E- Assessment Appeals / Proposition 8 Reductions for a complete discussion). Secured values in fiscal year 2013-14 went up by $237.2 million. Most of the increase was driven by either the partial reversal of residential Proposition 8 reductions or by the sale of residential property. Proposition 8 reversals increased value in 2013-14 by $155.6 million, and the sale of property plus the inflation adjustment added $76 million.

Despite the growth in secured values in 2013-14, overall taxable values remained flat. This occurred for two reasons. First, state-assessed values for the Delta Energy Center fell by $54.6 million. Second, unsecured values declined by $172 million. The major drop was for K2 Pure Solutions where two unsecured assessments totaling $123.9 million, that were incorrectly assigned to the Project Area in 2012-13, were removed on the 2013-14 tax roll. The LMEC plant was also reduced in value by $34.7 million.

Historical Tax Increment Revenues

Tables 2 shows information on the historical receipt of tax increment revenues in the Project Area. 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 1, actual receipts of tax increment exclusive of supplemental taxes have averaged 99.96 percent of the levy.

Supplemental property tax receipts are also shown on Tables 2. Supplemental taxes are a function of new construction or changes of ownership since the last property tax lien date. When supplemental revenues are included, the Project Area has on average received 100.73 percent of the levy. Supplemental property taxes can sometimes be negative when property sells for less than the value of the property on the tax roll. This occurred in 2009-10 when supplemental property taxes were -$863,581. Supplemental property taxes have increased the allocation of tax increment in each fiscal year since 2009-10.

Top Ten Assessees

The Top Ten Assessees in the Project Area are summarized on Tables 3. The list includes a total of eleven assesses because the top two are both owned by Calpine Corporation. Taxable value for the Top Ten Assessees represents 31.02 percent of the overall value of the entire Project Area and 33.41 percent of the incremental value. Four of the top ten have either open appeals or have recently received reductions due to assessment appeals, as discussed in the next section.

Section E – Assessment Appeals / Proposition 8 Reductions

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. 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. Values can be reduced under Proposition 8 either based on a formal appeal or they can be set by the county assessor.

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 review revealed both recently resolved and open appeals in the Project Area. For open appeals, we have estimated their impact based on the average success ratio for resolved appeals since 2009-10, as shown in the table below. The impact of the appeals shown in the table below have already been recorded on the 2013-14 tax roll.

Prior Resolved Appeals – Analysis of Impacts	
Filed Appeals	380
Appeals Outstanding	0
Resolved Appeals with Reductions	351
% Resulting in AV Reductions	92%

AV Reductions from Resolved Appeals	$172,962,295
Average Percent Reduction to AV	27%
Overall Success Factor	**24.65%**

The table below shows both the recently resolved and open appeals that could affect the future taxable of the Project Area. The appeal for United Spiral Pipe shown below was approved in August 2013 and has not yet been incorporated into the 2013-14 assessed values.

Resolved Appeals

Assessee	Current Roll Value	Resolved Value	Value Reduction
United Spiral Pipe	$136,521,792	$87,565,673	$48,956,119

Open Appeals

Assessee	Current Roll Value	Applicants Value Opinion	Potential Value Impact	Estimated Resolved (1) Value	Estimated Value Reduction
CALPINE CORP	$321,240,000	$205,000,000	$116,240,000	$240,930,000	$80,310,000
KOCH CARBON LLC	49,365,552	24,682,777	24,682,775	37,024,164	12,341,388
FUND VIII PR PITTSBURG	25,432,115	7,624,000	17,808,115	19,074,086	6,358,029
FAOF PRESIDENTS PARK LLC	21,300,000	21,250,000	50,000	15,975,000	5,325,000
RFI PORTOFINO LLC	17,079,800	5,122,000	11,957,800	12,809,850	4,269,950
PUBLIC STORAGE INC	13,317,093	6,600,000	6,717,093	9,987,820	3,329,273
WINCO FOODS LLC	12,056,754	5,999,000	6,057,754	9,042,566	3,014,189
WEST VALLEY PROPERTIES	10,902,000	8,500,000	2,402,000	8,176,500	2,725,500
WEST VALLEY PROPERTIES	5,797,400	3,900,000	1,897,400	4,348,050	1,449,350
WEST VALLEY PROPERTIES	3,080,700	1,600,000	1,480,700	2,310,525	770,175
LOTUS HOTELS	7,811,695	5,078,000	2,733,695	5,858,771	1,952,924
CEMCO	3,590,137	1,795,069	1,795,068	2,692,603	897,534
GWF POWER SYSTEMS LP	2,980,723	900,700	2,080,023	2,235,542	745,181
GREEN DESERT OIL LLC	2,829,620	1,839,284	990,336	2,122,215	707,405
RILEMART COMPANY LLC	1,800,000	540,000	1,260,000	1,350,000	450,000
WEST VALLEY PROPERTIES	1,645,405	600,000	1,045,405	1,234,054	411,351
All Others	4,141,608	3,048,467	1,093,141	3,106,206	1,035,402
Grand Total	**$504,370,602**	**$304,079,297**	**$200,291,305**	**$378,277,952**	**$126,092,651**

(1) See text for assumptions.

Our review uncovered one recently resolved appeal for United Spiral Pipe that will reduce future value by approximately $49 million in 2014-15. There are also 28 open appeals of value for which the applicants have requested reductions totaling approximately $200 million. Since 2009-10, resolved appeals have resulted in an average 25 percent decrease in value. Based on the application of the 25 percent success ratio, it is estimated that open appeals could reduce future taxable values in the Project Area by $126.1 million. For purposes of the tax increment projections discussed in Section F, we have reduced taxable value for the impact of resolved and open appeals.

Contra Costa County does not allocate refunds attributable to assessment appeals to redevelopment project areas. Therefore, we have not reduced tax increment revenues for the impact of refunds.

Proposition 8 Reductions and Reversals

The County has processed temporary assessed value reductions for certain residential properties (Proposition 8 reductions) where the assessed values exceeded the current market value of properties without prompting from individual taxpayers. These reductions have affected the tax rolls since fiscal year 2008-09. The properties that were subject to these "automatic" reductions are single family homes, condominiums, and multi-family residential, which generally transferred ownership during the five year period prior to fiscal year 2008-09.

We have reviewed information on all Proposition 8 residential value changes between fiscal years 2008-09 and 2013-14 to determine how many parcels went down in value in the Project Area during that period. The results of our analysis are shown below.

Proposition 8 Residential Impacts	
Declines - 2008-09 to 2012-13	
Number of Residential Parcel Declines	7,916
Average % Value Reduction	-36%
Total Value Decline	($904,243,423)
Increases - 2012-13 to 2013-14	
Number of Residential Parcel Increases	5,764
Average % Value Increase	15%
Total Value Decline	$155,563,623

As shown on the table above, 7,916 residential parcels (inclusive of both single and multifamily parcels) had been reduced as of fiscal year 2012-13 tax roll, with a value reduction of $904 million. Beginning in 2013-14, the County has partially reversed some of the prior Proposition 8 reductions and increased value by close to $156 million in fiscal year 2013-14. 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. Given this, the future value in the Project Area could increase by almost $748.7 million (assuming none of these properties sell and are locked in at new Proposition 13 values).

In terms of future Proposition 8 reductions, recent sales data indicates that single family residential property is selling for more than the value recorded on the current tax roll. The table below shows the recent trends for calendar years 2012 and 2013.

2012 Sales:	
Total Sales	585
Aggregate Sales Price	$107,290,000
Aggregate Tax Roll Value	$96,481,567
Percent Increase Between Sales Price and Tax Roll Value	11%
2013 Sales:	
Total Sales	497
Aggregate Sales Price	$ 126,454,600
Aggregate Tax Roll Value	$ 91,289,345
Percent Increase Between Sales Price and Tax Roll Value	39%

The table shows that sales values were 11 percent higher than tax roll values in 2012, and that 2013 sales values were 39 percent higher. Given that sales prices are exceeding tax roll values by a substantial margin, and the County has begun to gradually reverse the prior Proposition 8 reductions, we have assumed that there would be no further Proposition 8 reductions in fiscal year 2014-15 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-controller's 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. The Dissolution Act includes a provision that tax rates in excess of 1 percent are no longer allocated to successor agencies.

Unitary revenues are allocated to each Constituent Project Area based on a formula contained in AB 454. 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 Constituent Project Areas on an annual basis. Due to the difficulty of estimating supplemental revenues, we have not included such revenues in the projections. Supplemental property taxes typically increase the receipt of tax increment.

Current Year Revenues

An estimate of current year (2013-14) tax increment revenues is shown on Tables 4. The values utilized are based on information provided by Contra Costa County. Tax increment generated from the application of the 1 percent tax rate to incremental taxable value for 2013-14 is estimated at $36 million. Unitary revenue for the Project Area is estimated to equal $415,765 for the 2013-14 fiscal year. The estimate is based on the County's estimate of unitary revenues in each of the Constituent Project Areas for 2012-13. The Agency has received the amount shown on Table 4 with the final RPTTF payment from June 1, plus a supplemental revenue allocation of $883,509.

Projected Revenues

A projection of tax increment revenues is shown on Tables 5 and 5.1. Real property shown on the tables consists of locally reported secured and unsecured land and improvement values. The other property category includes personal property and state assessed values.

The projections in Table 5 have been increased based on a 2 percent inflation factor beginning in 2015-16. The 2 percent factor is the maximum inflation factor that county assessors can use to increase real property values. On December 11, 2013 the SBE issued a letter showing that the annual inflation adjustment for fiscal year 2014-15 would be .454 percent, which is what we have used to increase value for 2014-15, with the 2 percent factor used thereafter. Taxable values have also been increased on Table 5 for the recent sale of property, and for 104 new housing units that are under construction, which are not on the 2013-14 tax roll. Additional taxable value from new development will likely occur in the future, since the City has approved over 2,600 housing units for construction. Taxable values in fiscal year 2014-15 have been reduced by the estimated impact of resolved and open appeals. The other property category of value has been held constant in the projections shown in Table 5.

The taxable values shown on Table 5.1 do not include any increases for the annual inflation adjustment. Taxable values have been increased based on property sales and have been reduced for recently resolved appeals.

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.

Adjustments to Revenue

There are two adjustments to the tax increment revenues shown on Tables 5 and 5.1 for property tax administrative fees and Section 33676 allocations.

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 the percentage that such fees represented from the January and June 2013 RPTTF distribution.

For project areas adopted prior to January 1994, taxing entities could elect to receive additional property taxes above the base year revenue amount. Such amounts are calculated by increasing the real property portion of base year values by an inflation factor of up to 2 percent annually. Taxing entities can receive a proportionate share of such revenues if they elected to do so prior to adoption of the redevelopment plan. The City of Pittsburg elected to receive such revenues from the Los Medanos III subarea.

Housing Set-Aside /Obligations

Prior to the Dissolution Act, redevelopment agencies were generally required to deposit not less than 20 percent of the tax increment generated in a project area into a special fund to be used for qualified low and moderate income housing programs. The Former Agency had special legislation that is contained in Section 33478.1 of the CRL. The legislation exempted the Agency from the housing set-aside deposit for the portions of the Project Area that were adopted prior to June 1, 1980 (Los Medanos I), so long as the Agency made a finding that not less than four percent of the housing units within the City receive subsidies to make those units affordable. As part of the ordinance that merged the Project Area in 1980, the Agency made the required finding. The housing set-aside was therefore only required from the Los Medanos II and III portions of the Project Area. The Dissolution Act has been interpreted to no longer require such a deposit. However, the former housing set-aside is pledged to repay debt service on the 2004 A and 2006 A Bonds (Housing Bonds) issued by the Former Agency. The amount of Housing Obligations that are shown on Tables 5 and 5.1 equal debt service on the Housing Bonds.

Subordinate AB 1290 Tax Sharing Payments

Pursuant to 1994 legislation, AB 1290, the Agency is required to make payments to the affected taxing entities from the Project Area. These payments are required because the time limitation for incurring debt was removed from the Redevelopment Plan pursuant to SB 211. Payments of the pass through payments are only due on increases in tax increment revenues above levels to be received in 2003-04 for the Los Medanos I and II Areas, and after 2012-13 for Los Medanos III (referred to as the AB 1290 AV Base Year, which represents the date after which the Agency owes pass through payments on any tax increment increases). In addition, payments will only be owed to those taxing entities which have not entered into negotiated pass through arrangements with the Agency.

AB 1290 pass through payments are based on the following tiers:

(1) Payments to the affected taxing entities in an amount equal to 25 percent of the gross tax increment attributable to increases above the AB 1290 AV Base Year. The tax sharing payment is calculated after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted. The net tax sharing payment is therefore equal to 20 percent.

(2) In addition to the amounts paid pursuant to item (1) above and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 21 percent of the portion of tax increments received by the Agency, which shall be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds a second adjusted base year assessed value. The second adjusted base year assessed value is the assessed value of the Project Area in the 10th fiscal year in which the Agency receives tax increment attributable to the first adjusted base year value.

It should be noted that the CRL requires a third tier of tax sharing payments. However, such payments would not be due until after the Bonds are repaid. The AB 1290 payments are subordinate to the Agency's outstanding Bonds and the Agency has also requested subordination from the taxing entities for the 2014 Bonds.

Subordinate Tax Sharing Payments

Pursuant to former Section 33401 of the CRL, the Agency has entered into tax sharing agreements with a number of taxing entities. Payments under the tax sharing agreements are subordinate to debt service on the outstanding Bonds and the Agency has requested subordination from the taxing entities for the 2014 Bonds. The agreements require payment structures that vary based on which part of the Project Area is affected. A brief discussion of each agreement is provided below.

<u>Contra Costa County:</u> The Agency's agreement with Contra Costa County also covers the Library, the Flood Control District, and the Riverview Fire District. The agreement first calls for payments equal to the Section 33676 amounts (discussed above) from Los Medanos II and III. In addition to these payments, the Agency is also required to pay a portion of the Net Tax Increment (after housing and other tax sharing payments) as follows:

1) To the County (including the Library)
   a) 100 percent of the County's share of Net Tax Increment from Los Medanos II, less the Section 33676 amount

   b) 31.94 percent of Net Tax Increment generated from the Chevron and Southwest sub areas of Los Medanos III, less the Section 33676 amount
   c) 80 percent of the County's share of Net Tax Increment from the Northeast and Willow Pass sub areas of Los Medanos III, less the Section 33676 amount
2) To the Flood Control District
   a) 100 percent of the District's share of Net Tax Increment from Los Medanos II, less the Section 33676 amount
   b) 100 percent of the District's share of Net Tax Increment generated from the Chevron and Southwest sub areas, less the Section 33676 amount
   c) 80 percent of the District's share of Net Tax Increment from the Northeast and Willow Pass sub areas, less the Section 33676 amount
3) To the Fire District
   a) 100 percent of the District's share of Net Tax Increment from Los Medanos II and III, less the Section 33676 amounts

In addition to the payments that are currently due, the Agency will owe additional payments to the County and the other Districts from Los Medanos I once the old tax increment cap of $400 million is reached. Payments will be equal to the Section 33676 payments. Such amounts will be calculated by escalating the assessed value of the Los Medanos I Area (as it exists in the year in which the old cap is reached) by up to 2 percent per year. Our projections indicate that such payments will be triggered in 2014-15.

<u>Pittsburg Unified School District</u>: For the Pittsburg Unified School District, the tax sharing payment is based on 50 percent of the District's share of District Net Tax Increment. This is referred to as the Formula Amount in the agreement. District Net Tax Increment is the amount of tax increment generated from that portion of the Project Area that is within the District. Based on our estimate, approximately 79 percent of the tax increment of the Project Area is within the District. Net tax increment is defined as total tax increment less:

1. The housing set-aside;
2. Debt service on "currently outstanding bonds"; the agreement uses a schedule as the debt service existed at the time of the agreement without regard to changes or future refunding of bonds;
3. Payments to ERAF;
4. Administrative costs of $1.0 million per year, escalated at 102.5 percent.

Payments under the agreement cannot exceed $3 million in any fiscal year.

<u>Contra Costa County Community College District</u>: First, payments are based on 80 percent of the District's share of the Section 33676 amount for Los Medanos III and 35 percent of the District's share of the Section 33676 amount for Los Medanos II. Second, payments are due based on net tax increment, which is defined as total tax increment less any required deposits to ERAF. The District's payment is 80 percent of the District's share of net tax increment from Los Medanos III, less amounts paid per Section 33676,

plus 35 percent of the District's share of net tax increment from Los Medanos II less amounts paid per Section 33676.

Contra Costa County Superintendent of Schools: First, payments are based on 100 percent of the District's share of the Section 33676 amount for Los Medanos III and 50 percent of the District's share of the Section 33676 amount for Los Medanos II. Second, payments are due based on net tax increment, which is defined as total tax increment after housing and other tax sharing payments. The District's payment is based on 80 percent of the District's share of net tax increment from Los Medanos III, less amounts paid per Section 33676, plus 50 percent of the District's share of net tax increment from Los Medanos II less amount paid per Section 33676.

Antioch Unified School District: The first part of the payment is based on 80 percent of the District's share of the Section 33676 amount for the portion of the District within Los Medanos III and 40 percent of the District's share of the Section 33676 amount for the portion of the District within Los Medanos II. Second, payments are due based on net tax increment, which is defined as total tax increment less the ERAF obligation. The District's payment is based on 80 percent of the District's share of net tax increment from Los Medanos III, less amounts paid per Section 33676, plus 40 percent of the District's share of net tax increment from Los Medanos II less amount paid per Section 33676.

Contra Costa County Mosquito Abatement District: The District receives payments based on 80 percent of the District's share of the Section 33676 amount for Los Medanos II and III. Payments are also due based on 80 percent of the District's share of tax increment from Los Medanos II and III, less amounts paid per Section 33676.

East Bay Regional Park District: The District receives payments based on 100 percent of the District's share of the Section 33676 amount for Los Medanos III, plus 55 percent of the Districts share of tax increment from Los Medanos II, less amounts paid per Section 33676. In addition, the District receives payments equal to the tax increment generated from the debt service tax rate levied by the District.

Table 1
Redevelopment Agency of the City of Pittsburg
Los Medanos Project Area

HISTORICAL TAXABLE VALUE

Fiscal Year	Locally-Assessed Secured Value	Unsecured Value	State-Assessed Value	Total Taxable Value	Percentage Change	Base Value (1)	Total Incremental Value (2)
2013-14	$2,920,748,349	$634,159,638	$327,596,209	$3,882,504,196	0%	$278,480,181	$3,604,024,015
2012-13	2,683,552,007	806,155,608	382,231,357	3,871,938,972	-1%	278,480,181	3,593,458,791
2011-12	2,753,306,880	748,445,917	424,806,447	3,926,559,244	-1%	278,480,181	3,648,079,063
2010-11	2,839,721,306	679,287,577	445,207,883	3,964,216,766	-1%	277,937,469	3,686,279,297
2009-10	2,959,515,979	623,170,147	440,649,338	4,023,335,464	-14%	277,937,469	3,745,397,995
2008-09	3,708,004,922	548,716,527	439,150,103	4,695,871,552	-3%	277,937,469	4,417,934,083
2007-08	3,927,235,628	512,622,834	405,835,344	4,845,693,806	7%	277,937,469	4,567,756,337
2006-07	3,530,493,854	555,424,279	440,433,949	4,526,352,082	12%	277,937,469	4,248,414,613
2005-06	3,015,581,340	543,343,050	478,598,737	4,037,523,127	10%	277,937,469	3,759,585,658
2004-05	2,637,164,620	515,933,674	512,026,044	3,665,124,338	N/A	277,937,469	3,387,186,869

Total Percentage Change	5.93%
Average Percentage Change	0.64%

(1) Beginning in 2011-12, the Marina Project went above its base year value and was added back into both the current year and base year values.

Table 2
Redevelopment Agency of the City of Pittsburg
Los Medanos Merged Project Area

HISTORICAL RECEIPTS (1)

	Levy per County (2)	Tax Increment Receipts Less Supplementals	% of Levy Received	Supplementals	Total Tax Increment Receipts	% of Levy Received
2013-14	$35,986,221	$35,986,221	100.00%	$883,509	$36,869,730	102.46%
2012-13	35,865,666	35,865,347	100.00%	645,152	36,510,499	101.80%
2011-12	36,814,481	36,702,913	99.70%	257,452	36,960,365	100.40%
2010-11	37,262,158	37,271,962	100.03%	15,271	37,287,233	100.07%
2009-10	37,941,852	37,946,259	100.01%	(863,581)	37,082,678	97.74%
2008-09	44,595,050	44,604,617	100.02%	823,982	45,428,599	101.87%
Average Receipts to Levy			**99.96%**			**100.73%**

(1) Receipts per Agency records after reduction for property tax admin. fees.
(2) Intial levy reported by Contra Costa County.

Table 3
Redevelopment Agency of the City of Pittsburg
Los Medanos Merged Project Area

TEN MAJOR PROPERTY TAX ASSESSEES *

Assessee	Type of Use	Sub-Area	Secured	Unsecured	2013-14 Total Taxable Value (1)	%of Total Value (2)	%of Incr Value (2)
1) Delta Energy Center	Delta Energy Center	Los Medanos III	$326,900,000	$0	$326,900,000	8.42%	9.07%
2) Calpine Corporation (3)	LMEC	Los Medanos I	0	321,240,000	321,240,000	8.27%	8.91%
3) United Spiral Pipe LLC (4)	Industrial	Los Medanos I	0	135,562,535	135,562,535	3.49%	3.76%
4) Sierra Pacific Properties Inc.	Residential	Los Medanos I	101,404,796	0	101,404,796	2.61%	2.81%
5) Century Plaza Corporation	Commercial	Los Medanos II	67,821,498	987,831	68,809,329	1.77%	1.91%
6) Kirker Creek BBS LP	Residential	Los Medanos II	68,107,724	0	68,107,724	1.75%	1.89%
7) San Marco Properties LLC	Residential	Los Medanos III	54,312,194	0	54,312,194	1.40%	1.51%
8) Koch Carbon LLC (3)	Industrial	Los Medanos I	0	49,365,552	49,365,552	1.27%	1.37%
9) Seencon Financial and Construction Co.	Commercial	Los Medanos I	30,405,128	49,765	30,454,893	0.78%	0.85%
10) Fund VIII PR Pitsburg LLC (3)	Residential	Los Medanos I	25,464,470	0	25,464,470	0.66%	0.71%
11) FRG Presidents Park II LLC	Residential	Los Medanos I	22,569,644	0	22,569,644	0.58%	0.63%
Total Valuation			**696,985,454**	**507,205,683**	**1,204,191,137**	**31.02%**	**33.41%**

** Eleven Property Tax Assessees are shown because number 1 and 2 are under related ownership*

(1) Based on ownership of locally-assessed secured and unsecured property.
(2) Based on 2013-14 Project Area taxable value of $4,023,335,464.
(3) Each of these owners have outstanding assessment appeals.
(4) This property owner was granted a reduction in value due to an appeal and the value has been to $87.6 million.

Table 4
Redevelopment Agency of the City of Pittsburg
Los Medanos Merged Project Area

ESTIMATE OF INCREMENTAL TAX REVENUE
FOR FISCAL YEAR 2013-14

Category	
Secured	
Land	$932,756,353
Improvements	2,145,290,345
Pers. Prop.	16,162,267
Gross Total	3,094,208,965
Exemption	173,460,616
Net Secured Value	2,920,748,349
SBE Total Value	327,596,209
Unsecured	
Land	8,553,069
Improvements	558,826,220
Pers. Prop.	68,366,039
Gross Total	635,745,328
Exempt	1,585,690
Net Unsecured Value	634,159,638
Grand Total	**3,882,504,196**
Less: Base Year Value	278,480,181
Incremental Taxable Value	**3,604,024,015**
Tax Increment (2)	36,040,240
Unitary Revenue	415,765
Total Tax Increment	**36,456,005**
Adjustments to Tax Increment	
Section 33676 Revenue	10,541
Property Tax Admin Fees (3)	477,623
Liens on Tax Increment	
Housing Obligations (4)	1,963,977
Tax Revenues	**34,003,864**
Subordinate Obligations:	
AB 1290 Tax Sharing (5)	228,880
Tax Sharing Payments (6)	5,909,098
Net Tax Increment	**$27,865,885**

(1) Based on taxable values per Contra Costa County.
(2) Calculated based on the application of the tax rate to incremental value.
(3) Estimated based on percentage that 2012-13 actual amount represented to total tax increment.
(7) Reflects debt service on the Agency's outstanding 2004 A and 2006 A Bonds
(5) Tax sharing payments per the provisions of AB 1290.
(6) Per tax sharing agreements with the taxing entities.

Table 5
Redevelopment Agency of the City of Pittsburg
Los Medanos Merged Project Area

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

Fiscal Year	Real (1) Property	Sales New (2) Development	Other (3) Property	Total Value	Value Over Base	Total Tax (4) Increment	Property Tax (5) Admin Fees	(6) Section 33676 Allocation	Housing (7) Obligations	Tax Revenues	(8) AB 1290 Tax Sharing	Subordinate (9) Tax Sharing Payments	Net Tax Revenues
2013 - 2014	N/A	N/A	$410,539	$3,882,504	$3,604,024	$36,456	$478	$11	$1,964	$34,004	$229	$5,909	$27,866
2014 - 2015	3,311,885	88,648	410,539	3,811,072	3,532,591	35,742	463	11	1,963	33,305	123	6,088	27,093
2015 - 2016	3,468,543	20,800	410,539	3,899,882	3,621,402	36,630	474	11	1,965	34,179	165	6,439	27,575
2016 - 2017	3,559,130	0	410,539	3,969,669	3,691,189	37,328	484	12	1,965	34,867	208	6,779	27,880
2017 - 2018	3,630,313	0	410,539	4,040,852	3,762,372	38,039	493	13	1,963	35,570	251	7,054	28,266
2018 - 2019	3,702,919	0	410,539	4,113,458	3,834,978	38,766	502	13	1,963	36,286	322	7,333	28,631
2019 - 2020	3,776,978	0	410,539	4,187,516	3,909,036	39,506	512	14	1,966	37,013	400	7,918	28,695
2020 - 2021	3,852,517	0	410,539	4,263,056	3,984,576	40,262	522	15	1,962	37,763	481	8,159	29,122
2021 - 2022	3,929,015	0	410,334	4,339,349	4,060,869	41,029	532	16	1,965	38,516	560	8,382	29,574
2022 - 2023	3,957,309	0	409,575	4,366,884	4,088,404	41,369	537	16	1,965	38,850	620	8,551	29,679
2023 - 2024	4,036,455	0	409,575	4,446,030	4,167,550	42,160	547	17	1,963	39,633	705	8,789	30,140
2024 - 2025	4,117,185	0	409,575	4,526,759	4,248,279	42,967	558	18	1,963	40,429	790	9,031	30,608
2025 - 2026	4,029,554	0	397,715	4,427,269	4,148,789	42,017	545	19	1,964	39,490	838	9,185	29,466
2026 - 2027	4,110,145	0	397,715	4,507,860	4,229,380	42,823	556	20	1,967	40,281	922	9,428	29,931
2027 - 2028	4,192,348	0	397,715	4,590,063	4,311,583	43,645	567	20	1,966	41,092	1,008	9,676	30,408
2028 - 2029	4,276,195	0	397,715	4,673,910	4,395,430	44,484	578	21	1,967	41,918	1,096	9,928	30,894
2029 - 2030	4,361,719	0	397,715	4,759,434	4,480,954	45,339	589	22	1,963	42,765	1,186	10,186	31,393
2030 - 2031	4,448,953	0	397,715	4,846,668	4,568,188	46,211	600	23	1,965	43,623	1,278	10,448	31,897
2031 - 2032	4,537,932	0	397,715	4,935,647	4,657,167	47,101	612	24	1,963	44,502	1,371	10,716	32,415
2032 - 2033	1,477,355	0	346,270	1,823,625	1,770,659	29,237	232	25	1,967	27,014	117	6,397	20,500
2033 - 2034	1,506,902	0	346,270	1,853,173	1,800,206	29,537	236	26	1,965	27,310	123	6,506	20,681
2034 - 2035	1,537,040	0	346,270	1,883,311	1,830,344	18,387	240	27	1,189	16,932	129	6,617	10,185

(1) Prior Year Real Property increased by .454 percent in 2014-15 and then by 2 percent thereafter.
Taxable value has been reduced on 2014-15 for resolved and open appeals.
(2) Includes recent sales that will increase value in 2014-15 and new development currently under construction.
(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 incremental taxable value. In 2032-33 and 2033-34, also includes tax increment from Los Medanos I that is equal to debt service on the outstanding 2006 C Bonds, which refunded the 1993 B Bonds.
(5) Amount shown reflects estimated property tax administrative fees charged by County at 1.3%.
(6) Amount shown is for the allocation to the City of Pittsburg.
(7) Reflects debt service on the Agency's outstanding 2004 A and 2006 A Bonds.
(8) Due to removal of debt limit, AB 1290 tax sharing paments are required.
(9) Estimated payments for those taxing entities that have tax sharing agreements.

Table 5.1
Redevelopment Agency of the City of Pittsburg
Los Medanos Merged Project Area

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

Fiscal Year	Total Real (1) Property	Other (2) Property	Total Value	Value Over Base	Total Tax (3) Increment	Property Tax (4) Admin Fees	(5) Section 33676 Allocation	Housing (6) Obligations	Tax Revenues	Subordinate (7) AB 1290 Tax Sharing	Subordinate (8) Tax Sharing Payments	Net Tax Revenues
2013 - 2014	$3,471,965	$410,539	$3,882,504	$3,604,024	$36,456	$478	$11	$1,964	$34,004	$229	$5,909	$27,866
2014 - 2015	3,490,857	410,539	3,901,396	3,622,916	36,645	475	11	1,963	34,196	212	6,062	27,922
2015 - 2016	3,490,857	410,539	3,901,396	3,622,916	36,645	475	11	1,965	34,194	212	6,059	27,924
2016 - 2017	3,490,857	410,539	3,901,396	3,622,916	36,645	475	11	1,965	34,194	212	6,126	27,856
2017 - 2018	3,490,857	410,539	3,901,396	3,622,916	36,645	475	11	1,963	34,196	212	6,123	27,862
2018 - 2019	3,490,857	410,539	3,901,396	3,622,916	36,645	475	11	1,963	34,196	212	6,119	27,866
2019 - 2020	3,490,857	410,539	3,901,396	3,622,916	36,645	475	11	1,966	34,193	212	6,416	27,566
2020 - 2021	3,490,857	410,539	3,901,396	3,622,916	36,645	475	11	1,962	34,198	212	6,411	27,574
2021 - 2022	3,490,379	410,334	3,900,713	3,622,233	36,642	475	11	1,965	34,192	211	6,466	27,515
2022 - 2023	3,447,648	409,575	3,857,223	3,578,742	36,272	470	11	1,965	33,826	196	6,632	26,999
2023 - 2024	3,447,648	409,575	3,857,223	3,578,742	36,272	470	11	1,963	33,829	196	6,632	27,001
2024 - 2025	3,447,648	409,575	3,857,223	3,578,742	36,272	470	11	1,963	33,829	196	6,633	27,000
2025 - 2026	3,311,486	397,715	3,709,201	3,430,721	34,837	451	11	1,964	32,411	194	6,584	25,633
2026 - 2027	3,311,486	397,715	3,709,201	3,430,721	34,837	451	11	1,967	32,408	194	6,580	25,634
2027 - 2028	3,311,486	397,715	3,709,201	3,430,721	34,837	451	11	1,966	32,409	194	6,575	25,640
2028 - 2029	3,311,486	397,715	3,709,201	3,430,721	34,837	451	11	1,967	32,408	194	6,570	25,644
2029 - 2030	3,311,486	397,715	3,709,201	3,430,721	34,837	451	11	1,963	32,412	194	6,565	25,653
2030 - 2031	3,311,486	397,715	3,709,201	3,430,721	34,837	451	11	1,965	32,410	194	6,560	25,655
2031 - 2032	3,311,486	397,715	3,709,201	3,430,721	34,837	451	11	1,963	32,412	194	6,555	25,663
2032 - 2033	989,929	346,270	1,336,200	1,283,233	24,363	168	11	1,967	22,218	28	4,514	17,676
2033 - 2034	989,929	346,270	1,336,200	1,283,233	24,367	168	11	1,965	22,223	28	4,510	17,686
2034 - 2035	989,929	346,270	1,336,200	1,283,233	12,916	168	11	1,189	11,549	28	4,506	7,015

(1) Prior Year Real Property held constant in the projections except for new value added in 2014-15 for property sales. Taxable value has been reduced in 2014-15 for resolved appeals only.
(2) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
(3) Based on the application of 1% tax rates to incremental taxable value. In 2032-33 and 2033-34, also includes tax increment from Los Medanos I that is equal to debt service on the outstanding 2006 C Bonds, which refunded the 1993 B Bonds. Includes unitary revenues based on County estimates.
(4) Amount shown reflects estimated property tax administrative fees charged by County at 1.3%.
(5) Amount shown is for the allocation to the City of Pittsburg.
(6) Reflects debt service on the Agency's outstanding 2004 A and 2006 A Bonds.
(7) Due to removal of debt limit, AB 1290 tax sharing paments are required.
(8) Estimated payments for those taxing entities that have tax sharing agreements.

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APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

June __, 2014

Successor Agency to the Redevelopment Agency
of the City of Pittsburg
Pittsburg, California

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG
Los Medanos Community Development Project
Tax Allocation Refunding Bonds, Series 2014
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Successor Agency to the Redevelopment Agency of the City of Pittsburg, California (the "Agency") of $67,445,000 aggregate principal amount of bonds designated the Successor Agency to the Redevelopment Agency of the City of Pittsburg, Los Medanos Community Development Project, Tax Allocation Refunding Bonds, Series 2014 (the "Bonds"), issued pursuant to the Constitution and laws of the State of California (the "State"), including the Parts 1, 1.8 and 1.85 of Division 24 of the California Health and Safety Code (the "Redevelopment Law"), Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Law") and Resolution No. 86-128, adopted by the Agency on August 14, 1986, as supplemented and amended by Resolution No. 88-193, adopted by the Agency on August 1, 1988, Resolution No. 88-200, adopted by the Agency on October 3, 1988, Resolution No. 88-203, adopted by the Agency on November 7, 1988, Resolution No. 91-307, adopted by the Agency on March 4, 1991, Resolution No. 92-377, adopted by the Agency on December 15, 1992, Resolution Nos. 93-437 and 93-438, adopted by the Agency on November 9, 1993, Resolution No. 94-450 adopted by the Agency on April 18, 1994, Resolution No. 96-538 adopted by the Agency on March 4, 1996, Resolution No. 97-599, adopted by the Agency on October 20, 1997, Resolution No. 99-695, adopted by the Agency on September 20, 1999, Resolution No. 01-805, adopted by the Agency on November 19, 2001, Resolution No. 02-819, adopted by the Agency on March 18, 2002, Resolution No. 03-862, adopted by the Agency on January 6, 2003, Resolution No. 03-892, adopted by the Agency on May 19, 2003 and Resolution No. 14-018, adopted by the Agency on June 2, 2014 (collectively, the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

In such connection, we have reviewed the Resolution, the Tax Certificate of the Agency, dated the date hereof (the "Tax Certificate"), opinions of counsel to the Agency, certificates of the Agency, the Fiscal Agent, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Resolution, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

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. 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 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 paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate 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 Bonds to be included in gross income for federal income tax purposes.

In addition, we call attention to the fact that the rights and obligations under the Bonds, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, 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 redevelopment agencies in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents. 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, we are of the following opinions:

1. The Bonds constitute valid and binding limited obligations of the Agency.

2. The Resolution has been duly adopted by, and constitutes the valid and binding obligation of, the Agency. The Resolution 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 (including proceeds of the sale of the Bonds) held by the Fiscal Agent in any fund or account established pursuant to the Resolution (except the Rebate Fund), subject to the provisions of the Resolution permitting the application thereof for the purposes and upon the terms and conditions set forth in the Resolution.

3. The Bonds are a limited obligation of the Agency and are not a lien or charge upon the funds or property of the Agency except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the

City of Pittsburg or the State of California, or any other political subdivision of the State of California, none of which is liable for the payment thereof.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is exempt from State of California personal income taxes. Interest on the 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. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

In rendering the opinion in paragraph 4, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate delivered on the date hereof with respect to the use of proceeds of the Bonds and other matters affecting the exclusion of interest on the Bonds in gross income for Federal income tax purposes under Section 103 of the Code, and (ii) compliance by the City with procedures and covenants set forth in the Tax Certificate and with the tax covenant set forth in the Agreement as to such matters. Under the Code, failure to comply with such procedures and covenants may cause the interest on the Bonds to be included in gross income for Federal income tax purposes, retroactive to the date of issuance of the Bonds, irrespective of the date on which such noncompliance occurs or is ascertained.

Other provisions of the Code may give rise to adverse federal income tax consequences to the holder of the Bond. The scope of this opinion is limited to matters addressed above and no opinion is expressed hereby regarding other federal tax consequences that may arise due to ownership of the Bond.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

MEYERS, NAVE, RIBACK, SILVER & WILSON,
a Professional Law Corporation

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APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon the execution and delivery of the 2014 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 Successor Agency to the Redevelopment Agency of the City of Pittsburg (the "Agency") in connection with the execution and delivery of its $67,445,000 Los Medanos Community Development Project Tax Allocation Refunding Bonds, Series 2014 (the "2014 Bonds"). The 2014 Bonds are being issued pursuant to the provisions of the Constitution and laws of the State of California (the "State"), including the Parts 1, 1.8 and 1.85 of Division 24 of the California Health and Safety Code (the "Redevelopment Law"), Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Law") and Resolution No. 86-128 adopted by the Redevelopment Agency of the City of Pittsburg (the "Former Agency") on August 14, 1986 (the "Original Resolution"), which Original Resolution was supplemented and amended, including pursuant to a Seventeenth Supplemental Resolution (the "Seventeenth Supplemental Resolution") adopted by the Successor Agency to the Redevelopment Agency of the City of Pittsburg (the "Agency") on June 2, 2014 (as amended and supplemented, the "Resolution").

The Agency covenants and agrees as follows:

1. <u>Purpose of this Disclosure Certificate</u>. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Holders and Beneficial Owners of the 2014 Bonds and in order to assist the Participating Underwriters in complying with the Rule.

2. <u>Definitions</u>. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2014 Bonds (including persons holding 2014 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2014 Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Agency or any person designated in writing by the Agency and which has filed with the Agency a written acceptance of such designation.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <u>*http://emma.msrb.org/*</u>.

"Fiscal Year" shall mean the one-year period ending on the last day of June of each year.

"Holder" shall mean a registered owner of the 2014 Bonds.

"Listed Events" shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"National Repository" shall mean the MSRB acting through the EMMA system for municipal securities disclosure or through any other electronic format or system which may hereafter be prescribed by the MSRB for purposes of the Rule.

"Official Statement" shall mean the Official Statement of the Agency dated June 18, 2014 delivered by the Agency in connection with the 2014 Bonds.

"Participating Underwriters" shall mean any of the original underwriters of the 2014 Bonds required to comply with the Rule in connection with an offering of the 2014 Bonds.

"Rule" shall mean Rule 15c2-12, adopted by the SEC under the Securities Exchange Act of 1934.

"SEC" shall mean the United States Securities and Exchange Commission.

"State Repository" shall mean any public or private entity designated by the State of California as a state repository for the purposes of the Rule and recognized as such by the SEC. As of the date of this Disclosure Certificate, there is no State Repository.

3. Provision of Annual Reports.

a) The Agency shall provide to the Dissemination Agent (if the Dissemination Agent is other than the Agency), and the Dissemination Agent shall provide to EMMA, not later than March 1 of each year, commencing March 1, 2015, with an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

If the Agency's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c) below.

b) If the Agency has not provided the Annual Report to the Dissemination Agent by the date required in subsection (a), the Agency shall send to each Repository a notice in substantially the form attached hereto as Exhibit A.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

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

b) Principal amount of the 2014 Bonds outstanding.

c) Balance in the Reserve Account for the Senior Bonds and a statement of the reserve requirement with respect thereto.

d) An update of the following information under the caption "THE PROJECT AREA" in the Official Statement:

1. Table 3, entitled "Historic Project Area Assessed Values," updated for the five most recent Fiscal Years for which assessed values are available from the Contra Costa County Auditor-Controller and comparable tables for the component areas of the Project Area;

2. With respect to the Assessed Values set forth in Table 3, an update of the information under the caption "Assessment Appeals," with particular reference to the number of then unresolved appeals and the aggregate amount of reductions in assessed value being sought;

3. Table 4, entitled "Ten Largest Property Taxpayers," updated for the most recent Fiscal Year for which assessed values are available from Contra Costa County;

4. Table 5, entitled "Historic Tax Increment Revenues," updated for the five most recent Fiscal Years for which the Agency has this information available;

5. Table 7, entitled "Debt Service Requirements and Coverage for the Senior Bonds – No Growth in Assessed Values"; and

6. Table 8, entitled "Debt Service Requirements and Coverage for the Senior Bonds and Subordinate Bonds – No Growth in Assessed Values."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to EMMA or the SEC; provided, that if any document included by reference is a final official statement, it must be available from the MSRB; and provided further, that the Agency shall clearly identify each such document so included by reference.

5. Reporting of Listed Events.

a) Pursuant to the provisions of this Section 5(a), the Agency shall provide to EMMA, or shall cause to be provided to EMMA, notice of the occurrence of any of the following Listed Events with respect to the 2014 Bonds not more than ten (10) Business Days after the occurrence of the event, irrespective of any determination as to whether such event may or may not be deemed material:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2014 Bonds;
6. defeasances;
7. tender offers;
8. bankruptcy, insolvency, receivership or similar proceedings pertaining to the Agency; and
9. ratings changes.

b) Pursuant to the provisions of this Section 5(b), the Agency shall provide to EMMA, or shall cause to be provided to EMMA, notice of the occurrence of any of the following Listed Events with respect to the 2014 Bonds, if material:

1. mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the Agency or the dissolution of the Agency;
2. appointment of a successor or additional Fiscal Agent or the change of the name of the Fiscal Agent or any successor or additional Fiscal Agent;
3. non-payment related defaults;
4. modifications to the rights of Holders;
5. optional, contingent or unscheduled bond calls, prepayment or redemptions other than defeasances; and
6. release, substitution or sale of property securing repayment of the 2014 Bonds.

c) Whenever the Agency obtains knowledge of the occurrence of a Listed Event described in subsection (b), the Agency shall as soon as possible determine if such event would be material under applicable federal securities laws.

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 such occurrence not more than ten (10) Business Days after the occurrence of 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 which is customarily prepared by the Agency and is publicly available.

7. Termination of Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the 2014 Bonds. If such termination occurs prior to the final maturity of the 2014 Bonds, the

Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any 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 shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the 2014 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the 2014 Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Agency satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Agency shall have refused to comply therewith within a reasonable time.

11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Participating Underwriters and Holders and Beneficial Owners from time to time of the 2014 Bonds, and shall create no rights in any other person or entity.

Dated: June __, 2014.

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF PITTSBURG

By ____
Executive Director

EXHIBIT A

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Agency:	SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG
Name of Bond Issue:	SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT TAX ALLOCATION REFUNDING BONDS, SERIES 2014
Date of Issuance:	June __, 2014

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the Agency, dated the Date of Issuance. The Agency anticipates that the Annual Report will be filed by ______________.

Dated: ___________

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF PITTSBURG

By ____

APPENDIX G

CONTINUING DISCLOSURE COMPLIANCE ANALYSIS

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MUNICIPAL DISCLOSURE ADVISORS

1065 Montgomery Street
San Francisco, CA 94133
t. 650.619.1033

Continuing Disclosure Compliance Analysis

for the City & RDA of Pittsburg, California

Municipal Disclosure Advisors
May 2014

1065 Montgomery Street
San Francisco, CA 94133
t. 650.619.1033

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**Municipal Disclosure Advisors
May 2014**

MUNICIPAL DISCLOSURE ADVISORS

1065 Montgomery Street
San Francisco, CA 94133
t. 650.619.1033

Continuing Disclosure Compliance Analysis

for the City & RDA of Pittsburg, California

1. PRELIMINARY REPORT

Municipal Disclosure Advisors
May 15, 2014

1065 Montgomery Street
San Francisco, CA 94133
t. 650.619.1033

How to Read Preliminary Reports

Procedure

Attached here you will find a Preliminary Report prepared by Municipal Disclosure Advisors ("MDA"), which details Issuer compliance with continuing disclosure obligations. MDA has conducted a review of every issuance outstanding presently and in the last five years for which a continuing disclosure obligation exists or existed, and compiled all discovered instances of noncompliance into this report. Following dissemination of the Preliminary Report, MDA will draft and file remedial filings on EMMA in order to remedy all noncompliance identified. This process may require production of information from Issuer that is not readily available to MDA. Following full remediation, MDA will prepare a Final Bundle of work-product.

The Report

The first section (*I. Table of Reviewed Transactions*) is a list of all issues reviewed in the analysis. Issues that have been retired in the last five years are denoted by an asterisk. Remediation is not necessary for these issues.

The rest of the report (*II. Summary of Continuing Disclosure Concerns*) details all noncompliance discovered. The left column specifies the issuance in which the noncompliance was discovered, and the right column describes the instance of noncompliance itself.

Under the *Annual Report* header are section numbers §4a and §4b, which refer to the sections of the Continuing Disclosure Certificate ("CDC") in the Official Statement where required periodic disclosures are typically set forth. Typically, §4a of the CDC states that audited financial statements must be disclosed, and §4b of the CDC lists any additional data (financial and operating data) particular to the issuance that must be disclosed. The two types of information make up the Annual Report. No remedy is to be taken for late filings.

Rating Changes is comprised of subsections for *Enhanced Ratings, Underlying Ratings*, and *Late Filed Rating Notices.* Once the enhanced rating on an issue is lower than the underlying rating, changes to the enhanced rating are no longer "material" to potential investors and do not warrant notice. As with Annual Reports, no remedy is to be taken for late filings of rating changes.

Please do not hesitate to contact MDA if you have additional questions regarding how to read the Preliminary Report.

Municipal Disclosure Advisors

Continuing Disclosure Compliance Report - Pittsburg, City and RDA

I. Table of Reviewed Transactions

1. 2011A IFA Reassessment Rev Refs	13. 2004B RDA TABs - Los Medanos *
2. 2011B IFA Reassessment Rev Refs	14. 2003A RDA TABs - Los Medanos
3. 1998A IFA Reassessment Revs *	15. 2004A RDA Sub TABs - Los Medanos
4. 1998B IFA Reassessment Revs *	16. 2005 Spl Tax Obligation Bonds CFD 2005-2
5. 2008A RDA Ref TABs - Los Medanos (CABs)	17. 2002 Ltd Ob Imp Bonds AD 2001-03 (Century Plaza)
6. 2008A RDA Ref TABs - Los Medanos (Serial Bonds)	18. 2001 Ltd Ob Imp Bonds AD 2001-02 (Oak Hills) *
7. 2006A RDA Hsg Set-Aside TABs (Los Medanos)	19. 2001 Ltd Ob Imp Bonds AD (San Marco Phase 1) *
8. 2006B RDA Ref TABs - Los Medanos	20. 1998 Ltd Ob Imp Bonds AD 1998-1 (Marina Walk) *
9. 2006C RDA Ref TABs - Los Medanos	21. 2006 Pension Obligation Bonds - CABs
10. 2004A RDA Hsg Set-Aside TABs (Los Medanos)	22. 2006 Pension Obligation Bonds - CIBs
11. 2002A RDA Ref TABs (Los Medanos)	23. 2004 PFA Wastewater Rev Refs
12. 1999 RDA TABs - Los Medanos	

** Issuance has been retired in the last five years; noncompliance is listed below for disclosure purposes only; no remediation is needed.*

II. Summary of Continuing Disclosure Concerns

A. Annual Report

Missing §4a Audited Financial Statements

Issue	Years Missing
3. 1998A IFA Reassessment Revs *	2009 and 2010 CAFRs (and the preface statement required to accompany each CAFR) missing.
4. 1998B IFA Reassessment Revs *	2009 and 2010 CAFRs (and the preface statement required to accompany each CAFR) missing.
5. 2008A RDA Ref TABs - Los Medanos (CABs)	2013 CAFR missing (the CAFR *was* filed for the Serial Bonds EMMA entry).
14. 2003A RDA TABs - Los Medanos	2009 RDA Audit missing.
17. 2002 Ltd Ob Imp Bonds AD 2001-03 (Century Plaza)	2009, 2010, 2011, 2012, 2013 preface statements required to accompany each CAFR are missing (the CAFRs are filed, but the preface statements are not). See Section C below for a reproduction of the preface statement to accompany each CAFR.
18. 2001 Ltd Ob Imp Bonds AD 2001-02 (Oak Hills) *	2009 and 2010 CAFRs (and the preface statement required to accompany each CAFR) missing.
19. 2001 Ltd Ob Imp Bonds AD (San Marco Phase 1) *	2009 and 2010 CAFRs (and the preface statement required to accompany each CAFR) missing.
20. 1998 Ltd Ob Imp Bonds AD 1998-1 (Marina Walk) *	2009 and 2010 CAFRs missing.

	Missing §4b Financial and Operating Data		
	Issue		**Year and Component Missing**
	5. 2008A RDA Ref TABs - Los Medanos (CABs)		2013 §4(b)(vi) "description of outstanding indebtedness…" (the filed 2013 Annual Report disclosure refers to this information contained within the 2013 CAFR, which is missing; note that the 2013 CAFR was filed for the Serial Bonds EMMA entry)
	14. 2003A RDA TABs - Los Medanos		2009 All Financial and Operating Data missing (Annual Report not filed for this issuances' CUSIPs).
	Late Filing (NO REMEDY TO BE TAKEN)		
	Issue		**Year and Component Late**
	1. 2011A IFA Reassessment Rev Refs		2011 CAFR (due 2/28/12, filed 3/24/14) 2012 CAFR (due 2/28/13, filed 3/24/14)
	2. 2011B IFA Reassessment Rev Refs		2011 CAFR (due 2/28/12, filed 3/24/14) 2012 CAFR (due 2/28/13, filed 3/24/14)
	3. 1998A IFA Reassessment Revs *		2009 Annual Report data (due 2/28/10, filed 3/16/10) 2010 Annual Report data (due 2/28/11, filed 3/1/11)
	4. 1998B IFA Reassessment Revs *		2009 Annual Report data (due 2/28/10, filed 3/16/10) 2010 Annual Report data (due 2/28/11, filed 3/1/11)
	16. 2005 Spl Tax Obligation Bonds CFD 2005-2		2010 CAFR (due 4/1/11, filed 9/27/11)
	17. 2002 Ltd Ob Imp Bonds AD 2001-03 (Century Plaza)		2009, 2010, 2011, 2012 CAFRs (each due March 30 following FYE; all filed 3/24/14)
	21. 2006 Pension Obligation Bonds - CABs		2010 CAFR (due 2/1/11, filed 6/14/11)
	22. 2006 Pension Obligation Bonds - CIBs		2010 CAFR (due 2/1/11, filed 6/14/11)
B. Ratings Changes			
	Enhanced Ratings		
	Issue		**Missing Rating Change**
	1. 2011A IFA Reassessment Rev Refs		**Insurer:** AGM. **S&P:** notice needed of following rating changes: 11/30/2011 downgrade from AA+ to AA-; and 3/18/2014 upgrade from AA- to AA.
	11. 2002A RDA Ref TABs (Los Medanos)		**Insurer:** MBIA (now NPFGC). **Moody's:** notice needed of the following downgrades: 12/19/11 downgrade from Baa1 to Baa2; 5/21/13 upgrade from Baa2 to Baa1 (include note that no Moody's ratings were listed in the OS).
	14. 2003A RDA TABs - Los Medanos		**Insurer:** MBIA (now NPFGC). **Moody's:** notice needed of the following downgrades: 12/19/11 downgrade from Baa1 to Baa2; 5/21/13 upgrade from Baa2 to Baa1 (include note that no Moody's ratings were listed in the OS).

	21. 2006 Pension Obligation Bonds - CABs		**Insurer:** MBIA (now NPFGC). **Moody's:** notice needed of the following downgrades: 12/19/11 downgrade from Baa1 to Baa2; 5/21/13 upgrade from Baa2 to Baa1 (include note that no Moody's ratings were listed in the OS).
	22. 2006 Pension Obligation Bonds - CIBs		**Insurer:** MBIA (now NPFGC). **Moody's:** notice needed of the following downgrades: 12/19/11 downgrade from Baa1 to Baa2; 5/21/13 upgrade from Baa2 to Baa1 (include note that no Moody's ratings were listed in the OS).
	Underlying Ratings		
	Issue		**Missing Rating Change**
	12. 1999 RDA TABs - Los Medanos		**S&P:** notice needed of 8/24/10 upgrade of underlying rating from A- to A+.
	22. 2006 Pension Obligation Bonds - CIBs		**S&P:** notice needed of 2/20/14 upgrade of underlying rating from A- to A+ (notice of this change was filed for the CABs, but not for the CIBs).
	Late Filed Rating Notices (NO REMEDY TO BE TAKEN)		
	Issue		**Late Filed Rating Change**
	5. 2008A RDA Ref TABs - Los Medanos (CABs)		Notice of Fitch 4/30/10 underlying upgrade from A- to A noticed on 5/21/10.
	6. 2008A RDA Ref TABs - Los Medanos (Serial Bonds)		Notice of Fitch 4/30/10 underlying upgrade from A- to A noticed on 5/21/10.
	7. 2006A RDA Hsg Set-Aside TABs (Los Medanos)		Notice of S&P 6/24/2009 insured downgrade from A to BBB noticed on 7/17/09. Notice of 4/30/10 Fitch underlying upgrade from A- to A filed on 5/21/10.
	8. 2006B RDA Ref TABs - Los Medanos		Notice of S&P 6/24/2009 insured downgrade from A to BBB noticed on 7/17/09. Notice of 4/30/10 Fitch underlying upgrade from A- to A filed on 5/21/10.
	9. 2006C RDA Ref TABs - Los Medanos		Notice of S&P 6/24/2009 insured downgrade from A to BBB noticed on 7/17/09. Notice of 4/30/10 Fitch underlying upgrade from A- to A filed on 5/21/10.
	10. 2004A RDA Hsg Set-Aside TABs (Los Medanos)		Notice of S&P 6/24/2009 insured downgrade from A to BBB noticed on 7/17/09. Notice of 4/30/10 Fitch underlying upgrade from A- to A filed on 5/21/10.
	11. 2002A RDA Ref TABs (Los Medanos)		Notice of S&P 6/5/2009 insured downgrade from AA- to A, and assignment of A+ underlying rating filed on 7/17/09.
	12. 1999 RDA TABs - Los Medanos		Notice of S&P 6/24/2009 insured downgrade from A to BBB noticed on 7/17/09.
	13. 2004B RDA TABs - Los Medanos *		Notice of S&P 6/24/2009 insured downgrade from A to BBB noticed on 7/17/09. Notice of 4/30/10 Fitch underlying upgrade to A filed on 5/21/10.
	14. 2003A RDA TABs - Los Medanos		Notice of S&P 6/5/2009 insured downgrade from AA- to A filed on 7/17/09. Notice of 4/30/10 Fitch underlying upgrade from A- to A+ filed on 5/21/10.
	15. 2004A RDA Sub TABs - Los Medanos		Notice of Fitch 4/30/10 underlying A rating assignment filed on 5/21/10.

	21. 2006 Pension Obligation Bonds - CABs		Notice of S&P 6/5/2009 insured downgrade from AA- to A filed on 7/17/09. Notice of S&P 12/22/2010 insured downgrade from A to BBB filed on 1/11/11. Notice of 4/30/10 Fitch underlying upgrade from A- to A+ filed on 5/21/10.
	22. 2006 Pension Obligation Bonds - CIBs		Notice of S&P 6/5/2009 insured downgrade from AA- to A filed on 7/17/09. Notice of S&P 12/22/2010 insured downgrade from A to BBB filed on 1/11/11. Notice of 4/30/10 Fitch underlying upgrade from A- to A+ filed on 5/21/10.

C. Other Concerns/Notes

Issue	*Concern / Note*
17. 2002 Ltd Ob Imp Bonds AD 2001-03 (Century Plaza)	The following statement is required to accompany each Annual Report or other filing containing the City's financial statements. While the financial statements for the issue were filed, this statement was not filed for any of the last five years... *"THE CITY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE CITY ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS."*

MUNICIPAL DISCLOSURE ADVISORS

1065 Montgomery Street
San Francisco, CA 94133
t. 650.619.1033

Continuing Disclosure Compliance Analysis

for the City & RDA of Pittsburg, California

2. FINAL REPORT

Municipal Disclosure Advisors
May 29, 2014

www.municipaldisclosure.com

Continuing Disclosure Compliance Report - Pittsburg, City and RDA

I. Table of Reviewed Transactions

1. 2011A IFA Reassessment Rev Refs	13. 2004B RDA TABs - Los Medanos *
2. 2011B IFA Reassessment Rev Refs	14. 2003A RDA TABs - Los Medanos
3. 1998A IFA Reassessment Revs *	15. 2004A RDA Sub TABs - Los Medanos
4. 1998B IFA Reassessment Revs *	16. 2005 Spl Tax Obligation Bonds CFD 2005-2
5. 2008A RDA Ref TABs - Los Medanos (CABs)	17. 2002 Ltd Ob Imp Bonds AD 2001-03 (Century Plaza)
6. 2008A RDA Ref TABs - Los Medanos (Serial Bonds)	18. 2001 Ltd Ob Imp Bonds AD 2001-02 (Oak Hills) *
7. 2006A RDA Hsg Set-Aside TABs (Los Medanos)	19. 2001 Ltd Ob Imp Bonds AD (San Marco Phase 1) *
8. 2006B RDA Ref TABs - Los Medanos	20. 1998 Ltd Ob Imp Bonds AD 1998-1 (Marina Walk) *
9. 2006C RDA Ref TABs - Los Medanos	21. 2006 Pension Obligation Bonds - CABs
10. 2004A RDA Hsg Set-Aside TABs (Los Medanos)	22. 2006 Pension Obligation Bonds - CIBs
11. 2002A RDA Ref TABs (Los Medanos)	23. 2004 PFA Wastewater Rev Refs
12. 1999 RDA TABs - Los Medanos	

** Issuance has been retired in the last five years; noncompliance is listed below for disclosure purposes only; no remediation is needed.*

II. Summary of Continuing Disclosure Concerns

A. Annual Report

Missing §4a Audited Financial Statements

Issue	Years Missing
~~3. 1998A IFA Reassessment Revs *~~	~~2009 and 2010 CAFRs (and the preface statement required to accompany each CAFR) missing.~~ The issuance is retired, so no remediation is needed.
~~4. 1998B IFA Reassessment Revs *~~	~~2009 and 2010 CAFRs (and the preface statement required to accompany each CAFR) missing.~~ The issuance is retired, so no remediation is needed.
~~5. 2008A RDA Ref TABs - Los Medanos (CABs)~~	~~2013 CAFR missing (the CAFR *was* filed in a timely manner for the Serial Bonds EMMA entry).~~ 2013 CAFR and a Cover Page (explaining the compliant filing of the CAFR for the Serial Bonds) filed for the *2008 RDA Ref TABs (CABs)* CUSIP by MDA on EMMA, 5/27/14, Filing No. EP655178.
~~14. 2003A RDA TABs - Los Medanos~~	~~2009 RDA Audit missing.~~ 2009 RDA Audit filed for the *2003A RDA TABs* by MDA on EMMA, 5/27/14, Filing No. EP655214.
~~17. 2002 Ltd Ob Imp Bonds AD 2001-03 (Century Plaza)~~	~~2009, 2010, 2011, 2012, 2013 preface statements required to accompany each CAFR are missing (the CAFRs are filed, but the preface statements are not). See Section C below for a reproduction of the preface statement to accompany each CAFR.~~ Notice containing required preface language for all years filed for the *2002 Bonds* by MDA on EMMA, 5/27/14, Filing No. EP655232.
~~18. 2001 Ltd Ob Imp Bonds AD 2001-02 (Oak Hills) *~~	~~2009 and 2010 CAFRs (and the preface statement required to accompany each CAFR) missing.~~ The issuance is retired, so no remediation is needed.

~~19. 2001 Ltd Ob Imp Bonds AD (San Marco Phase 1) *~~	~~2009 and 2010 CAFRs (and the preface statement required to accompany each CAFR) missing.~~ The issuance is retired, so no remediation is needed.
~~20. 1998 Ltd Ob Imp Bonds AD 1998-1 (Marina Walk) *~~	~~2009 and 2010 CAFRs missing.~~ The issuance is retired, so no remediation is needed.
Missing §4b Financial and Operating Data	
Issue	**Year and Component Missing**
~~5. 2008A RDA Ref TABs - Los Medanos (CABs)~~	~~2013 §4(b)(vi) "description of outstanding indebtedness…" (the filed 2013 Annual Report disclosure refers to this information contained within the 2013 CAFR, which is missing; note that the 2013 CAFR was filed for the Serial Bonds EMMA entry)~~. This information is contained within the 2013 CAFR/Cover Page filing for the *2008 RDA Ref TABs (CABs)* CUSIP by MDA on EMMA, 5/27/14, Filing No. EP655178.
~~14. 2003A RDA TABs - Los Medanos~~	~~2009 All Financial Information and Operating Data missing (Annual Report not filed for this issuances' CUSIPs).~~ All 2009 §4b Financial Information and Operating Data filed for the *2003A RDA TABs* by MDA on EMMA, 5/27/14, Filing No. EP655242.
Late Filing (NO REMEDY TO BE TAKEN)	
Issue	**Year and Component Late**
1. 2011A IFA Reassessment Rev Refs	2011 CAFR (due 2/28/12, filed 3/24/14) 2012 CAFR (due 2/28/13, filed 3/24/14)
2. 2011B IFA Reassessment Rev Refs	2011 CAFR (due 2/28/12, filed 3/24/14) 2012 CAFR (due 2/28/13, filed 3/24/14)
3. 1998A IFA Reassessment Revs *	2009 Annual Report data (due 2/28/10, filed 3/16/10) 2010 Annual Report data (due 2/28/11, filed 3/1/11)
4. 1998B IFA Reassessment Revs *	2009 Annual Report data (due 2/28/10, filed 3/16/10) 2010 Annual Report data (due 2/28/11, filed 3/1/11)
16. 2005 Spl Tax Obligation Bonds CFD 2005-2	2010 CAFR (due 4/1/11, filed 9/27/11)
17. 2002 Ltd Ob Imp Bonds AD 2001-03 (Century Plaza)	2009, 2010, 2011, 2012 CAFRs (each due March 30 following FYE; all filed 3/24/14)
21. 2006 Pension Obligation Bonds - CABs	2010 CAFR (due 2/1/11, filed 6/14/11)
22. 2006 Pension Obligation Bonds - CIBs	2010 CAFR (due 2/1/11, filed 6/14/11)

B. Ratings Changes

	Enhanced Ratings		
	Issue		**Missing Rating Change**
	~~1. 2011A IFA Reassessment Rev Refs~~		~~**Insurer:** AGM. **S&P:** notice needed of following rating changes: 11/30/2011 downgrade from AA+ to AA-; and 3/18/2014 upgrade from AA- to AA.~~ Rating Change notice filed on EMMA by MDA, 5/29/14, Filing No. ER622589.
	~~11. 2002A RDA Ref TABs (Los Medanos)~~		~~**Insurer:** MBIA (now NPFGC). **Moody's:** notice needed of the following downgrades: 12/19/11 downgrade from Baa1 to Baa2; 5/21/13 upgrade from Baa2 to Baa1 (include note that no Moody's ratings were listed in the OS).~~ Rating Change notice (including note about OS) filed on EMMA by MDA, 5/29/14, Filing No. ER622563.
	~~14. 2003A RDA TABs - Los Medanos~~		~~**Insurer:** MBIA (now NPFGC). **Moody's:** notice needed of the following downgrades: 12/19/11 downgrade from Baa1 to Baa2; 5/21/13 upgrade from Baa2 to Baa1 (include note that no Moody's ratings were listed in the OS).~~ Rating Change notice (including note about OS) filed on EMMA by MDA, 5/29/14, Filing No. ER622563.
	~~21. 2006 Pension Obligation Bonds - CABs~~		~~**Insurer:** MBIA (now NPFGC). **Moody's:** notice needed of the following downgrades: 12/19/11 downgrade from Baa1 to Baa2; 5/21/13 upgrade from Baa2 to Baa1 (include note that no Moody's ratings were listed in the OS).~~ Rating Change notice (including note about OS) filed on EMMA by MDA, 5/29/14, Filing No. ER622563.
	~~22. 2006 Pension Obligation Bonds - CIBs~~		~~**Insurer:** MBIA (now NPFGC). **Moody's:** notice needed of the following downgrades: 12/19/11 downgrade from Baa1 to Baa2; 5/21/13 upgrade from Baa2 to Baa1 (include note that no Moody's ratings were listed in the OS).~~ Rating Change notice (including note about OS) filed on EMMA by MDA, 5/29/14, Filing No. ER622563.
	Underlying Ratings		
	Issue		**Missing Rating Change**
	~~12. 1999 RDA TABs - Los Medanos~~		~~**S&P:** notice needed of 8/24/10 upgrade of underlying rating from A- to A+.~~ Rating Change notice filed on EMMA by MDA, 5/29/14, Filing No. ER622875.
	~~22. 2006 Pension Obligation Bonds - CIBs~~		~~**S&P:** notice needed of 2/20/14 upgrade of underlying rating from A- to A+ (notice of this change was filed for the CABs, but not for the CIBs).~~ Rating Change notice (including explanation of filing for CABs) filed on EMMA by MDA, 5/29/14, Filing No. ER622675.
	Late Filed Rating Notices (NO REMEDY TO BE TAKEN)		
	Issue		**Late Filed Rating Change**

	5. 2008A RDA Ref TABs - Los Medanos (CABs)		Notice of Fitch 4/30/10 underlying upgrade from A- to A noticed on 5/21/10.
	6. 2008A RDA Ref TABs - Los Medanos (Serial Bonds)		Notice of Fitch 4/30/10 underlying upgrade from A- to A noticed on 5/21/10.
	7. 2006A RDA Hsg Set-Aside TABs (Los Medanos)		Notice of S&P 6/24/2009 insured downgrade from A to BBB noticed on 7/17/09. Notice of 4/30/10 Fitch underlying upgrade from A- to A filed on 5/21/10.
	8. 2006B RDA Ref TABs - Los Medanos		Notice of S&P 6/24/2009 insured downgrade from A to BBB noticed on 7/17/09. Notice of 4/30/10 Fitch underlying upgrade from A- to A filed on 5/21/10.
	9. 2006C RDA Ref TABs - Los Medanos		Notice of S&P 6/24/2009 insured downgrade from A to BBB noticed on 7/17/09. Notice of 4/30/10 Fitch underlying upgrade from A- to A filed on 5/21/10.
	10. 2004A RDA Hsg Set-Aside TABs (Los Medanos)		Notice of S&P 6/24/2009 insured downgrade from A to BBB noticed on 7/17/09. Notice of 4/30/10 Fitch underlying upgrade from A- to A filed on 5/21/10.
	11. 2002A RDA Ref TABs (Los Medanos)		Notice of S&P 6/5/2009 insured downgrade from AA- to A, and assignment of A+ underlying rating filed on 7/17/09.
	12. 1999 RDA TABs - Los Medanos		Notice of S&P 6/24/2009 insured downgrade from A to BBB noticed on 7/17/09.
	13. 2004B RDA TABs - Los Medanos *		Notice of S&P 6/24/2009 insured downgrade from A to BBB noticed on 7/17/09. Notice of 4/30/10 Fitch underlying upgrade to A filed on 5/21/10.
	14. 2003A RDA TABs - Los Medanos		Notice of S&P 6/5/2009 insured downgrade from AA- to A filed on 7/17/09. Notice of 4/30/10 Fitch underlying upgrade from A- to A+ filed on 5/21/10.
	15. 2004A RDA Sub TABs - Los Medanos		Notice of Fitch 4/30/10 underlying A rating assignment filed on 5/21/10.
	21. 2006 Pension Obligation Bonds - CABs		Notice of S&P 6/5/2009 insured downgrade from AA- to A filed on 7/17/09. Notice of S&P 12/22/2010 insured downgrade from A to BBB filed on 1/11/11. Notice of 4/30/10 Fitch underlying upgrade from A- to A+ filed on 5/21/10.
	22. 2006 Pension Obligation Bonds - CIBs		Notice of S&P 6/5/2009 insured downgrade from AA- to A filed on 7/17/09. Notice of S&P 12/22/2010 insured downgrade from A to BBB filed on 1/11/11. Notice of 4/30/10 Fitch underlying upgrade from A- to A+ filed on 5/21/10.

C. Other Concerns/Notes

Issue	*Concern / Note*
~~17. 2002 Ltd Ob Imp Bonds AD 2001-03 (Century Plaza)~~	~~The following statement is required to accompany each Annual Report or other filing containing the City's financial statements. While the financial statements for the issue were filed, this statement was not filed for any of the last five years...~~ ~~*"THE CITY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE CITY ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS."*~~ Notice containing required preface language for all years filed for the *2002 Bonds* by MDA on EMMA, 5/27/14, Filing No. EP655232.

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APPENDIX H

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following information concerning The Depository Trust Company ("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 completeness or accuracy thereof. The Agency cannot and does not give any assurances that DTC will distribute to Participants or that Participants or others will distribute to the Beneficial Owners payments of principal of and interest and premium, if any, on the 2014 Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The Agency is not responsible or liable for the failure of DTC or any Participant or Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the 2014 Bonds or any error or delay relating thereto.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2014 Bonds. The 2014 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 bond certificate will be issued in the aggregate principal amount of the 2014 Bonds 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*.

Purchases of the 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 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 2014 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2014 Bonds, except in the event that use of the book-entry system for the 2014 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 2014 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities 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.

Redemption notices shall be sent to DTC. If less than all of the 2014 Bonds within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2014 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2014 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the 2014 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 Agent or Fiscal Agent, 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 nor its nominee, the Fiscal Agent, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2014 Bonds at any time by giving reasonable notice to the Agency or the Fiscal Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Resolution.

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, 2014 Bonds will be printed and delivered to DTC.

APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, 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 Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AGM. 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

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 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 AGM 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent 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 and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM 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 AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

Form 500NY (5/90)

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG • LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT TAX ALLOCATION REFUNDING BONDS, SERIES 2014

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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