NEW ISSUE
BOOK-ENTRY

INSURED RATING (SERIES A BONDS AND SERIES C BONDS): Standard & Poor's: "AA"
UNDERLYING RATINGS: Standard & Poor's: "BBB+"
Fitch: "BBB-"
See "CONCLUDING INFORMATION – Ratings"

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, the interest on the 2016 Series A Bonds and the 2016 Series C Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS."

$120,085,000	$26,690,000	$37,755,000
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG	**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG**	**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG**
Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series A	**Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, (Taxable) 2016 Series B**	**Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series C**

Dated: Delivery Date **Due: September 1, as shown on the inside front cover**

Purpose of the Bonds. The above captioned bonds (the "2016 Series A Bonds," the "2016 Taxable Series B Bonds" and the "2016 Series C Bonds;" and together, the "Bonds") are being issued by the Successor Agency to the Redevelopment Agency of the City of Pittsburg (the "Successor Agency"), as successor agency to the former Redevelopment Agency of the City of Pittsburg (the "Former Agency") to (i) refund four outstanding series of bonds issued by the Former Agency payable from subordinate tax increment revenue generated in the Former Agency's Los Medanos Community Development Project (the "Project Area") and (ii) to pay costs of issuance incurred in connection with the issuance, sale and delivery of the Bonds, as more fully described herein.

Book-Entry. The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers ("Beneficial Owners") in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds.

Payments. Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing September 1, 2016. Annual principal of, premium, if any, and semi-annual interest on the Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"), to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds. See "THE BONDS."

Redemption. The 2016 Series A Bonds and the 2016 Series B Bonds are subject to optional redemption prior to maturity. See "THE BONDS – Redemption."

Security for the Bonds. The Bonds are payable from and secured by a pledge of subordinate tax increment revenues (as described herein) allocable to the Successor Agency under the Dissolution Act (described herein) to be derived from parcels in the Project Area, and from moneys in certain funds and accounts as provided in an Amended and Restated Indenture of Trust dated as of December 1, 2004 (the "Master Indenture") by and between the Former Agency and the Trustee, as supplemented multiple times, most recently by a Twelfth Supplemental Indenture of Trust (in connection with the issuance of the 2016 Series A Bonds and the 2016 Taxable Series B Bonds) dated as of February 1, 2016 and a Thirteenth Supplemental Indenture of Trust (in connection with the issuance of the Series 2016 Series C Bonds), (collectively, the "Indenture"), as further described in this Official Statement. See "SECURITY FOR THE BONDS."

The payment of debt service on the Bonds and any Additional Bonds and payments under any Parity Obligations issued or executed under the Indenture are subordinate to the payment of debt service on the Successor Agency's outstanding Senior Bonds, as described in this Official Statement. See "SECURITY FOR THE BONDS – Outstanding Senior Obligations."

Bond Insurance. The scheduled payment of principal of and interest on the Series A Bonds and the Series C Bonds when due will be guaranteed under municipal bond insurance policies to be issued for the 2016 Series A Bonds concurrently with the delivery of the 2016 Series A Bonds and for the 2016 Series C Bonds concurrently with the delivery of the 2016 Series C Bonds by ASSURED GUARANTY MUNICIPAL CORP. See "BOND INSURANCE."

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

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

The Bonds are offered, when, as and if issued, subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, Bond Counsel to the Successor Agency. Jones Hall, A Professional Law Corporation, is also serving as Disclosure Counsel to the Successor Agency. In addition, certain legal matters will be passed upon for the Successor Agency by the City Attorney of the City, as Successor Agency general counsel. Certain legal matters will be passed on for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Underwriter's Counsel. It is anticipated that the 2016 Series A Bonds and the 2016 Taxable Series B Bonds will be available for delivery through the facilities of DTC, on or about February 10, 2016 and the Series 2016 Series C Bonds will be available for delivery through the facilities of DTC, on or about June 7, 2016 pursuant to a forward delivery arrangement. See "CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE 2016 SERIES C BONDS" herein.

Morgan Stanley

The date of this Official Statement is January 27, 2016.

MATURITY SCHEDULES

$120,085,000
2016 SERIES A BONDS

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (Base 86459L)
2021[I]	$6,175,000	5.000%	1.580%	118.129%	BH0
2022[I]	11,165,000	5.000	1.810	119.642	BJ6
2023[I]	12,565,000	5.000	2.010	120.868	BK3
2024[I]	13,210,000	5.000	2.210	121.645	BL1
2025[I]	13,890,000	5.000	2.390	122.183	BM9
2026[I]	14,610,000	5.000	2.510	122.967	BN7
2027[I]	15,355,000	5.000	2.610	121.930[C]	BP2
2028[I]	16,140,000	5.000	2.710	120.903[C]	BQ0
2029[I]	16,975,000	5.000	2.790	120.089[C]	BR8

$26,690,000
(TAXABLE) 2016 SERIES B BONDS

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (Base 86459L)
2016	$11,385,000	1.373%	1.373%	100.000%	AS7
2017	11,065,000	2.123	2.123	100.000	AT5
2018	4,240,000	2.573	2.573	100.000	AU2

$37,755,000
2016 SERIES C BONDS

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (Base 86459L)
2018[I]	$8,250,000	5.000%	1.410%	107.863%	BS6
2019[I]	11,300,000	5.000	1.570	110.769	BT4
2020[I]	11,880,000	5.000	1.740	113.246	BU1
2021[I]	6,325,000	5.000	1.900	115.370	BV9

I: Insured Bonds.
C: Priced to first optional redemption of September 1, 2026.
† Copyright 2016, CUSIP Global Services, and a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the Successor Agency nor the Underwriter assumes any responsibility for the accuracy of the CUSIP data.

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

CITY COUNCIL/SUCCESSOR AGENCY BOARD

Ben Johnson, *Chair and Mayor*
Will Casey, *Vice Chair and Vice Mayor*
Salvatore Evola, *Member and City Council Member*
Merl Craft, *Member and City Council Member*
Dwaine "Pete" Longmire, *Member and City Council Member*

CITY/SUCCESSOR AGENCY STAFF

Joe Sbranti, *Executive Director and City Manager*
Brad Farmer, *Treasurer and City Finance Director*
Alice E. Evenson, *Secretary and City Clerk*

SPECIAL SERVICES

Financial Advisor
Public Financial Management, Inc.
San Francisco, California

Bond and Disclosure Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Fiscal Consultant
Fraser & Associates
Roseville, California

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

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

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GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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

Insurer's Disclaimer. Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the 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" and "Appendix J - Specimen Municipal Bond Insurance Policy."

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

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

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

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

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

OFFICIAL STATEMENT

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG

$120,085,000	$26,690,000	$37,755,000
Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series A	**Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, (Taxable) 2016 Series B**	**Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series C**

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the Successor Agency to the Redevelopment Agency of the City of Pittsburg (the "**Successor Agency**") of the following series of bonds (collectively, the "**Bonds**"):

- Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series A (the "**2016 Series A Bonds**"),

- Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, (Taxable) 2016 Series B (the "**2016 Taxable Series B Bonds**"), and

- Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series C (the "**2016 Series C Bonds**").

It is anticipated that the 2016 Series A Refunding Bonds and 2016 Taxable Series B Bonds will be executed and delivered on or about February 10, 2016 (the "**Series A and Series B Bonds Closing Date**") and that the 2016 Series C Bonds will be executed and delivered on or about June 7, 2016 pursuant to a delayed delivery arrangement (the "**2016 Series C Bonds Delayed Closing Date**"). "**Closing Date**" refers to the Series A and Series B Bonds Closing Date or the 2016 Series C Closing Date, as applicable. See "CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE 2016 SERIES C BONDS" herein.

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description and guide to, and is qualified by, the more complete and detailed information contained in the entire Official Statement including the cover page and the appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Authority and Use of Proceeds

The Successor Agency is issuing the Bonds pursuant to authority granted by Part 1 (commencing with Section 33000) and Part 1.85 of Division 24 (commencing with Section 34170) of the California Health and Safety Code (the "**Law**"), Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "**Refunding Law**"), including the Dissolution Act described herein.

The Bonds are being issued pursuant to an Amended and Restated Indenture of Trust dated as of December 1, 2004 (the "**Master Indenture**") by and between the Redevelopment Agency of the City of Pittsburg (the "**Former Agency**") and The Bank of New York Trust Company, N.A., as predecessor to The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**"), as supplemented by:

- a First Supplemental Indenture of Trust dated as of December 1, 2004,
- a Second Supplemental Indenture of Trust dated as of December 1, 2004,
- a Third Supplemental Indenture dated as of March 1, 2005,
- a Fourth Supplemental Indenture of Trust dated as of December 1, 2006,
- a Fifth Supplemental Indenture of Trust dated as of December 1, 2006
- a Sixth Supplemental Indenture of Trust dated as of December 1, 2006,
- a Seventh Supplemental Indenture dated as of May 1, 2008,
- an Eighth Supplemental Indenture dated as of November 1, 2008,
- an Eighth Supplemental Indenture dated as of October 1, 2009,
- a Ninth Supplemental Indenture, dated as of December 1, 2009, and
- a Tenth Supplemental Indenture, dated as of March 1, 2011; each by and between the Former Agency and the Trustee.

The Successor Agency has also supplemented and amended the Master Indenture by executing an Eleventh Supplemental Indenture, dated as of June 1, 2014, by and between the Successor Agency and the Trustee (as so previously supplemented and amended, the Master Indenture is herein referred to as the "**Original Indenture**").

The 2016 Series A Bonds and the 2016 Taxable Series B Bonds are being issued pursuant to the Original Indenture, as amended and supplemented by a Twelfth Supplemental Indenture of Trust dated as of February 1, 2016, by and between the Successor Agency and the Trustee (the "**Twelfth Supplement**"). The 2016 Series C Bonds are being issued pursuant to the Original Indenture, as amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2016, by and between the Successor Agency and the Trustee (the "**Thirteenth Supplement**" and, together with the Twelfth Supplement, the "**Indenture**"). See "THE BONDS – Authority for Issuance."

The Successor Agency is issuing the Bonds in order to redeem and defease the following outstanding series of bonds (collectively, the "**Prior Bonds**") issued by the Former Agency. The proceeds of the Prior Bonds were used to finance or refinance redevelopment activities in the Successor Agency's Los Medanos Community Development Project (the **"Project Area"**).

- Los Medanos Community Development Project Subordinate Tax Allocation Bonds, 2004 Series A (the "**2004 Series A Bonds**"), in the initial aggregate principal amount of $117,615,000, $101,195,000 of which remain outstanding,

- Los Medanos Community Development Project Subordinate Tax Allocation Bonds, (Taxable) 2006 Series B, in the initial aggregate principal amount of $36,840,000 (the "**2006 Taxable Series B Bonds**"), $22,470,000 of which remain outstanding,

- Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2006 Series C, in the initial aggregate principal amount of $46,660,000 (the "**2006 Series C Bonds**"), $44,880,000 of which remain outstanding, and

- Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2008 Series A (the "**2008 Series A Bonds**"), in the initial aggregate principal amount of $61,660,856.25, $60,455,856.25 (initial value) of which remains outstanding.

Proceeds of the 2016 Series A Bonds will be used to refund the 2004 Series A Bonds and a portion of the 2008 Series A Bonds. Proceeds of the 2016 Taxable Series B Bonds will be used to refund the 2006 Taxable Series B Bonds and a portion of the 2008 Series A Bonds. Proceeds of the 2016 Series C Bonds will be used to refund the 2006 Series C Bonds. In connection with the issuance of the 2004 Series A Bonds, the Successor Agency entered into an ISDA Master Agreement, together with the Replacement Swap Undertaking, and related Schedule and Confirmation relating thereto (collectively, the **"Swap Agreement"**); proceeds of the 2016 Series A Bonds will also be used to finance a termination payment in connection with the termination of the Swap Agreement.

Proceeds of the 2016 Series A Bonds and the 2016 Series C Bonds will also be used to pay the costs of issuing the Bonds, including the premium on a municipal bond insurance policy(one for the 2016 Series A Bonds, and one for the 2016 Series C Bonds) and debt service reserve policies (one for the 2016 Series A and Series B Bonds, and one for the 2016 Series C Bonds).

The City and the Successor Agency

The City and the County. The City of Pittsburg (the "**City**") is located in the eastern portion of the County at the confluence of the San Joaquin and Sacramento Rivers about 40 miles northeast of San Francisco. The City's estimated population at January 1, 2015 was 67,628. The City is administered by a Council Manager form of government. The mayor and four City Council members are elected at large for four-year terms. For certain information regarding the City, see "APPENDIX G - City of Pittsburg and Contra Costa County General Information." *The Bonds are not an obligation of the City or the County.*

Former Agency. The Successor Agency is the successor entity to the Former Agency, which was dissolved under the Dissolution Act (described herein). The Former Agency was a redevelopment agency with all of the powers vested in such entities under the Law. The City Council of the City (the "**City Council**") was the governing board of the Former Agency and is the governing board of the Successor Agency.

Dissolution Act. On June 29, 2011, Assembly Bill No. 26 ("**AB 1X 26**") was enacted together with a companion bill, Assembly Bill No. 27 ("**AB 1X 27**"). The provisions of AB 1X 26 provided for the dissolution of all redevelopment agencies statewide as of February 1, 2012. The provisions of AB 1X 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.,* 53 Cal. 4th 231 (Cal. Dec. 29, 2011),

challenging the constitutionality of AB 1X 26 and AB 1X 27. On December 19, 2012, the California Supreme Court largely upheld AB 1X 26, invalidated AB 1X 27, and held that AB 1X 26 may be severed from AB 1X 27 and enforced independently. As a result of AB 1X 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB 1X 26 relating to the dissolution and wind down of former redevelopment agency affairs are found in 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, and as further amended on September 22, 2015 by Senate Bill No. 107 ("**SB 107**"), enacted as Chapter 325, Statutes of 2015 (as amended from time to time, the "**Dissolution Act**").

Successor Agency. Pursuant to Section 34173 of the Dissolution Act, the City acts as the Successor Agency to the Former Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public 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 Redevelopment Plan and the 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. 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 four 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).

The Redevelopment Plan was further amended in November, 1983 and in June, 1993 to, among other things, add approximately 2,400 acres to the Project Area. 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.

The Project Area is comprised of approximately 6,562 acres (approximately 53.5% of the City), including the land added in the Third Amendment (as described above), located in the City. The Project Area includes the City's downtown area, as well as much of the balance of the City. The Project Area is planned for a mixture of industrial, commercial and residential development. See "THE PROJECT AREA."

Security for the Bonds - Tax Allocation Financing

The Bonds are payable from and secured by an irrevocable pledge of the Subordinate Pledged Tax Revenues (defined below) to be derived from the Project Area and an irrevocable pledge of all of the moneys in the Redevelopment Property Tax Trust Fund established pursuant to Dissolution Act.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Subordinate Pledged Tax Revenues available in any six-month period to pay the principal of and interest on the 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 AB 1X 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 Successor 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 AB 1X 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule (as defined below). See "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules" herein.

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

In accordance with the Dissolution Act, the term **"Subordinate Pledged Tax Revenues"** is defined under the Indenture 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(9.)(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, the Successor Agency is no longer required to deposit 20% of tax increment 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 Subordinate Pledged 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 herein).

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 Successor 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 Successor Agency is entitled pursuant to the Dissolution Law and a 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 BONDS – Custody Agreement" and "– Recognized Obligation Payment Schedules" herein. The portion of the Subordinate Pledged Tax Revenues deposited into the Custody Account relating to the Bonds will be transferred by the Custodian to the Trustee for deposit in the Special Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

The Bonds are limited obligations of the Successor 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 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 therefor. The Successor Agency has no taxing power.

Outstanding Senior Bonds. The payment of debt service on the Bonds and any Additional Bonds, and payments under any Parity Obligations issued or executed under the Indenture are subordinate to the payment of debt service on the following "**Senior Bonds**":

(i) the Former Agency's Los Medanos Community Development Project Tax Allocation Refunding Bonds, Series 1999 in the outstanding principal amount of $95,795,000 (Maturity Value),

(ii) the Successor Agency¹s Los Medanos Community Development Project Tax Allocation Refunding Bonds, Series 2014 in the outstanding principal amount of $67,445,000, and

(iii) the Former Agency's Los Medanos Community Development Project Tax Allocation Bonds, Housing Set-Aside Tax Allocation Bonds (Taxable) 2006 Series A which were, prior to the Dissolution Act, payable from the housing set-aside maintained by the Former Agency and per the terms of the Dissolution Act are now payable on a senior basis to obligations secured by Subordinate Pledged Tax Revenues and the Successor Agency's Los Medanos Community Development Project Housing Set-Aside Tax Allocation Refunding Bonds (Taxable), 2016 Series A being issued concurrently with the Bonds in the aggregate principal amount of $13,845,000 (the "**Housing Bonds**"). See "SECURITY FOR THE BONDS - Pledge of Subordinate Pledged Tax Revenues" and " - Outstanding Housing Bonds."

Payment of the principal of and interest on some series of Senior Bonds is insured by a municipal bond insurance policy. The Agency may issue or incur additional Senior Bonds only for the purpose of refunding outstanding Senior Bonds only if (i) annual debt service for each Bond Year during which such additional Senior Bonds are outstanding shall not exceed the annual debt service on the Senior Bonds to be refunded and (ii) the final maturity of such Senior Bonds is not later than the final maturity of the Senior Bonds to be refunded. "SECURITY FOR THE BONDS – Outstanding Senior Obligations."

Parity Bonds and Additional Bonds. Prior to the 2016 Series C Bonds Delayed Closing Date, the 2006 Series C Bonds will be outstanding and payable on parity with the Bonds. Upon issuance of the 2016 Series C Bonds, proceeds of the 2016 Series C Bonds will be used to refund the 2006 Series C Bonds. Per the Indenture, the Agency may issue or incur additional Bonds (the **"Additional Bonds"**) only for the purpose of refunding a portion of outstanding Bonds only if (i) annual debt service for each Bond Year during which such Additional Bonds are outstanding shall not exceed the annual debt service on the Bonds to be refunded and (ii) the final maturity of such Additional Bonds is not later than the final maturity of the Bonds to be refunded.

Bond Insurance

The scheduled payment of principal of and interest on the 2016 Series A Bonds and the 2016 Series C Bonds (together, the "**Insured Bonds**") when due will be guaranteed under an insurance policy (each, a **"2016 Bond Insurance Policy"** and, together, the **"2016 Bond Insurance Policies"**) to be issued concurrently with the delivery of the Insured Bonds by Assured Guaranty Municipal Corp. ("**AGM**" or the **"2016 Bond Insurer"**). AGM will issue a 2016 Bond Insurance Policy for the 2016 Series A Bonds on the Series A Bonds Delivery Date and a 2016 Bond Insurance Policy for the 2016 Series C Bonds on the 2016 Series C Bonds Delayed Closing Date. See "BOND INSURANCE" and "APPENDIX J - SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Limited Obligation

The Bonds are special obligations of the Successor Agency and are secured by an irrevocable pledge of and lien on, and are payable as to principal, interest and premium, if any, from Subordinate Pledged Tax Revenues and other funds. The Bonds, interest and premium, if any, are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions (except the Successor Agency) are liable thereon. The Bonds, interest thereon and premium, if any, are not payable out of any funds or properties other than those set forth in the Indenture. No member, officer, agent, or employee of the Successor Agency, the Oversight Board, the County Board of Supervisors or any person executing the Bonds is liable personally on the Bonds by reason of their issuance.

Professionals Involved in the Offering

Pubic Financial Management, Inc., San Francisco, California, has served as financial advisor to the Successor Agency and has advised the Successor Agency with respect to the financial structure of the refinancing and as to other financial aspects of the transaction. *Payment of the fees and expenses of the financial advisor is contingent upon the sale and delivery of the Bonds.*

Fraser and Associates, Roseville, California, has acted as fiscal consultant to the Successor Agency (the "**Fiscal Consultant**") and advised the Successor Agency as to the taxable values and Subordinate Pledged Tax Revenues projected to be available to pay debt service on the Bonds as referenced in this Official Statement. The report prepared by the Fiscal Consultant is referred to as the "**Fiscal Consultant's Report**" and is attached as Appendix H.

All proceedings in connection with the issuance of the Bonds are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the

Successor Agency. Jones Hall is also acting as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. In addition, certain legal matters will be passed upon for the Successor Agency by the City Attorney of the City. *Payment of the fees and expenses of Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon the sale and delivery of the Bonds.*

Further Information

Brief descriptions of the Redevelopment Law, the Dissolution Act, the Refunding Law, the Bonds, the Indenture, the Successor Agency, the Former Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references in this Official Statement to the Redevelopment Law, the Dissolution Act, the Refunding Law, the Bonds, the Indenture, the Constitution and the laws of the State as well as the proceedings of the Former Agency, the Successor Agency, the County and the City are qualified in their entirety by reference to such documents and laws. References in this Official Statement to the Bonds are qualified in their entirety by the form included in the Indenture and by the provisions of the Indenture. Capitalized terms used in this Official Statement and not otherwise defined shall have the meanings given to such terms as set forth in the Indenture.

During the period of the initial offering of the Bonds, copies of the draft forms of all documents are available from the Underwriter or from the City Clerk, City of Pittsburg, 65 Civic Avenue, Pittsburg, CA 94565.

REFUNDING PLAN

The Bonds are being issued to refund the Prior Bonds. The proceeds of the Prior Bonds were used to finance or refinance redevelopment activities in the Project Area.

Series 2016 A Bonds. Proceeds of the 2016 Series A Bonds will be used (i) to refund the 2004 Series A Bonds on a current basis, and a portion of the 2008 Series A Bonds on an advanced basis, and (ii) to finance a termination payment in connection with the termination of the Swap Agreement.

Series 2016 B Bonds. Proceeds of the 2016 Taxable Series B Bonds will be used to refund the 2006 Taxable Series B Bonds on a current basis and a portion of the 2008 Series A Bonds on an advanced basis.

Series 2016 C Bonds. Proceeds of the 2016 Series C Bonds will be used to refund the 2006 Series C Bonds on a current basis (upon delayed delivery as described herein).

Redemption of the Prior Bonds

Series 2016 A Bonds. As to the 2016 Series A Bonds, pursuant to Irrevocable Refunding Instructions given to the Trustee in its capacity as trustee (the **"Prior Bonds Trustee"**) with respect to the 2016 Series A Bonds, the Successor Agency will give Instructions to the Prior Bonds Trustee for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for (i) redemption of the 2004 Series A Bonds on February 10, 2016; (ii) redemption of a portion of the 2008 Series A Bonds that are Capital Appreciation Bonds on February 10, 2016, (iii) payment of a portion of the regularly scheduled debt service on the 2008 Series A Bonds that are Current Interest Bonds through September 1, 2018, and (iv) the redemption of a portion of the 2008 Series A Bonds maturing on and after September 1, 2019 through and including September 1, 2028 on September 1, 2018, pursuant to the requirements of the Indenture under which each such prior series of bonds were issued.

Series 2016 B Bonds. As to the 2016 Series B Bonds, pursuant to Irrevocable Refunding Instructions to be given to the Prior Bonds Trustee, the Successor Agency will give Instructions to the Prior Bonds Trustee for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for (i) redemption of the 2006 Taxable Series B Bonds on February 10, 2016; (ii) payment of regularly scheduled debt service on the 2008 Series A Bonds that are Current Interest Bonds through September 1, 2018, (iii) the redemption of a portion of the 2008 Series A Bonds maturing on and after September 1, 2019 through and including September 1, 2028 on September 1, 2018, and (iv), redemption of a portion of the 2008 Series A Bonds that are Capital Appreciation Bonds on February 10, 2016; all pursuant to the requirements of the Indenture under which each such prior series of bonds were issued.

Series 2016 C Bonds. As to the 2016 Series C Bonds, pursuant to Irrevocable Refunding Instructions to be given to the Prior Bonds Trustee, the Successor Agency will give Instructions to the Prior Bonds Trustee for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for redemption of the 2006 Series C Bonds on September 1, 2016, pursuant to the requirements of the Indenture under which each such prior series of bonds were issued.

Upon issuance of the Bonds, the Successor Agency will deliver a portion of the proceeds of each series of Bonds, along with other available amounts, to the Prior Bonds Trustee for deposit in a respective Redemption Accounts established in connection with the Prior Bonds.

The Prior Bonds Trustee will hold such amounts uninvested, as to any Prior Bonds being currently refunded, and invested in authorized investments, as to any Prior Bonds being advance refunded. From the moneys on deposit in the respective Redemption Account, the Prior Bonds Trustee will pay the redemption price of the Prior Bonds equal to the outstanding principal amount, together with accrued interest and redemption premium, if any, to the redemption date.

The amounts held by the Prior Bonds Trustee in the respective Redemption Accounts are pledged solely to the amounts due and payable by the Successor Agency with respect to the Prior Bonds. Neither the funds deposited in the respective Redemption Account nor interest on the invested funds, if any, will be available for the payment of debt service with respect to the Bonds.

Verification of Mathematical Accuracy

The sufficiency of amounts on deposit in the Redemption Accounts together with investment earnings thereon to pay the principal and accrued interest with respect to the applicable Prior Bonds being refunded, will be verified by Causey Demgen & Moore, P.C., Denver, Colorado, certified public accountants (the "**Verification Agent**"). The Verification Agent will deliver a report to that effect on the date of delivery of the Bonds.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds are summarized below.

	2016 Series A Bonds	2016 Taxable Series B Bonds	2016 Series C Bonds
Sources[1]:			
Principal Amount of Bonds	$120,085,000.00	$26,690,000.00	$37,755,000.00
Plus: 2004 Series A Bonds - Available Funds	40,361,240.73	--	--
Plus: 2006 Taxable Series B Bonds - Available Funds	--	2,851,326.45	--
Plus: 2006 Series C Bonds - Available Funds	--	--	4,589,420.98
Plus: 2008 Series A Bonds - Available Funds	3,892,429.29	241,335.40	
Less: Underwriter's Discount	(645,305.38)	(100,000.64)	(205,312.29)
Plus: Net Original Issue Premium	25,381,764.60	--	4,411,371.80
Total Sources	$189,075,129.24	$29,682,661.21	$46,550,480.49
Uses[1]:			
Refunding of 2004 Series A Bonds	$101,244,909.38	--	--
Refunding of 2006 Taxable Series B Bonds	--	$25,406,425.59	--
Refunding of 2006 Series C Bonds	--	--	$45,849,946.25
Refunding of 2008 Series A Bonds	67,037,405.24	4,120,189.92	--
Swap Agreement Termination Payment	18,136,000.00	--	--
Costs of Issuance Fund [2]	2,656,814.62	156,045.70	700,534.24
Total Uses	$189,075,129.24	$29,682,661.21	$46,550,480.49

(1) Estimated sources and uses are based on preliminary estimates of make-whole redemption prices.
(2) Costs of Issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Agency Counsel, Financial Advisor, Fiscal Consultant, Trustee, premiums for bond insurance and reserve policies, administrative costs, printing expenses, rating fee, and other costs related to the issuance of the Bonds.

Debt Service Schedules

2016 Series A Bonds. The following table shows the annual debt service schedule for the 2016 Series A Bonds, assuming no optional redemption of 2016 Series A Bonds.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG
2016 Series A Bonds
Annual Debt Service Schedule

Bond Year Ending September 1	2016 Series A Principal	2016 Series A Interest	2016 Series A Total Debt Service
2016	--	$3,352,372.92	$3,352,372.92
2017	--	6,004,250.00	6,004,250.00
2018	--	6,004,250.00	6,004,250.00
2019	--	6,004,250.00	6,004,250.00
2020	--	6,004,250.00	6,004,250.00
2021	$6,175,000	6,004,250.00	12,179,250.00
2022	11,165,000	5,695,500.00	16,860,500.00
2023	12,565,000	5,137,250.00	17,702,250.00
2024	13,210,000	4,509,000.00	17,719,000.00
2025	13,890,000	3,848,500.00	17,738,500.00
2026	14,610,000	3,154,000.00	17,764,000.00
2027	15,355,000	2,423,500.00	17,778,500.00
2028	16,140,000	1,655,750.00	17,795,750.00
2029	16,975,000	848,750.00	17,823,750.00
Total	$120,085,000	$60,645,872.92	$180,730,872.92

2016 Taxable Series B Bonds. The following table shows the annual debt service schedule for the 2016 Taxable Series B Bonds, assuming no optional redemption of 2016 Taxable Series B Bonds.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG
2016 Taxable Series B Bonds
Annual Debt Service Schedule

Bond Year Ending September 1	2016 Taxable Series B Principal	2016 Taxable Series B Interest	2016 Taxable Series B Total Debt Service
2016	$11,385,000	$279,346.00	$11,664,346.00
2017	11,065,000	344,005.16	11,409,005.16
2018	4,240,000	109,095.22	4,349,095.22
Total	$26,690,000	$732,446.38	$27,422,446.38

2016 Series C Bonds. The following table shows the annual debt service schedule for the 2016 Series C Bonds, assuming no optional redemption of 2016 Series C Bonds.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG
2016 Series C Bonds
Annual Debt Service Schedule

Bond Year Ending September 1	2016 Series C Principal	2016 Series C Interest	2016 Series C Total Debt Service
2016	--	$440,475.00	$440,475.00
2017	--	1,887,750.00	1,887,750.00
2018	$8,250,000	1,887,750.00	10,137,750.00
2019	11,300,000	1,475,250.00	12,775,250.00
2020	11,880,000	910,250.00	12,790,250.00
2021	6,325,000	316,250.00	6,641,250.00
Total	$37,755,000	$6,917,725.00	$44,672,725.00

THE BONDS

Authority for Issuance

The issuance of the Bonds and the execution and delivery of the Indenture were authorized by the Successor Agency pursuant to Resolution No. 15-027 adopted on September 21, 2015 (the "**Resolution**"), and approved by the Oversight Board pursuant to Resolution Nos. 15-037 OSB and 15-038 OSB adopted on September 24, 2015 (the "**Oversight Board Resolution**").

Pursuant to the Dissolution Act, written notice of the Oversight Board Resolution was provided to the DOF. On December 4, 2015, the DOF provided a letter to the Successor Agency stating that based on the DOF's review and application of the law, the Oversight Board Resolution approving the Bonds is approved by the DOF. See "APPENDIX F – State Department of Finance Approval Letter."

Section 34177.5(f) of the Dissolution Act provides that when, as here, a successor agency issues refunding bonds with the approval of the oversight board and the DOF, the oversight board may not unilaterally approve any amendments to or early termination of the bonds, and the scheduled payments on the bonds shall be listed in the Recognized Obligation Payment Schedule and are not subject to further review and approval by the DOF or the California State Controller.

Description of the Bonds

The Bonds will be issued and delivered in fully-registered form without coupons in the denomination of $5,000 or any integral multiple thereof for each maturity, initially in the name of Cede & Co., as nominee for The Depository Trust Company ("**DTC**"), New York, New York, as registered owner of all Bonds. The initially executed and delivered Bonds will be dated their respective Closing Dates and mature on September 1 in the years and in the amounts shown on the inside cover page of this Official Statement.

Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months at the rates shown on the inside cover page of this Official Statement, payable semiannually on March 1 and September 1 in each year (each, an "**Interest Payment Date**"), commencing on September 1, 2016 , by check mailed to the registered owners thereof or upon the request of the Owners of $1,000,000 or more in principal amount of Bonds, by wire transfer to an account in the United States which shall be designated in written instructions by such Owner to the Trustee on or before the Record Date preceding the Interest Payment Date. "**Record Date**" as defined in the Indenture means, with respect to any Interest Payment Date, the fifteenth day of the month preceding the month in which such Interest Payment Date falls.

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

Redemption

Optional Redemption – 2016 Series A Bonds. The 2016 Series A Bonds maturing on or after September 1, 2027 are subject to redemption prior to their respective maturity dates, at the option of the Successor Agency, in whole or in part among maturities on such basis as is designated by the Successor Agency and by lot within a maturity on any date on or after

September 1, 2026, at a redemption price equal to 100% of the principal amount of the 2016 Series A Bonds to be redeemed, plus unpaid accrued interest thereon to the date fixed for redemption, without premium.

Optional Redemption – 2016 Taxable Series B Bonds. The 2016 Taxable Series B Bonds are subject to redemption prior to their respective stated maturity dates, at the option of the Successor Agency on any date at the Make-Whole Redemption Price.

The "**Make-Whole Redemption Price**" means the amount equal to the greater of the following:

1. the initial offering price of the 2016 Series B Bonds (but not less than 100% of the principal amount of the 2016 Series B Bonds to be redeemed); or

2. the sum of the present value of the remaining scheduled payments of principal and interest with respect to the 2016 Series B Bonds to be redeemed to the maturity date of such 2016 Series B Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2016 Series B Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semiannual basis, assuming a 360-day year containing twelve 30 day months, at the Treasury Rate, plus 25 basis points, plus in each case accrued interest on the 2016 Series B Bonds to be redeemed to the redemption date.

For the purpose of determining the Make-Whole Redemption Price, "**Treasury Rate**" means, with respect to any redemption date for a particular 2016 Series B Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) (the "**Statistical Release**") that has become publicly available at least two Business Days prior to the redemption date (excluding inflation-indexed securities) (or, if the Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the 2016 Series B Bonds to be redeemed; provided, however that if the period from the redemption date to the maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used..

Notwithstanding partial redemption provisions in the Master Indenture, optional redemption payments on the 2016 Series B Bonds being redeemed in part will be made among the maturities being redeemed on a pro rata basis to each owner in whose name such 2016 Series B Bonds are registered at the close of business on the Record Date immediately preceding the redemption date (DTC so long as the book-entry System with DTC is in effect). "Pro rata" means, in connection with any optional redemption in part, with respect to the allocation of amounts to be redeemed, the application to such amounts of a fraction, the numerator of which is equal to the amount of the specific maturity of 2016 Series B Bonds held by an owner of such 2016 Series B Bonds, and the denominator of which is equal to the total amount of such maturity of 2016 Series B Bonds, then Outstanding. So long as there is a securities depository for the 2016 Series B Bonds, there will be only one registered owner and neither the Successor Agency nor the Trustee will have responsibility for prorating partial redemptions among beneficial owners of the 2016 Series B Bonds.

Optional Redemption – 2016 Series C Bonds. The 2016 Series C Bonds are not subject to redemption prior to their stated maturity dates.

In the event that any such 2016 Series C Term Bonds are redeemed, such Sinking Fund Installments shall be reduced pro rata for the principal amount of such 2016 Series C Term Bonds so redeemed.

Notice of Redemption. Notice of redemption shall be mailed by first-class mail, by the Trustee, in the name of the Successor Agency, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the Owners of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee. Such notice shall specify the maturity date of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption shall be payable and, if less than all of the Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof to be redeemed in the case of Bonds to be redeemed in part only, and that from and after such date interest on such Bond or the portion of such Bond to be redeemed shall cease to accrue and be payable.

In the event that funds required to pay the Redemption Price of the Bonds are not on deposit with the Trustee at the time the notice with respect to any redemption of Bonds at the option of the Agency is given, such notice shall state that such redemption is conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the Redemption Price of the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Agency shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the persons and in the manner in which the notice of redemption was given that such moneys were not so received and that there shall be no redemption of Bonds pursuant to the conditional notice of redemption.

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Successor Agency will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new Bond or Bonds of authorized denominations, equal in aggregate principal amount to the unredeemed portion of the Bond to be redeemed, maturity and terms as the surrendered Bonds.

Effect of Redemption. Notice of redemption having been duly mailed to the Owners of Bonds to be redeemed (in whole or in part) and the amount necessary for the redemption has been made available on the date fixed for redemption, the Bonds or portions thereof so designated for redemption will be deemed to be no longer Outstanding and such Bonds or portions thereof will cease to bear further interest.

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

TAX INCREMENT FINANCING GENERALLY

Property Tax Collection Procedures

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

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

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

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

Delinquencies/Teeter Plan. The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31. Under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (known as the Teeter Plan), as provided for in Section 4701 *et seq*. of the Revenue and Taxation Code of the State, tax increment revenues are allocated to each taxing agency in a county without regard to delinquencies in the payment of property taxes. The County uses the Teeter Plan and the Successor Agency participates in the County's Teeter Plan. As a result of

this allocation method, the Successor Agency receives no adjustments for redemption payments on delinquent collections. The Successor Agency does receive supplemental taxes and refunds, if any, are deducted from amounts available for deposit to the Redevelopment Property Tax Trust Fund. There can be no assurance that the County Auditor-Controller will not change its policies with respect to delinquencies in property tax payments in the future.

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

Property Tax Administrative Costs. In 1990, the State Legislature enacted Senate Bill ("**SB**") 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before moneys are deposited into the Redevelopment Property Tax Trust Fund. The County's administrative charge to the Successor Agency for the Project Area was $553,977, representing 1.3% of gross tax increment revenues received by the Successor Agency in such fiscal year.

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

Section 33676 Payments. Pursuant to former Health and Safety Code Section 33676, applicable to redevelopment plans between January 1, 1984 and December 31, 1993, taxing entities were permitted to elect to receive, in addition to the taxes allocated to them pursuant to Health and Safety Code Section 33670(a), the amount of taxes that would otherwise be allocated to the Redevelopment Agency pursuant to Health and Safety Code Section 33670(b) attributable to (i) any increase in the taxing entity's tax rate and (ii) in certain circumstances, the annual inflation adjustment in the assessed valuation of the secured property within a project

area. In *Santa Ana Unified School District v. Orange County Development Agency*, the California Court of Appeal clarified that payments to school districts pursuant to Section 33676 are mandatory notwithstanding the failure of any such school district to elect to receive such payments. The City of Pittsburg elected to receive such payments from the Los Medanos III subarea. However, all of the school districts in the Project Area have entered into tax sharing agreements and are not eligible to elect to receive such Section 33676 payments. In the Indenture, the Successor Agency acknowledges that payments made pursuant to Section 33676 of the Law are senior to the payment of debt service on the Bonds.

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

Unitary Property

Assembly Bill ("**AB**") 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, tax revenues derived from unitary property and assessed by the State Board of Equalization are accumulated in a single Tax Rate Area for the County. The tax revenues are then to be allocated to each taxing entity county-wide in accordance with AB 454 (Statutes of 1987, Chapter 921) which 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.

In the Fiscal Consultant's Report, fiscal year 2015-16 unitary revenues are estimated to equal $438,148 based on the actual unitary revenues allocated in 2014-15.

Article XIIIA of the State Constitution

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

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

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

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

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

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

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

Appropriations Limitation – Article XIIIB

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

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness is not deemed to be the receipt by an agency of proceeds of taxes levied by or on

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

Articles XIIIC and XIIID of the State Constitution

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

Redevelopment Plan Limits

In 1993, the State legislature passed AB 1290, Chapter 942, Statutes 1993, which, among other things, required redevelopment agencies to adopt time limits in each redevelopment plan specifying (a) the last date to incur debt for a redevelopment project; (b) the last date to undertake redevelopment activity within a project area; and (c) the last date to collect tax increment revenue from a project area to repay debt.

In 2001, the State Legislature enacted SB 211, Chapter 741, Statutes 2001, effective January 1, 2002 ("**SB 211**"), which authorized, among other things, the deletion of the AB 1290 limitation on incurring indebtedness contained in a redevelopment plan adopted before January 1, 1994. SB 211 also prescribed additional requirements that a redevelopment agency would have to meet upon extending the time limit on the effectiveness of a redevelopment plan, including requiring an increased percentage of new and substantially rehabilitated dwelling units to be available at affordable housing cost to persons and families of low or moderate income before the termination of the effectiveness of the plan.

The various amendments adopted by the City and the Former Agency included changes to the financial and time limits of the Project Area, however under SB 107 enacted in September 2015 the applicability of plan limits have been eliminated; as such, all provisions of the Redevelopment Law that depend on the allocation of tax increment to redevelopment agencies have become inoperative. However, SB 107 provides that, solely for the purposes of the payment of enforceable obligations under the Dissolution Act, the limitations relating to time, number of tax dollars or any other matters will no longer continue to apply to successor agencies.

Appeals of Assessed Values

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

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board

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

Proposition 8

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

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

Propositions 218 and 26

On November 5, 1996, State voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the "Supermajority Vote to Pass New Taxes and Fees Act."

Proposition 26 amended Article XIIIC of the State Constitution by adding an expansive definition for the term "tax," which previously was not defined under the State Constitution. Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and outside of the scope of taxes which are limited by Proposition 26.

Future Initiatives

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

THE DISSOLUTION ACT

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB 1X 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to effective date of AB 1X 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule (see "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules").

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

Pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plan for the project area, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called "**taxing agencies**") after the effective date of the ordinance approving the applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the applicable 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 applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the applicable 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/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the

interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within limitations established by the applicable Redevelopment Plan, following the date of issuance of the Bonds, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor 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.

SECURITY FOR THE BONDS

Pledge of Subordinate Pledged Tax Revenues

The Bonds are payable from and secured by (i) an irrevocable pledge of the Subordinate Pledged Tax Revenues (defined below) to be derived from the Project Area, (ii) an irrevocable pledge and lien created with respect to the Bonds by Section 34177.5(g) of the California Health and Safety Code on Subordinated Pledged Tax Revenues from time to time in the Redevelopment Property Tax Trust Fund established pursuant to 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, the Sinking Fund Account and the Debt Service Reserve Account therein) and the Redemption Fund, and all amounts derived from the investment of the moneys in these funds and accounts.

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 Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules" herein. Moneys deposited by the County Auditor-Controller into the Custody Account will be transferred by the Custodian to the Trustee for deposit in the Special Fund established under the Resolution and administered by the Trustee in accordance with the Indenture. See "SECURITY FOR THE BONDS" herein for a discussion of the Custody Agreement.

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

The Bonds are limited obligations of the Successor Agency and as such are not debt of the City, the County, the State, or any of its political subdivisions. The principal of, premium, if any, and interest on the 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 therefor. The Successor Agency has no taxing power.

The term **"Subordinate Pledged Tax Revenues,"** as defined in the Indenture, means, for any period of time, (a) all taxes (including all payments, reimbursements and subventions, if any, specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Successor Agency pursuant to the Law in connection with the Project Area during such period, excluding (i) amounts, if any, received by the Successor Agency pursuant to Section 16111 of the Government Code during such period, (ii) Senior Debt Service payable during such period, (iii) except to the extent subordinated to Debt Service on Parity Obligations, (A) amounts, if any, payable to a taxing entity pursuant to Section 33607.5 of the California Health and Safety Code during such period and (B) amounts, if any, payable during such period under any Pass-Through Agreements, and (iv) Set Aside Revenues required to be deposited by the Successor Agency in the Low and Moderate Income Housing Fund of the Successor Agency pursuant to Section 33334.2 or 33334.6 of the Law, as provided in the Redevelopment Plan, during such period, and (b) all receipts and payments made to the

Successor Agency pursuant to Public Finance Contracts entered into in connection with any Bonds. Pursuant to the Dissolution Law, the Successor Agency is no longer required to deposit 20% of tax increment into the Low and Moderate Income Housing Fund previously established pursuant to Section 33334.3 of the Law (the "Prior Housing Deposit"), and, accordingly Subordinate Pledged Tax Revenues shall be reduced only by the amount of the Prior Housing Deposit required to pay debt service on the Housing Bonds and the Senior Bonds (if any).

Pursuant to the Dissolution Act, the Subordinate Pledged Tax Revenues includes moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, as provided in Section 34183(a)(2) of the Dissolution Act. Also pursuant to the Dissolution Act, Set Aside Revenues referred to in the definition of Subordinate Pledged 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 Subordinate Pledged Tax Revenues are reduced by the former housing set-aside only by the amount of the Housing Tax Revenues required to pay debt service on the outstanding Housing Bonds.

The Bonds and any Additional Bonds and other Parity Obligations are equally secured by and are payable from an exclusive pledge of Subordinate Pledged Tax Revenues, all moneys deposited in the Special Fund (including the Interest Account, the Principal Account, the Sinking Fund Account and the Debt Service Reserve Account created therein), and the Redemption Fund. The Subordinate Pledged Tax Revenues, so long as any Bonds are outstanding and provided that all deposits required to be made with respect to Senior Bonds have occurred, shall be deposited by the Successor Agency in the Special Fund to the extent required under the Indenture, which fund is to be held by and maintained with the Trustee. See "APPENDIX A — SUMMARY CERTAIN PROVISIONS OF THE INDENTURE — Special Fund."

The payment of debt service on the Bonds and any Additional Bonds and payments under any Parity Obligations issued or executed under the Indenture are subordinate to the payment of Senior Debt Service. "**Senior Debt Service**" is defined in the Indenture to mean, for any period of time, the sum of (a) the interest payable during such period on all Outstanding Senior Bonds, assuming that all Outstanding Senior Bonds that are Serial Obligations are retired as scheduled and that all Outstanding Senior Bonds that are Term Obligations are redeemed or paid from sinking fund installments as scheduled, (b) that portion of the principal amount of all Outstanding Senior Bonds that are Serial Obligations maturing on each principal payment date during such period, including the Final Compounded Amount of any Capital Appreciation Obligations which are Senior Bonds that are Serial Obligations, (c) that portion of the principal amount of all Outstanding Senior Bonds that are Term Obligations required to be redeemed or paid from Sinking Fund Installments becoming due during such period (together with the premiums, if any, thereon), including the Accreted Value of any Capital Appreciation Obligations which are Senior Bonds that are Term Obligations, and (d) amounts, if any, required to be deposited in the Reserve Account (as defined in the Senior Resolution) established under the Senior Resolution with respect to Senior Bonds and any other amounts required to be deposited in the Accounts (as defined in the Senior Resolution) established under the Senior Resolution. The Agency may issue or incur additional obligations secured on parity with the Senior Bonds only for the purpose of refunding Senior Bonds and only if (i) annual debt service for each Bond Year during which such additional Senior 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 obligations is not later than the final maturity of the Senior Bonds to be refunded.

Custody Agreement

In order to enhance the security of the Bonds and the Senior Bonds, pursuant to the Custody Agreement, the County Auditor-Controller will transfer all amounts in the Redevelopment Property Tax Trust Fund to which the Successor 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 Bonds and the Senior 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 Bonds and Senior Bonds.

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 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 Indenture, 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 Schedules

Submission of Recognized Obligation Payment Schedule. Submission of Recognized Obligation Payment Schedule. When initially enacted, the Dissolution Act required that not less than 90 days prior to each January 2 and June 1, successor agencies to prepare, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule (the "**Recognized Obligation Payment Schedule** or **"ROPS**") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. On September 22, 2015, the Governor of the State signed into law legislation adopted by the Legislature in Senate Bill 107 ("**SB 107**"), which requires the preparation of a ROPS process once a year (rather than twice a year under the former law) beginning with the annual ROPS period that commences on July 1, 2016. SB 107 alternatively allows, subject to meeting certain conditions, an optional "Last and Final Recognized Obligation

Payment Schedule" to be submitted on or after January 1, 2016. The Last and Final ROPS is binding on all parties and the successor agency would no longer submit a periodic ROPS. Under that procedure, the county auditor-controller remits the authorized funds to the successor agency in accordance with the approved Last and Final ROPS until each remaining enforceable obligation has been fully paid. SB 107 provides that a Last and Final ROPS can only be amended twice, and only with DOF and county auditor-controller approval.

Payment of Amounts Listed on the Recognized Obligation Payment Schedule. As defined in the Dissolution Act, "**enforceable obligation**" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency or the successor agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency or the successor agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and, under certain circumstances, amounts borrowed from the successor agency's low and moderate income housing fund.

A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by a bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following half of the calendar year.

Sources of Payments for Enforceable Obligations. Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the low and moderate income housing fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance (successor agencies are entitled to receive not less than $250,000, unless that amount is reduced by the oversight board), (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the redevelopment agency, as approved by the oversight board).

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

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

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

such pass-through payments have been made subordinate to debt service on the Bonds);

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

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

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

Failure to Submit a Recognized Obligation Payment Schedule. The Recognized Obligation Payment Schedule must be approved by the oversight board and must be submitted by a successor agency to the county administrative office, the county auditor-controller, the DOF, and the State Controller by 90 days before the date of the next property tax distribution, which, under SB107, beginning with the annual period beginning July 1, 2016, such submissions are changed to annual with a submission deadline of February 1 of each year. If the successor agency does not submit a Recognized Obligation Payment Schedule by the applicable deadline, the city or county that established the former redevelopment agency will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the DOF. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see "RISK FACTORS – Recognized Obligation Payment Schedule."

Recognized Obligation Payment Schedule Covenant. In this regard, the Successor Agency covenants in the Indenture that it will comply with all of the requirements of the Redevelopment Law and the Dissolution Act.

The Successor Agency further covenants to take all actions required under the Law to include in the Recognized Obligation Payment Schedule for each annual period (i) debt service on the outstanding Bonds, including the 2016 Bonds, (ii) any amount required to replenish the Reserve Account and (iii) any amount due and payable to Insurer in connection with the 2016 Insurance Policies and/or the 2016 Reserve Account Insurance Policies, so as to enable the Contra-Costa County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on each January 2 and June 1, as applicable, amounts required to enable the Successor Agency to pay timely principal of, and interest on, the Bonds coming due in the applicable Semiannual Period, as such amounts of debt service are set forth in the Indenture.

In order to ensure that amounts are available for the Trustee to pay debt service on all Outstanding Bonds on a timely basis, not later than February 1, 2016, the Successor Agency was required to submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the Contra Costa County Auditor-Controller that shall

include (i) all amounts necessary to pay debt service on all outstanding Senior Bonds on August 1, 2016, to be paid to the Successor Agency from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on such June 1, (ii) all amounts necessary to pay debt service on Outstanding Bonds on September 1, 2016, to be paid to the Successor Agency from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on such June 1, (iii) all amounts necessary to pay debt service for the Senior Bonds on February 1, 2017 and August 1, 2017, to be paid to the Successor Agency from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on the next succeeding January 2, and (iv) all amounts necessary to pay debt service on all Outstanding Bonds for the next succeeding Bond Year (which is the period from September 2, 2016 through September 1, 2017), to be paid to the Successor Agency from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on the next succeeding January 2. Thereafter, on each February 1, commencing February 1, 2017 (or at such earlier time as may be required by the Dissolution Act), for so long as any Bonds are outstanding, the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the Contra Costa County Auditor-Controller that shall include (a) all amounts necessary to pay debt service on all outstanding Senior Bonds on the next succeeding August 1, to be paid to the Successor Agency from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on such June 1, (b) all debt service due on all Outstanding Bonds during the current Bond Year (which ends on the immediately succeeding September 1) that has not previosuly been distributed to the Successor Agency, to be paid to the Successor Agency from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on the next succeeding June 1, (c) debt service for the Senior Bonds on the following February 1 and August 1, to be paid to the Successor Agency from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on the next succeeding January 2, and (d) debt service on all Outstanding Bonds for the next succeeding Bond Year, to be paid to the Successor Agency from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on the next succeeding January 2, (e) any amount required to cure any deficiency in the Reserve Account pursuant to the Indenture (including any amounts due and payable with respect to the 2016 Reserve Account Insurance Policies and any Reserve Financial Guaranty, and any other reserve account insurance policy that does not qualify as a Reserve Financial Guaranty issued in conenction with any Bonds) and (f) any amount due and payable to Insurer in connection with bond insurance and reserve account insurance.

The Successor Agency further agrees (i) to amend its then current ROPS for any period during which amounts owed the 2016 Bond Insurer either with respect to bond insurance or reserve account insurance are not included on the then current ROPS and (ii) not to submit a last and final ROPS without the prior written consent of the 2016 Bond Insurer. Exhibit B hereto shall not be amended except by Supplemental Indenture entered into pursuant to the terms of this Indenture. In each case, once moneys have been disbursed to the Successor Agency on June 1 in amounts sufficient for the Successor Agency to make all payments due with respect to the current Bond Year ending the immediately succeeding August 1, as well as any other amounts due under (c) and (d) above, all other amounts on deposit in the Redevelopment Property Tax Trust Fund and the Redevelopment Obligation Retirement Fund may be used to pay any other enforceable obligations of the Successor Agency, including both current and past due statutory pass-through payments and all current and past due amounts due under any Pass-Through Agreements, provided, however, that prior to amounts on deposit in the Redevelopment Property Tax Trust Fund and the Redevelopment Obligation Retirement Fund

being released for such purpose, the Successor Agency shall establish any reserve necessary to ensure the availability of sufficient revenues in the Semiannual Period ending June 30 of the following year to make each of the payments set forth in the immediately preceding sentence during such Semiannual Period.

In addition, the Successor Agency covenants that it will, on or before December 1 of each year, file a Notice of Insufficiency with the County Auditor-Controller if the amount of Tax Revenues available to the Successor Agency from the Redevelopment Property Tax Trust Fund for transfer to the Redevelopment Obligation Retirement Fund on the upcoming January 2 is insufficient to fully fund all required amounts payable from the Redevelopment Obligation Retirement Fund during the next succeeding semiannual period. The Successor Agency also covenants that on or before May 1 of each year, it will file a Notice of Insufficiency with the County Auditor-Controller if the amount of Tax Revenues available to the Successor Agency from the Redevelopment Property Tax Trust Fund for transfer to the Redevelopment Obligation Retirement Fund on the upcoming June 1 is insufficient to fully fund all required amounts payable from the Redevelopment Obligation Retirement Fund during the next succeeding semiannual period.

The Bank of New York Mellon Trust Company, N.A., as custodian under the Custody Agreement, is currently receiving all amounts on deposit in the Redevelopment Property Tax Trust Fund directly from the Contra Costa County Auditor-Controller. The Successor Agency agrees to take all actions necessary under the Custody Agreement to ensure the timely payment of debt service on the Bonds.

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

Debt Service Reserve Account

The Indenture requires that the Trustee will deposit into two separate subaccounts, one for the 2016 Series A Bonds and 2016 Taxable Series B Bonds and one for the 2016 Series C Bonds, of the Debt Service Reserve Account established under the Indenture, amounts equal to the respective applicable Debt Service Reserve Requirement. The Debt Service Reserve Requirement for the 2016 Series A Bonds and 2016 Taxable Series B Bonds is $17,215,676.46, and the Debt Service Reserve Requirement for the 2016 Series C Bonds is $4,216,637.18. Amounts on deposit in a Subaccount of the Debt Service Reserve Account are available only to pay debt service on the corresponding series of Bonds.

In lieu of making cash deposits to the subaccounts of the Debt Service Reserve Account required by the Indenture, the Successor Agency will cause to be deposited in the subaccounts of the Debt Service Reserve Account a municipal bond debt service reserve policy (each, a "**2016 Reserve Account Insurance Policy**" and, together, the "**2016 Reserve Account Insurance Policies**") issued by AGM. The 2016 Reserve Account Insurance Policies will be in the following face amounts:

$17,215,676.46 for the 2016 Series A Bonds and the 2016 Series B Bonds; and
$4,216,637.18 for the 2016 Series C Bonds.

Each subaccount of the Debt Service Reserve Fund secures only the series of Bonds to which it relates.

The Trustee shall draw upon or otherwise take such action as is necessary in accordance with the terms of each 2016 Reserve Account Insurance Policy to receive payments with respect to each 2016 Reserve Account Insurance Policy (including the giving of notice as required thereunder).

The Successor Agency will have no obligation to replace the 2016 Reserve Account Insurance Policies or to fund the Debt Service Reserve Account with cash if, at any time that the 2016 Bonds are Outstanding, amounts are not available under the Reserve Account Insurance Policies or if the rating of the claims-paying ability of the 2016 Insurer is downgraded.

Outstanding Senior Obligations

The payment of debt service on the Bonds and any Additional Bonds, and payments under any Parity Obligations issued or executed under the Indenture are subordinate to the payment of debt service on the Successor Agency's Senior Bonds. Pursuant to the Indenture, the Successor Agency has agreed that, so long as the Bonds, any Additional Bonds or other Parity Obligations are outstanding, it will not issue any additional bonds (including refunding bonds) on parity with the Senior Bonds.

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**").

The 2004 Series A Housing Bonds are currently outstanding in the aggregate principal amount of $14,580,000 and are being refunded simultaneously with the issuance of the Bonds. The 2006 Series A Housing Bonds are currently outstanding in the aggregate principal amount of $9,100,000 and are not being refunded at this time.

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 Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Housing Trustee**").

Although under the Dissolution Act, the Successor 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 tax increment 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 Bonds and the Senior Bonds as part of the funds in the Redevelopment Property Tax Trust Fund and on deposit in the Custody Account.

Issuance of Additional Parity Bonds Only for Refunding

Prior to the 2016 Series C Bonds Delayed Closing Date, the 2006 Series C Bonds will be outstanding and payable on parity with the Bonds. The Successor Agency may issue or incur additional Bonds payable on a parity with the Bonds (the "**Additional Bonds"**) only for the purpose of refunding outstanding Bonds under the Indenture and, per the Dissolution Act, only if (i) annual debt service for each Bond Year during which such Additional Bonds are outstanding shall not exceed the annual debt service on the Bonds to be refunded and (ii) the final maturity of such Additional Bonds is not later than the final maturity of the Bonds to be refunded. See "APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Additional 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 View 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. See Section G of the Fiscal Consultant's Report attached hereto as APPENDIX H for a summary of tax sharing payments.

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. 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 Subordinate Pledged Tax Revenues to pay debt service on the Bonds, and have similarly agreed with respect to the Senior Bonds.

The Agency cannot guarantee that the process prescribed by the Dissolution Act of administering the Subordinate Pledged Tax Revenues and the subordinations of the Pass-Through Agreements and the Statutory Pass-Through Amounts will result in adequate

Subordinate Pledged Tax Revenues for the payment of principal of and interest on the Bonds when due. See "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules" 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 Subordinate Pledged 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 Successor Agency, (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the 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 Successor Agency's enforceable obligations, pass-through payments, and the Successor Agency's administrative cost allowance for the applicable six-month period, and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes for the applicable six month period.

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency's enforceable obligations, pass-through payments, and the Successor Agency's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing 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 Successor 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 Successor 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 Successor 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 Successor 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 currently accrues at approximately $6 million

annually. Such accrued but unpaid pass-through payments are subordinate to the payment of debt service on the Bonds.

The Successor Agency has covenanted under the Indenture 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 Bonds.

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 Successor 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 Successor Agency filed a cross-complaint for injunctive relief to compel the County Auditor-Controller to release the funds to the Successor Agency in order for the Successor Agency to meet its September 1, 2013 debt service payments. The court ruled in favor of the Successor Agency, and the Auditor-Controller released the funds to the Successor Agency on August 23, 2013. The Successor 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. Payments pursuant to the settlement agreement are payable from Tax Revenues on a subordinate basis to the payment of debt service on the Bonds.

BOND INSURANCE

Bond Insurance Policies

Concurrently with the issuance of the 2016 Series A Bonds, Assured Guaranty Municipal Corp. ("**AGM**" or the **"2016 Bond Insurer"**) will issue its Municipal Bond Insurance Policy for the 2016 Series A Bonds, and concurrently with the issuance of the 2016 Series C Bonds, AGM will issue its Municipal Bond Insurance Policy for the 2016 Series C Bonds (each, a "**2016 Bond Insurance Policy**"). The Policy guarantees the scheduled payment of principal of and interest on to the Series A Bonds and the Series C Bonds (the "**Insured Bonds**") to which it relates when due as set forth in the form of the Policy included as Appendix J to this Official Statement.

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

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**"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("**KBRA**") 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 June 29, 2015, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On November 13, 2014, KBRA assigned an insurance financial strength rating of "AA+" (stable outlook) to AGM. AGM can give no assurance as to any further ratings action that KBRA may take.

On July 2, 2014, Moody's issued a rating action report stating that it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). On February 18, 2015, Moody's published a credit opinion under its new financial guarantor ratings methodology maintaining its existing rating and outlook on AGM. 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, 2014.

Capitalization of AGM

At September 30, 2015, AGM's policyholders' surplus and contingency reserve were approximately $3,769 million and its net unearned premium reserve was approximately $1,603 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; 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 document 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, 2014 (filed by AGL with the SEC on February 26, 2015);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015 (filed by AGL with the SEC on May 8, 2015);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015 (filed by AGL with the SEC on August 6, 2015); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015 (filed by AGL with the SEC on November 6, 2015).

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 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 makes no representation regarding the Insured Bonds or the advisability of investing in the Insured 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" and the attached Appendix J.

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

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, AB 1X 26 was enacted as Chapter S, Statutes of 2011, together with AB 1X 27. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association*, *et al. v. Matosantons*, *et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB 1X 26ABX and AB 1X 27ABX. The California Supreme Court largely upheld AB 1X 26, invalidated AB 1X 27, and held that AB 1X 26 may be severed from AB 1X 27 and enforced independently. As a result of AB 1X 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 Successor Agency is a separate public entity and legal entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The Successor 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 Successor Agency. The current members of the City Council, their position with the Successor Agency and the expiration of terms are as follows:

Name	Position	Term Expires
Ben Johnson	Chair	2016
Will Casey	Vice Chair	2016
Merl Craft	Member	2018
Salvatore Evola	Member	2018
Dwaine “Pete” Longmire	Member	2018

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

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, since November 2008, Mr. Sbranti

was the Assistant City Manager-Development Services where he was responsible for coordinating the functions and administration of designated City occupations 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.

Brad Farmer, Treasurer and Director of Finance and Administration. Mr. Farmer has served as Director of Finance since May 2015. He 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. Prior to joining the City, Mr. Farmer worked as the Acting Financial Services Manager for the City of Alameda. His educational background includes a Bachelor of Science degree in Business Administration from California State University Hayward.

Alice Evenson, Secretary and City Clerk. Alice Evenson is a 18-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 (4) 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, Pittsburg Housing Authority, Pittsburg Southwest GHAD II, and the Pittsburg Power Company.

Successor Agency Powers and Duties

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

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 Successor 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 Successor Agency received its Finding of Completion from the State Department of Finance. Receipt of the Finding of Completion

allows the Successor Agency to do several things, among them, developing a plan for the disposition of any properties held by the Successor Agency and spending proceeds of bonds issued prior to December 31, 2010, all requiring approval of the Oversight Board. The Successor 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 Successor 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 Successor Agency. Upon approval of the plan, successor agencies are not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to satisfy an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. The Successor Agency's Property Management Plan was approved on December 12, 2014. The net proceeds of the sale of properties pursuant to the Property Management Plan are not pledged to pay debt service on the Bonds.

Financial Information

Attached as APPENDIX E are the audited financial statements of the City for the fiscal year ended June 30, 2015. The City's audited financial statements are public documents and are included herein without the prior approval of the auditor, and the auditor bas 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 Successor 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 2nd Safety Code concerning certain successor agency post-audit obligations.

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 H. 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.

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 53.5% 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	2015-16 Tax Increment	% of Tax Increment
Los Medanos I Sub-Area	Marina Vista	02/18/1963	59	$2,859	0.01%
	Riverside Mall	02/02/1970	84	426,860	1.01
	Neighborhood Development I	08/07/1972	93	1,235,175	2.92
	Neighborhood Development II	12/04/1972	44	533,337	1.26
	Los Medanos I	07/18/1979	4,287	24,280,371	57.42
Los Medanos II Sub-Area	Los Medanos II	11/28/1983	298	3,624,887	8.57
Los Medanos III Sub-Area	Los Medanos III	06/07/1993	1,697	12,180,460	28.81
Total			6,562	$42,283,949	100.00%

Source: Fraser & Associates

Plan Limits

In accordance with the Redevelopment Law, redevelopment plans, including the Redevelopment Plan, were required to include certain limits on the financing of redevelopment projects. These limits could include a time limit on the life of the redevelopment plan, a time limit on the incurrence of indebtedness, a time limit on the receipt of property tax increment and the repayment of indebtedness and a limit on the amount of bonded indebtedness outstanding at any time.

On September 22, 2015, the Governor signed SB 107, which effected changes to the Dissolution Act. Solely for the purposes of the payment of enforceable obligations, including the Bonds, and for no other purpose whatsoever, a successor agency is not subject to the limitations relating to time, number of tax dollars, or any other matters set forth in Sections 33333.2, 33333.4, and 33333.6 of the Redevelopment Law and included within the Redevelopment Plans. Under this change, the Successor Agency will continue to be allocated revenue from all former project areas through the Redevelopment Property Tax Trust Fund until such time as all enforceable obligations have been repaid.

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 68.27% of the Project Area's assessed value. Commercial uses and industrial uses account for 7.86% and 3.57% of the total Project Area assessed valuation, respectively.

TABLE 2
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Assessed Values by Land Use for Fiscal Year 2015-16

Designated Land Use	Number of Parcels	2015-16 Assessed Value	Percent of Total
Residential	12,042	$3,046,726,895	68.27%
Commercial	409	350,583,698	7.86
Industrial	123	159,548,981	3.57
Vacant	391	68,151,865	1.53
Other	540	75,639,105	1.69
Total Secured	13,505	3,700,650,544	82.92
Unsecured/State Assessed		762,409,566	17.08
Total for 2015-16		$4,463,060,110	100.00%

Source: Fraser & Associates

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 approximately 1,024 housing units added to the Project Area 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 spiral pipe manufacturing facility that became operational towards the end of 2009.

Current and Planned Development

New developments that are under construction or which will start construction in the near future in the Project Area include:

- Mariner Walk: this single family housing development includes a total of 123 units, with 14 of them currently under construction. We have assumed that taxable value would be added to the 2016-17 and 2017-18 tax rolls from the completion and sale of the units.

- The Reserve at Woodland: this housing development includes 18 multi-family units that are expected to add value to the 2016-17 and 2017-18 tax rolls.

- San Marcos: a total of 211 single family housing units are expected to be under construction in the near future and add taxable value to the 2017-18 and 2018-19 tax rolls.

- Vista del Mar: this development includes a total of 519 single family housing units, of which 55 are currently under construction. New value is expected to be added to the 2016-17 through 2018-19 tax rolls.

- Columbia Solar Project: a 25.4 megawatt solar facility, comprised of 83,000 solar panels began producing power in the fall of 2015. This is expected to add $14 million of value to the 2016-17 property tax roll.

The projections shown on Table 7.1 and 8.1 do not include any added valuation or revenue due to the above-described development in the Project Area, but the projections shown on Table 7.2 and 8.2 include added value in fiscal year 2016-17 for new development currently under construction.

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 recovering in the Bay Area, housing development has returned to its pre-recession pace of approximately 200 new housing units constructed annually. See “Current and Planned Development “ above.

Transportation Improvements. An expansion of Highway 4 which bisects 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 H. 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 changed from $4.526 billion in 2006-07 to $4.46 billion in 2015-16. The total percentage change was a 1.4% reduction in total taxable value over the ten-year period. Beginning in 2008-09 taxable values began to decline due to the nation-wide economic recession, but have recovered much of these reductions over the past two fiscal years.

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.

In both 2014-15 and 2015-16, Project Area values have increased rapidly. Secured values went up by over $779 million during this period. A substantial portion of this increase was due to additional Proposition 8 reversals, which add approximately $437 million. The sale of residential property added over $213 million, and new residential construction and sales added approximately $82 million.

Unsecured values dropped in 2014-15 by $165 million. The major decreases occurred on two properties: 1) the LMEC plant was reduced in value by $78 million; and 2) United Spiral Pipe was reduced by $77 million based on a successful appeal. State-assessed values went down in 2014-15 by $85 million due to a reduction to the DEC plant, which recovered $50.8 million of this value in 2015-16.

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	Total Increment Value
2006-07	$3,530,493,854	$555,424,279	$440,433,949	$4,526,352,082	--	$277,937,469	$4,248,414,613
2007-08	3,927,235,628	512,622,834	405,835,344	4,845,693,806	7.1%	277,937,469	4,567,756,337
2008-09	3,708,004,922	548,716,527	439,150,103	4,695,871,552	(3.1)	277,937,469	4,417,934,083
2009-00	2,959,515,979	623,170,147	440,649,338	4,023,335,464	(14.3)	277,937,469	3,745,397,995
2010-11	2,839,721,306	679,287,577	445,207,883	3,964,216,766	(1.5)	277,937,469	3,686,279,297
2011-12	2,753,306,880	748,455,917	424,806,447	3,926,569,244	(0.9)	277,937,469	3,648,079,063
2012-13	2,683,552,007	806,155,608	382,231,357	3,871,938,972	(1.4)	277,937,469	3,593,458,971
2013-14	2,920,748,349	634,159,638	327,596,209	3,882,504,196	0.3	277,937,469	3,604,024,015
2014-15	3,347,875,222	603,255,744	242,151,785	4,193,282,751	8.0	277,937,469	3,914,802,570
2015-16	3,700,650,544	469,404,538	293,005,028	4,463,060,110	6.4	277,937,469	4,184,579,929

Source: Fraser & Associates

Largest Property Taxpayers

Set forth in the table below are the eleven largest identified property taxpayers in the Project Area, representing 23.70%, or $1,057,745,246, of the total Project Area value and 25.28% of the Project Area incremental value for fiscal year 2015-16. 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 12.79% of total incremental value. After the two plants, the next nine taxpayers account for 11.22% of total incremental value.

TABLE 4
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Eleven Largest Property Taxpayers for Fiscal Year 2015-16

Assessee Name	Type of Use	Secured Value	Unsecured Value	% of Total Taxable Value	% of Total Incremental Value
1) Delta Energy Center	Delta Energy Center	$292,000,000	$0	6.54%	6.98%
2) Calpine Corporation	LMEC	0	243,000,000	5.44	5.81
3) Sierra Pacific Properties Inc.	Residential	107,388,938	0	2.41	2.57
4) KW Kirker Creek LLC	Residential	98,391,575	0	2.20	2.35
5) Century Plaza Corporation (1)	Commercial	67,309,948	987,831	1.53	1.63
6) San Marco Properties LLC	Residential	58,864,459	0	1.32	1.41
7) United Spiral Pipe LLC (1)	Industrial	0	58,157,413	1.30	1.39
8) Koch Carbon LLC	Industrial	0	46,422,719	1.04	1.11
9) MP Los Prados LLC	Residential	32,497,178	0	0.73	0.78
10) Albert D. Seeno Construction Co.	Commercial	31,091,764	0	0.70	0.74
11) FAOF Presidents Park LLC	Residential	21,750,164	0	0.49	0.49
Total Valuation		$709,294,026	$348,567,963	23.70%	25.28%

(1) This owner has an outstanding assessment appeal but only for a small portion of the total value of the property.
(2) This owner has an outstanding assessment appeal.
Source: Fraser & Associates

The Delta Energy Center power plant ("**DEC**") (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 modem technology. The assessed value of the two plants is 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 fiscal year 2015-16, DEC had an assessed value of $292 million, an increase compared to a $241 million valuation for 2014-15, while LMEC was assessed at $243 million, representing a decrease from prior years. Neither of the plants have any current plans to expand or contract. See "RISK FACTORS – Reduction in Taxable Values" herein.

Assessment Appeals

Property taxable values determined by the County Assessor may be subject to an appeal by property owners. Assessment appeals are annually flied 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 Successor 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 Successor Agency from appeals is the reduction in assessed value and future tax increment. However, the Fiscal Consultant has reduced taxable values in fiscal year 2016-17 on Table 7.2 by the estimated impact of resolved and open appeals.

See Section E of the Fiscal Consultant's Report attached hereto as APPENDIX H 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 that will reduce future value by approximately $90,000 and there are seven open appeals of value for which the applicants have requested reductions totaling approximately $38.6 million. The appeal for Target (which is owned by Century Plaza Corporation) is located in the Los Medanos II area, Contra Costa County does not allocate refunds attributable to assessment appeals to redevelopment project areas.

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 fiscal year 2008-09 to fiscal year 2012-13, 7,916 residential parcels (inclusive of both single and multifamily parcels) had been reduced for a total value reduction of $904 million. Beginning in fiscal year 2013-14, and continuing through 2015-16, the County has partially reversed some of the prior Proposition 8 reductions and increased value by close to $592 million through fiscal year 2015-16. 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. Given this, the future value in the Project Area could increase by $311 million based on further reversals of Proposition 8 reductions (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 following decreases in assessed valuation for the 2008-09 to 2012-13 fiscal years during the real estate downturn, single family residential property has since been selling for more than the value recorded on the current tax roll.

Teeter Plan

As described in "TAX INCREMENT FINANCING GENERALLY- Teeter Plan," the County operates under the Teeter Plan with respect to property tax collection and disbursement procedures. Under the Teeter Plan, taxing entities in the County may receive their total secured tax levies regardless of actual payments and delinquencies.

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 Successor 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 seven 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 Suppl. Taxes	Percent of Levy Received	Supplemental Taxes	Total Tax Increment Receipts	Percent of Levy Received
2008-09	$44,595,050	$44,604,617	100.02%	$823,982	$45,428,599	101.87%
2009-10	37,941,852	37,946,259	100.01	(863,581)[3]	37,082,678	97.74
2010-11	37,262,158	37,271,962	100.03	15,271	37,287,233	100.07
2011-12	36,814,481	36,702,913	99.70	257,452	36,960,365	100.40
2012-12	35,865,666	35,865,347	100.00	645,152	36,510,499	101.80
2013-14	35,986,221	35,986,221	100.00	883,509	36,869,730	102.46
2014-15	39,201,116	39,201,116	100.00	1,186,413	40,387,529	103.03

(1) Receipts reflected in 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 value.
Source: Fraser & Associates

Projection of Tax Revenues

2015-16 Estimate. Set forth below is an estimate of Pledged Tax Revenues generated for fiscal year 2015-16, as prepared by the Fiscal Consultant.

TABLE 6
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Estimate of Incremental Tax Revenue- Fiscal Year 2015-16 [(1)]

Category	
Secured	
Land	$1,194,852,547
Improvements	2,673,349,287
Pers. Prop.	15,297,097
Gross Total	3,883,498,931
Exemption	182,848,387
Net Secured Value	3,700,650,544
SBE Total Value	293,005,028
Unsecured	
Land	6,755,225
Improvements	395,060,627
Pers. Prop.	70,465,502
Gross Total	472,281,354
Exempt	2,876,816
Net Unsecured Value	469,404,538
Grand Total	**4,463,060,110**
Less: Base Year Value	278,480,181
Incremental Taxable Value	**4,184,579,929**
Tax Increment (2)	41,845,799
Unitary Revenue	438,148
Total Tax Increment	**42,283,947**
Adjustments to Tax Increment	
Section 33676 Revenue	(11,047)
Property Tax Admin Fees (3)	(553,977)
Liens on Tax Increment	
Housing Set-Aside (4)	(3,158,860)
Tax Revenues	**38,560,063**
Subordinate Obligations:	
AB 1290 Tax Sharing (5)	(796,392)
Tax Sharing Payments (6)	(7,851,100)
Net Tax Increment	**$30,112,571**

(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 2014-15 actual amount represented to total tax increment.*
(4) *Reflects 20% of gross tax increment from Los Medanos II and III; amounts not needed for debt service on the Housing Bonds are available for payment of the Bonds. See "INTRODUCTION - Security for the Bonds - Tax Allocation Financing - Outstanding Senior Bonds."*
(5) *Tax sharing payments per the provisions of AB 1290.*
(6) Per tax sharing agreements with the taxing entities.

Source: Fraser & Associates

No Growth. Set forth in Table 7.1 below is a projection of expected Tax Revenues which excludes future Proposition 13 annual inflationary increases. Values do not include new development or property sales, but have been revised for appeals impacts.

TABLE 7.1
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Projected Tax Revenues- No Growth[(1)]
(Dollars in Thousands)

Fiscal Year	Total Assessed Value[(1)]	Incremental Assessed Value	Gross Tax Increment[(2)]	County Admin. Fees[(3)]	Section 33676 Allocation[(4)]	Housing Bonds[(5)]	Tax Revenues
2015-16	$4,463,060	$4,184,580	$42,284	$554	$11	$3,159	$38,560
2016-17	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2017-18	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2018-19	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2019-20	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2020-21	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2021-22	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2022-23	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2023-24	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2024-25	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2025-26	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2026-27	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2027-28	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2028-29	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2029-30	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2030-31	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2031-32	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2032-33	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2033-34	4,451,055	4,172,575	42,164	547	11	3,159	38,447
2034-35	4,451,055	4,172,575	42,164	547	11	3,159	38,447

(1) Prior Year Real Property held constant. Taxable value has been reduced in 2016-17 for resolved and open appeals.
(2) Based on the application of 1% tax rates to incremental taxable value plus unitary revenue.
(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 of Pittsburg.
(5) Reflects 20% of gross tax increment from Los Medanos II and III ($1,963,977- see Table 6 above); amounts not needed for debt service on the Housing Bonds are available for payment of the Bonds.
Source: Fraser & Associates

Two Percent Growth. Set forth in Table 7.2 below is a projection of expected Tax Revenues which includes future Proposition 13 annual inflationary increases. The inflation factor used in the projection shown below is 1.535% for fiscal year 2016-17 (as set by the State Board of Equalization), and 2% for the following years. In addition, fiscal year 2015-16 values include (i) recent sales of property that will increase value in 2016-17 and new development currently under construction and (ii) a reduction in 2016-17 for estimated resolved and open appeals.

TABLE 7.2
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Projected Tax Revenues- 2% Growth
(Dollars in Thousands)

Fiscal Year	Total Assessed Value(1)	Incremental Assessed Value	Gross Tax Increment(2)	County Admin. Fees(2)	Section 33676 Allocation(4)	Housing Bonds(5)	Tax Revenues
2015-16	$4,463,060	$4,184,580	$42,284	$554	$11	$3,159	$38,560
2016-17	4,587,032	4,308,552	43,524	564	12	3,281	39,667
2017-18	4,739,785	4,461,304	45,051	584	12	3,473	40,982
2018-19	4,905,107	4,626,627	46,704	606	13	3,687	42,398
2019-20	4,995,691	4,717,211	47,610	618	14	3,750	43,229
2020-21	5,088,087	4,809,607	48,534	630	14	3,814	44,076
2021-22	5,182,331	4,903,851	49,477	642	15	3,879	44,940
2022-23	5,278,460	4,999,980	50,438	655	16	3,946	45,821
2023-24	5,376,511	5,098,031	51,418	668	17	4,014	46,720
2024-25	5,476,524	5,198,043	52,419	681	17	4,083	47,637
2025-26	5,578,536	5,300,056	53,439	694	18	4,154	48,572
2026-27	5,682,589	5,404,109	54,479	708	19	4,226	49,526
2027-28	5,788,723	5,510,243	55,541	722	20	4,299	50,499
2028-29	5,896,980	5,618,500	56,623	736	21	4,374	51,492
2029-30	6,007,402	5,728,921	57,727	751	22	4,451	52,504
2030-31	6,120,032	5,841,552	58,854	765	22	4,529	53,537
2031-32	6,234,915	5,956,434	60,002	780	23	4,609	54,590
2032-33	6,352,095	6,073,615	61,174	796	24	4,690	55,665
2033-34	6,471,619	6,193,139	62,370	811	25	4,773	56,760
2034-35	6,593,534	6,315,054	63,589	827	26	4,857	57,878

(1) See Table 5.0 in the attached Fiscal Consultant's Report for the assumed increases in assessed valuation due to new development.
(2) Based on the application of 1% tax rates to incremental taxable value plus unitary revenue.
(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 of Pittsburg.
(5) Reflects 20% of gross tax increment from Los Medanos II and III; amounts not needed for debt service on the Housing Bonds are available for payment of the Bonds.
Source: Fraser & Associates

Estimated Debt Service Coverage for the Bonds

No Growth. Set forth in the table below is debt service coverage for the Bonds reflecting the Tax Revenues assuming no growth in taxable value, as presented in Table 7.1.

TABLE 8.1
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Debt Service Requirements and Coverage- No Growth

Year Ending[1]	Tax Revenues[2]	Housing Bonds Debt Service[3][4]	Senior Bonds Debt Service	Subordinate Pledged Tax Revenues	Bonds Debt Service[4]	Subordinate Bonds Debt Service Coverage	Aggregate Debt Service Coverage
2015-16	$41,719,000	$2,042,196	$11,110,400	$28,566,404	$16,427,135	1.74x	1.41x
2016-17	41,606,000	2,078,058	11,977,000	27,550,942	19,301,005	1.43	1.25
2017-18	41,606,000	2,074,232	11,109,750	28,422,018	20,491,095	1.39	1.24
2018-19	41,606,000	2,075,493	12,843,000	26,687,507	18,779,500	1.42	1.24
2019-20	41,606,000	2,077,625	12,840,250	26,688,125	18,794,500	1.42	1.24
2020-21	41,606,000	2,075,347	12,843,250	26,687,403	18,820,500	1.42	1.23
2021-22	41,606,000	2,073,100	12,841,500	26,691,400	16,860,500	1.58	1.31
2022-23	41,606,000	2,076,266	11,979,250	27,550,484	17,702,250	1.56	1.31
2023-24	41,606,000	2,071,126	11,977,250	27,557,624	17,719,000	1.56	1.31
2024-25	41,606,000	2,071,443	11,979,750	27,554,807	17,738,500	1.56	1.31
2025-26	41,606,000	2,072,090	11,976,000	27,557,910	17,764,000	1.55	1.31
2026-27	41,606,000	2,077,694	11,975,750	27,552,556	17,778,500	1.55	1.31
2027-28	41,606,000	2,078,179	11,978,500	27,549,321	17,795,750	1.55	1.31
2028-29	41,606,000	2,078,433	11,980,000	27,547,567	17,823,750	1.55	1.31
2029-30	41,606,000	723,107	9,145,000	31,737,893	-	-	

(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) Net of Property Tax Admin Fees and Section 33676 Allocation.
(3) Final maturity of Housing Bonds is August 1, 2036.
(4) Includes March 1, 2016 interest payment on the 2006 Series C Bonds.
Source: Fraser & Associates; the Underwriter.

Two Percent Growth. The following table shows debt service coverage for the Bonds reflecting the Tax Revenues presented in Table 7.2.

TABLE 8.2
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Debt Service Requirements and Coverage- Two Percent Growth

Year Ending[1]	Tax Revenues[2]	Housing Bonds Debt Service[3][4]	Senior Bonds Debt Service	Subordinate Pledged Tax Revenues	Bonds Debt Service[4]	Subordinate Debt Service Coverage	Aggregate Debt Service Coverage
2015-16	$41,719,000	$2,042,196	$11,110,400	$28,566,404	$16,427,135	1.74x	1.41x
2016-17	42,948,000	2,078,058	11,977,000	28,892,942	19,301,005	1.50	1.29
2017-18	44,455,000	2,074,232	11,109,750	31,271,018	20,491,095	1.53	1.32
2018-19	46,085,000	2,075,493	12,843,000	31,166,507	18,779,500	1.66	1.37
2019-20	46,978,000	2,077,625	12,840,250	32,060,125	18,794,500	1.71	1.39
2020-21	47,890,000	2,075,347	12,843,250	32,971,403	18,820,500	1.75	1.42
2021-22	48,820,000	2,073,100	12,841,500	33,905,400	16,860,500	2.01	1.54
2022-23	49,767,000	2,076,266	11,979,250	35,711,484	17,702,250	2.02	1.57
2023-24	50,733,000	2,071,126	11,977,250	36,684,624	17,719,000	2.07	1.60
2024-25	51,721,000	2,071,443	11,979,750	37,669,807	17,738,500	2.13	1.63
2025-26	52,727,000	2,072,090	11,976,000	38,678,910	17,764,000	2.18	1.66
2026-27	53,752,000	2,077,694	11,975,750	39,698,556	17,778,500	2.23	1.69
2027-28	54,799,000	2,078,179	11,978,500	40,742,321	17,795,750	2.29	1.72
2028-29	55,866,000	2,078,433	11,980,000	41,807,567	17,823,750	2.35	1.75
2029-30	56,954,000	723,107	9,145,000	47,085,893	-	-	

(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) Net of Property Tax Admin Fees and Section 33676 Allocation.
(3) Final maturity of Housing Bonds is August 1, 2036.
(4) Includes March 1, 2016 interest payment on the 2006 Series C Bonds.
Source: Fraser & Associates; the Underwriter.

ROPS Cashflow History and Projections

The following table shows the total Tax Revenues available for debt service for fiscal years 2014-15 through 2016-17 (projected). As footnoted below, tax sharing payments are subordinate to debt service but are paid first unless the Agency has a shortfall in meeting debt service, which was the case in fiscal year 2014-15. The Agency has also filed a notice of insufficient funds for 2015-16. Amounts shown as carryover Redevelopment Property Tax Trust Fund monies are used to repay prior unpaid tax sharing or other obligations.

TABLE 9
LOS MEDANOS COMMUNITY DEVELOPMENT PROJECT AREA
Recognized Obligation Payment Schedule Cashflows Post-Dissolution

Category	Actual January-June 2015	Actual July-December 2015	Total	Actual January-June 2016	Actual July-December 2016	Total	Actual January-June 2017	Actual July-December 2017	Total
Tax Increment	$19,574,013	$19,574,013	$39,148,026	$21,141,974	$21,141,974	$42,283,947	$21,761,834	$21,761,834	$43,523,667
Supplemental / Other Taxes	254,871	1,369,691	$1,624,562			0			0
Carryover RPTTF		1,023,509	$1,023,509	6,340,648	13,093,096	19,433,744	1,272,512		,272,512
Total Tax Increment / Trust Fund (1)	19,828,884	21,967,213	41,796,097	27,482,622	34,235,070	61,717,691	23,034,346	21,761,834	44,796,179
Obligations									
Property Tax Administration Fees (2)	(192,479)	(192,580)	(385,059)	(276,988)	(276,988)	(553,977)	(282,239)	(282,239)	(564,479)
Tax Sharing Payments (3)	0	0	0	0	(4,229,270)	(4,229,270)	(4,521,363)	(4,521,363)	(9,042,726)
Tax Revenues for Debt Service	**$19,636,405**	**$21,774,633**	**$41,411,038**	**$27,205,633**	**$29,728,812**	**$56,934,445**	**$19196,635**	**$16,958,232**	**$36,154,866**
Housing Bond Debt Service (4)	1,963,448	0	1,963,448	2,018,762	0	2,018,762	2,045,375	0	2,045,375
Senior Bond Debt Service (4)	11,142,650	0	11,142,650	11,110,400	0	11,110,400	11,977,000	0	11,977,000
Subordinate Debt Service (5)	5,506,798	15,433,985	20,940,783	969,941	15,457,194	16,427,135	4,118,003	15,183,003	19,301,006
Total Debt Service	**18,612,896**	**15,433,985**	**34,046,881**	**14,099,103**	**15,457,104**	**29,556,297**	**18,140,378**	**15,183,003**	33,323,381
Remaining Revenue (6)	**1,023,509**	**6,340,648**	**7,364,157**	**13,106,530**	14,271,618	27,378,148	90,366	1,775,229	1,865,594
Carryover RPTTF	($1,023,509)	($6,340,648)	($7,364,157)	($13,083,096)	($1,272,512)	($14,355,608)	$90,366	$1,775,229	$1,865,594

(1) Reflects actual receipts based on the records of the Agency through June 2015.
(2) As reported by the Auditor- Controller .
(3) These are subordinate to debt service but are paid first unless the Agency has a shortfall in meeting debt service, which was the case in 2014-15. The Agency has also filed a notice of insufficient funds for January-June 2016.
(4) Full Bond year debt service for the Senior Bonds.
(5) Actual semi-annual debt service for the subordinate Bonds.
(6) The Agency records additional debt service for the next period on each ROPS. The amount shown is what remains after all obligations have been paid. To the extent these funds are not needed they will be used to repay prior tax sharing or other obligations.
Source: Fraser & Associates

RISK FACTORS

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

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

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by a successor agency from the funds specified in the Recognized Obligation Payment Schedule. Pursuant to Section 34177 of the Dissolution Act, by the February 1st prior to each July 1st of each year, the Successor Agency shall submit to the Oversight Board and the DOF, a Recognized Obligation Payment Schedule. For each annual period, the Dissolution Act requires each successor agency 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. Consequently, Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the county auditor-controller and remitted to the Successor Agency without a duly approved and effective Recognized Obligation Payment Schedule to pay debt service on the Bonds and to pay other enforceable obligations. In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period. See "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules."

For a description of the covenants made by the Successor Agency in the Indenture relating to the obligation to submit Recognized Obligation Payment Schedules on a timely basis, and the Successor Agency's history of submissions of Recognized Obligation Payment Schedules, see "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules."

AB 1484 also added provisions to the Dissolution Act implementing certain penalties in the event a successor agency does not timely submit a Recognized Obligation Payment Schedule. Specifically, a Recognized Obligation Payment Schedule must be submitted by the successor agency to the oversight board, to the county administrative officer, the county auditor-controller, the DOF, and the State Controller no later than the mandated deadlines. If a successor agency does not submit a Recognized Obligation Payment Schedule by such deadlines, the city or county that established the redevelopment agency will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the DOF. Additionally, a successor agency's maximum administrative cost allowance is reduced by 25% if the successor agency does not submit an oversight board-approved Recognized Obligation Payment Schedule within 10 days of the deadline.

No Validation Proceedings Undertaken

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

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

It is possible that the definition of Subordinate Pledged Tax Revenues could be affected by changes in law or judicial decisions relating to the dissolution of redevelopment agencies. The Indenture provides that if, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 of the Redevelopment Law are invalidated by judicial decision, then "Subordinate Pledged Tax Revenues" will include all tax increment revenues allocated to the payment of indebtedness in accordance with Section 33670 of the Redevelopment Law or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the State Constitution; excluding moneys required to pay Senior Obligations payable during such period. Additionally, any action by a court to invalidate provisions of the Dissolution Act required for the timely payment of principal of, and interest on, the Bonds could be subject to issues regarding unconstitutional impairment of contracts and unconstitutional taking without just compensation. The Successor Agency believes that the aforementioned considerations would provide some protections against the adverse consequences upon the Successor Agency and the availability of Subordinate Pledged Tax Revenues for the payment of debt service on the Bonds in the event of successful challenges to the Dissolution Act or portions thereof. However, the Successor Agency provides no assurance that any other lawsuit challenging the Dissolution Act or portions thereof will not result in an outcome that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the Bonds.

Reduction in Taxable Value

Tax increment revenue available to pay principal of and interest on the Bonds are determined by the amount of incremental taxable value in the Project Area and the current rate or rates at which property in the Project Area is taxed. There are two power plants in the

Project Area. The Delta Energy Center power plant is a state-assessed utility property and the Los Medanos Energy Center power plant is assessed on the unsecured roll. Both power plants are owned by Calpine Corporation and account for 12.79% of the Project Area's total incremental value for fiscal year 2015-16. As discussed in "THE PROJECT AREA - Largest Property Taxpayers", the assessed value of the two plants is 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 fiscal year 2013-14, the state-assessed values for the Delta Energy Center fell by $54.6 million and the Los Medanos Energy Center power plant was also reduced in value by $34.7 million. See "Historic Taxable Assessed Values" and "Largest Property Taxpayers." There can be no assurances that the assessed valuations of the power plants will remain stable or will increase in the future.

The reduction of taxable values of property in the Project Area caused by economic factors beyond the Successor Agency's control, such as relocation out of the Project Area by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the tax increment available to pay debt service on the Bonds. Such reduction of tax increment available to pay debt service on the Bonds could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Bonds; this risk could be increased by the significant concentration of property ownership in the Project Area.

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

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

Risks Associated with the 2016 Bond Insurer

Before the delivery of the Insured Bonds, the Successor Agency will pay the premium for the 2016 Bond Insurance Policies for the Insured Bonds, and the 2016 Reserve Account Insurance Policies. The Successor Agency can provide no assurances that the 2016 Bond Insurer will be able to meet its obligations under the 2016 Bond Insurance Policies or the 2016 Reserve Account Insurance Policies, if and when required to do so. In addition, any change in the ratings of the Insurer could impact the price of the Bonds in the secondary market.

Risks to Real Estate Market

The Successor Agency's ability to make payments on the Bonds will be dependent upon the economic strength of the Project Area. The general economy of the Project Area will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development within the Project Area could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. The Project Area experienced significant declines in value due to Proposition 8 reductions. In addition, if there is a significant decline in the general economy of the Project Area, the owners of property within the Project Area may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Tax Revenues by the Successor Agency from the Project Area. See "THE PROJECT AREA - Projection of Tax Revenues" and "-Estimated Debt Service Coverage For the Bonds" for a description of the debt service coverage on the Bonds.

Reduction in Inflationary Rate

As described in greater detail below, 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%. The Successor Agency is unable to predict if any further adjustments to the full cash value base of real property within the Project Area, whether an increase or a reduction, will be realized in the future.

Levy and Collection of Taxes

The Successor Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the tax increment available to pay debt service on the Bonds.

Although delinquencies in the payment of property taxes by the owners of land in the Project Area, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Successor Agency's ability to make timely payments on the Bonds, the Successor Agency believes any such adverse impact is

unlikely in light of the debt service coverage provided net tax increment. In addition, the County could elect to alter or terminate its Teeter Plan policy and, in such event, the amount of the levy of property tax revenue that could be allocated to the Successor Agency would depend upon the actual collections of the secured taxes within the Project Area. Substantial delinquencies in the payment of property taxes could impair the timely receipt by the Successor Agency of Tax Revenues. See "THE PROJECT AREA - Projection of Tax Revenues" and "- Estimated Debt Service Coverage For The Bonds" for a description of the debt service coverage on the Bonds.

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 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. Although such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided by fiscal year 2015-16 net tax increment. ""THE PROJECT AREA - Projection of Tax Revenues" and "- Estimated Debt Service Coverage For the Bonds" for a description of the debt service coverage on the Bonds.

Estimated Revenues

In estimating that net tax increment will be sufficient to pay debt service on the Bonds, the Successor Agency and Fiscal Consultant have made certain assumptions with regard to present and future assessed valuation and new development in the Project Area, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the net tax increment available to pay debt service on the Bonds will be less than those projected and such reduced net tax increment may be insufficient to provide for the payment of principal of, premium (if any) and interest on the 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 the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in the Project Area could be diminished in the aftermath of such events. A substantial reduction of the value of such properties and could affect the ability or willingness of the property owners to pay the property taxes.

Seismic. Earthquake faults exist in many parts of Northern California, including in areas near to the Project Area. Most new construction is required to be built in accordance with the Uniform Building Code which contains standards designed to minimize structural damage caused by seismic events however, the occurrence of severe seismic activity affecting the Project Area could result in substantial damage to property located in the Project Area, and could lead to successful appeals for reduction of assessed values of such property. Such a reduction of assessed valuations could result in a reduction of tax increment available to pay debt service on the Bonds.

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 increment available to pay debt service on the Bonds.

City Emergency Declaration

At a June 2012 election in the City, “Measure P” was passed by a 73% majority, authorizing a 0.5% transactions and use tax (increasing the total sales tax rate to 8.75%) for a period of five years, decreasing to 0.25% in years six through ten. Of the cumulative tax, 1.25% initially goes to the City's general fund and supports a full range of municipal services, and in years six through ten, 1.00% of the tax goes into the City's general fund.

The City currently anticipates facing a possible budgeting shortfall starting in Fiscal Year 2017-18 upon expiration of the 0.25% portion. Without an extension of the existing sales tax at its current rate, the City expects it will be unable to maintain its financial viability at current staffing and service levels for police and senior center services, economic development/job creation and to provide funds needed to make repairs to local streets.

Background. During the economic recession that began in 2008, the City's annual revenues from sales taxes and property taxes fell $4.6 million, reducing the funding available to provide essential City services. In response, the City reduced staff and staff benefits, eliminated non-essential services, and signed contracts with private companies to operate the golf course and youth recreation programs.

Prior to placing Measure P on the ballot in 2012, the City Council unanimously determined that an emergency existed, potentially impacting the community's health, safety and welfare that necessitated asking the voters for approval as soon as possible, allowing the City to address an impending structural deficit. The major reasons for the ongoing and projected deficits were the effects of the national and state recession, among other factors. Voters voted to approve Measure P in order to prevent deeper cuts to essential City services for residents. Measure P has since provided the City with a guaranteed source of local funding for City services and has helped maintain the financial viability of the City. Without continuing Measure P revenue at its current level, half of the revenue measure will expire in 2017, which the City estimates will result in the loss of more than $1.4 million for essential City services.

Emergency Declaration; Extension on Ballot. In order for a City Council to seek voter approval of a tax at an election other than an election for city council members, the California Constitution requires that the City Council unanimously declare that there is an emergency. By the adoption of a resolution declaring that an emergency exists in accordance with Article XIIIC, Section 2(b) of the California Constitution, an election prior to November 2016 is permitted. Consequently, on December 14, 2015, the City Council unanimously passed a resolution declaring an emergency and placing an extension until fiscal year 2034-35 of the City's current 0.5% sales tax on the June 2016 ballot. The City is unable to forecast the outcome of the election and has not yet determined a course of action in the event of its failure.

The Bonds are special obligations of the Successor Agency secured by an irrevocable pledge of, and are payable from, Subordinate Pledged Tax Revenues. As such, the Bonds are not a debt of the City. There will be no effect on the Successor Agency's ability to repay the Bonds regardless of the passage or failure to pass an extension of Measure P in June 2016.

Loss of Tax-Exemption

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

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

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

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that the 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.

CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE 2016 SERIES C BONDS

The Successor Agency will enter into a forward delivery bond purchase agreement (the "**Forward Delivery Bond Purchase Agreement**") for the 2016 Series C Bonds with Morgan Stanley & Co. LLC (the "**Underwriter**"). Subject to the terms of the Forward Delivery Bond Purchase Agreement, the Successor Agency expects to issue and deliver the 2016 Series C Bonds on June 7, 2016, or on such later date as is mutually agreed upon by the Successor Agency and the Underwriter (the "**2016 Series C Settlement Date**").

The following is a description of certain provisions of the Forward Delivery Bond Purchase Agreement. The following description is not to be considered a full statement of the terms of the Forward Delivery Bond Purchase Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof.

2016 Series C Settlement

The issuance of the 2016 Series C Bonds and the Underwriter's obligations under the Forward Delivery Bond Purchase Agreement to purchase, accept delivery of and pay for the 2016 Series C Bonds on the 2016 Series C Settlement Date are conditioned upon the performance by the Successor Agency of its obligations thereunder, including, without limitation, the delivery of an opinion, dated the 2016 Series C Settlement Date, of Bond Counsel, substantially in the form and to the effect as set forth in Appendix B to this Official Statement. The issuance of the 2016 Series C Bonds is further contingent upon the delivery of certain certificates and legal opinions, and the satisfaction of other conditions as of the 2016 Series C Settlement Date, including the delivery of the 2016 Bond Insurance Policy for the Series C Bonds by the 2016 Bond Insurer. The Underwriter has the right to terminate its obligations under the Forward Delivery Bond Purchase Agreement, by notifying the Successor Agency of its election to do so, if:

(a) At any time subsequent to the preliminary closing date (expected to be February 10, 2016) (the "Preliminary Closing Date") and on or prior to the 2016 Series C Settlement Date, the 2016 Series C Bonds are not rated by Fitch and Standard & Poor's; or

(b) At any time subsequent to the Preliminary Closing Date and on or prior to the 2016 Series C Settlement Date there is a Change in Law. A "Change in Law" means:

(i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies; or

(ii) any legislation enacted by the Congress of the United States (if such enacted legislation has an effective date that is on or before the 2016 Series C Settlement Date); or

(iii) any law, rule or regulation enacted by any governmental body, department or agency (if such enacted law, rule or regulation has an effective date that is on or before the 2016 Series C Settlement date); or

(iv) any judgment, ruling or order issued by any court or administrative body, which with respect to clauses (i) through (iv) above would (A) as to the Underwriter, legally prohibit the

Underwriter from (1) accepting delivery of and paying for the 2016 Series C Bonds in accordance with the provisions of the Forward Delivery Bond Purchase Agreement or (2) selling the 2016 Series C Bonds or beneficial ownership interests therein to bona fide purchasers, or, (B) as to the Successor Agency, make the sale or issuance and delivery of the 2016 Series C Bonds by the Successor Agency illegal, or (C) eliminate the exclusion from gross income for federal income tax purposes of interest on the 2016 Series C Bonds, or (D) require the 2016 Series C Bonds to be registered under the Securities Act of 1933 (the "Securities Act"); provided, however, that any such change in or addition to law, legislation, rule or regulation, or judgment, ruling or order referred to in clauses (i) through (iv) of this sentence shall have become effective, been enacted, or been issued, as the case may be, subsequent to the date of execution of the Forward Delivery Bond Purchase Agreement; or

(v) a stop order, ruling, regulation, or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance or sale of the 2016 Series C Bonds is, or would be, in violation of any provision of the federal securities laws, including the Securities Act or the Securities Exchange Act of 1934, as amended.

During the period of time between the date of this Official Statement and the 2016 Series C Settlement Date (the "**Forward Delivery Period**"), certain information contained in this Official Statement could change in a material respect. The Successor Agency has agreed to amend or supplement this Official Statement with an updated Official Statement not more than 25 days nor less than five days prior to the 2016 Series C Settlement Date. The Underwriter may not refuse to purchase the 2016 Series C Bonds, and the purchasers may not refuse to purchase the 2016 Series C Bonds from the Underwriter pursuant to the hereinafter referred to Delayed Delivery Contract, by reason of "general market or credit changes," including, but not limited to, (a) changes in the ratings of the 2016 Series C Bonds, or (b) changes in the financial condition, operations, performance, properties or prospects of the Successor Agency or the 2016 Bond Insurer prior to the 2016 Series C Settlement Date. All purchasers of the 2016 Series C Bonds are required to execute and deliver to the Underwriter a "Delayed Delivery Contract" substantially in the form included in Appendix I. The Underwriter has advised the Successor Agency that the 2016 Series C Bonds will be sold only to investors who execute the Delayed Delivery Contract in substantially the form included in Appendix X. The proposed form of Delayed Delivery Contract is attached as Appendix I at the request and for the convenience of the Underwriter. The Successor Agency will not be a party to the Delayed Delivery Contracts, and the Successor Agency is not in any way responsible for the performance thereof or for any representations or warranties contained therein. The rights and obligations under the Forward Delivery Bond Purchase Agreement are not conditioned or dependent upon the performance of any Delayed Delivery Contract.

Additional Risks Related To The Forward Delivery Period

During the Forward Delivery Period, certain information contained in this Official Statement could change in a material respect. Any changes in such information will not permit the Underwriter to terminate the Forward Delivery Bond Purchase Agreement or release the purchasers from their obligation to purchase the 2016 Series C Bonds pursuant to the Delayed Delivery Contracts unless the change reflects an event described in items (a) or (b) under "— 2016 Series C Settlement" herein. In addition to the risks set forth above, purchasers of the 2016 Series C Bonds are subject to certain additional risks, some of which are described below.

Ratings Risk. The 2016 Series C Bonds are currently rated "BBB-" (underlying) by Fitch and "AA" (Insured) and "BBB+ (underlying) by Standard & Poor's. See "RATINGS" herein. No assurances can be given that the ratings assigned to the 2016 Series C Bonds on the 2016 Series C Settlement Date will not be different from those currently assigned to the 2016 Series C Bonds. Issuance of the 2016 Series C Bonds and the Underwriter's obligations under the Forward Delivery Bond Purchase Agreement are not conditioned upon the assignment of any particular ratings for the 2016 Series C Bonds or the maintenance of the initial ratings of the 2016 Series C Bonds.

Secondary Market Risk. The Underwriter is not obligated to make a secondary market in the 2016 Series C Bonds, and no assurances can be given that a secondary market will exist for the 2016 Series C Bonds during the Forward Delivery Period. Purchasers of the 2016 Series C Bonds should assume that the 2016 Series C Bonds will be illiquid throughout the Forward Delivery Period.

Market Value Risk. The market value of the 2016 Series C Bonds as of the 2016 Series C Settlement Date may be affected by a variety of factors including, without limitation, general market conditions, the ratings then assigned to the 2016 Series C Bonds, the financial condition of the Successor Agency or the 2016 Bond Insurer and federal income tax and other laws. The market value of the 2016 Series C Bonds as of the 2016 Series C Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the 2016 Series C Bonds and that difference could be substantial. Neither the Successor Agency nor the Underwriter makes any representation as to the expected market prices of the 2016 Series C Bonds as of the 2016 Series C Settlement Date. Further, no assurance can be given that the introduction or enactment of any future legislation will not affect the market prices for the 2016 Series C Bonds as of the 2016 Series C Settlement Date or thereafter or not have a materially adverse impact on any secondary market for the 2016 Series C Bonds.

Tax Law Risk. Subject to the additional conditions of settlement described under "—2016 Series C Settlement" above, the Forward Delivery Bond Purchase Agreement obligates the Successor Agency to deliver and the Underwriter to purchase the 2016 Series C Bonds if the Successor Agency delivers an opinion of Bond Counsel with respect to the 2016 Series C Bonds substantially in the form and to the effect as set forth in Appendix B. During the Forward Delivery Period, new legislation, new court decisions, new regulations, or new rulings may be enacted, delivered or promulgated, or existing law, including regulations adopted pursuant thereto, may be interpreted in a manner that might prevent Bond Counsel from rendering its opinion or otherwise affect the substance of such opinion. Notwithstanding that the enactment of new legislation, new court decisions, the promulgation of new regulations or rulings or reinterpretations or existing law might diminish the value of, or otherwise affect, the exclusion of interest on the 2016 Series C Bonds for purposes of federal income taxation payable on "state or local bonds," the Successor Agency might be able to satisfy the requirements for the delivery of the 2016 Series C Bonds. In such event, the purchasers would be required to accept delivery of the 2016 Series C Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any changes in tax law and the consequences of such changes to such purchasers.

Termination of Forward Delivery Bond Purchase Agreement. The Underwriter may terminate the Forward Delivery Bond Purchase Agreement by notification to Successor Agency on or prior to the 2016 Series C Settlement Date if any of the events described above in items (a) and (b) under "—2016 Series C Settlement" occurs.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2016 Series A Bonds and the 2016 Series C Bonds (collectively, the "**Tax-Exempt Bonds**") is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Tax-Exempt Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

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

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond

on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

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

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

CONCLUDING INFORMATION

Underwriting

The Bonds are being purchased by Morgan Stanley & Co. LLC (the "**Underwriter**").

2016 Series A Bonds. The Underwriter has agreed to purchase the 2016 Series A Bonds at a price of $144,821,459.22 (being the principal amount of the 2016 Series A Bonds plus an original issue premium of $25,381,764.60 and less an Underwriter's discount of $645,305.38). The Underwriter will purchase all of the 2016 Series A Bonds if any are purchased.

2016 Series B Bonds. The Underwriter has agreed to purchase the 2016 Series B Bonds at a price of $26,589,999.36 (being the principal amount of the 2016 Series B Bonds and less an Underwriter's discount of $100,000.64. The Underwriter will purchase all of the 2016 Series B Bonds if any are purchased.

2016 Series C Bonds. The Underwriter has agreed to purchase the 2016 Series C Bonds on the 2016 Series C Bonds Delayed Closing Date pursuant to the Delayed Delivery Purchase Contract, at a price of $41,961,059.51 (being the principal amount of the 2016 Series C Bonds plus an original issue premium of $4,411,371.80 and less an Underwriter's discount of $205,312.29). The Delayed Delivery Purchase Contract provides that the Underwriter will purchase all of the 2016 Series C Bonds if any are purchased, and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel. See "CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE 2016 SERIES C BONDS" herein.

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

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

Legal Opinion

The final approving opinions of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will be furnished to the purchaser at the time of delivery of the Bonds.

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

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

In addition, certain legal matters will be passed upon for the Successor Agency by the City Attorney of the City.

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

Litigation

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

Ratings

Standard & Poor's Financial Services LLC, a subsidiary of the McGraw-Hill Companies, Inc. ("**S&P**") is expected to assign its municipal bond rating of "AA" to the Insured Bonds, with the understanding that upon the issuance of the Insured Bonds, the 2016 Bond Insurer will issue its 2016 Bond Insurance Policies.

In addition, S&P will assign its underlying municipal bond rating of "BBB+" and Fitch Ratings ("**Fitch**"), will assign its municipal bond rating of "BBB-" to the Bonds.

The rating issued reflects only the view of S&P, and any explanation of the significance of such rating should be obtained from S&P. There is no assurance that such rating will be retained for any given period of time or that it will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the Bonds.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Successor Agency has

provided certain additional information and materials to S&P (some of which does not appear in this Official Statement).

Continuing Disclosure

The Successor Agency will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Successor Agency by not later than April 1 after the end of each fiscal year of the Successor Agency (currently June 30th), commencing not later than March 1, 2016 with the report for the 2014-15 fiscal year (the "**Annual Report**"), and to provide notices of the occurrence of certain listed events. The specific nature of the information to be contained in the Annual Report or the notices of listed events is summarized in "APPENDIX D - FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE," attached to this Official Statement. These covenants have been made in order to assist the Underwriter (as defined below) in complying with Securities Exchange Commission Rule 15c2 12(b)(5) (the "**Rule**").

The City and its related governmental entities, including the Successor Agency, have previously entered into numerous disclosure undertakings under the Rule in connection with the issuance of long-term obligations. During the past five years, the City and the Successor Agency have prepared and filed in a timely manner annual reports and certain material events notices as required by the prior continuing disclosure obligations. However, following a review of the City, Successor Agency, and related entities' continuing disclosure compliance in connection with the issuance of bonds in 2014, certain circumstances of non-compliance were identified. For example, in several instances, audited financial statements were filed on the Electronic Municipal Market Access Website ("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 for some filings. Finally, certain annual reports and rating changes were filed late.

The City and the Successor Agency have filed all missing or non-conforming Annual Reports, operating data and ratings changes.

Audited Financial Statements

The City of Pittsburg's Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015 (the "**City CAFR**") is attached as Appendix E. The City's CAFR includes the Successor Agency's audited financial statements for the fiscal year ended June 30, 2015. The Successor Agency's audited financial statements were audited by Maze & Associates, Pleasant Hill, California (the "**Auditor**"). The Auditor has not been asked to consent to the inclusion of the Successor Agency's audited financial statements in this Official Statement and has not reviewed this Official Statement.

As described in "SECURITY FOR THE BONDS - Limited Obligation," the Bonds are payable from and secured by a pledge of Tax Revenues and the Bonds are not a debt of the City. The City's CAFR is attached as Appendix E to this Official Statement only because it includes the Successor Agency's audited financial statements.

Miscellaneous

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

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

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

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG

By: /s/ Joe Sbranti
Executive Director

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture not previously discussed in this Official Statement. Such summary is not intended to be definitive, and reference is made to the Indenture in its entirety for the complete terms thereof. Capitalized terms used in this summary which are not otherwise defined in this Official Statement have the meanings ascribed to such terms in the Indenture.

DEFINITIONS

"Accountant's Certificate" means a certificate signed by an Independent Certified Public Accountant selected by the Agency.

"Accreted Value" means, with respect to any Capital Appreciation Obligation and as of any date, the Initial Amount thereof plus the interest accrued thereon from its delivery date, compounded at the approximate interest rate with respect to such Capital Appreciation Obligation specified in or pursuant to the Issuing Instrument authorizing the issuance of such Capital Appreciation Obligation on each date specified therein. The applicable Accreted Value at any date will be the amount set forth in the Accreted Value Table as of such date, if such date is a compounding date, and if not, will be determined by straight-line interpolation with reference to such Accreted Value Table.

"Accreted Value Table" means, with respect to Capital Appreciation Obligations, the table denominated as such in, and to which reference is made in, the Issuing Instrument authorizing the issuance of such Capital Appreciation Obligations.

"Additional Bonds" means Bonds issued in accordance with the terms and conditions of the Indenture for the purposes set forth in the Indenture.

"Additional Parity Obligations" means Parity Obligations, including Additional Bonds, issued for the purposes set forth in the Indenture and satisfying the conditions set forth in the Indenture.

"Adjusted Combined Debt Service" means, for any period of time, the Combined Debt Service for such period minus the sum of the amount of such Combined Debt Service with respect to Outstanding Senior Bonds or Parity Obligations to be paid during such period from the proceeds of Senior Bonds or Parity Obligations as set forth in a certificate of the Agency.

"Adjusted Tax Revenues" means, for any period of time, the Tax Revenues for such period less such amount of Tax Revenues for such period attributable to each taxpayer of *ad valorem* taxes in the Project Area which represents 7.5% or more of the assessed value of the property within the Project Area as shown on the most recent equalized assessment roll of the County of Contra Costa.

"Agency" means the Successor Agency or the Former Agency, as applicable.

"Agency Swap Payments" means, with respect to a Qualified Swap Agreement, the regularly scheduled payments payable by the Agency under such Qualified Swap Agreement, without regard to netting of payments payable by the counterparty to the Agency thereunder.

"Applicable Combined Obligations" means, with respect to a certificate to be delivered in connection with Additional Parity Obligations pursuant to the Indenture and as of the date of such certificate, all Senior Bonds and Parity Obligations Outstanding on such date plus the Additional Parity Obligations proposed to be issued.

"Authorized Denominations" means, with respect to Bonds of any Series, the denomination or denominations designated as such in the Supplemental Indenture authorizing such Bonds.

"Authorized Agency Representative" means the Chair of the Agency, the Executive Director of the Agency and any other officer of the Agency duly authorized to act as an Authorized Agency Representative for purposes of the Indenture by the Agency or written authorization of the Chair of the Agency.

"Balloon Indebtedness" means, with respect to any Series of Obligations twenty-five percent (25%) or more of the principal of which matures on the same date or within a 12-month period (with Sinking Fund Installments on Term Obligations deemed to be payments of matured principal), that portion of such Series of Obligations which matures on such date or within such 12-month period. For purposes of this definition, the principal amount maturing on any date will be reduced by the amount of such indebtedness which is required, by the documents governing such indebtedness, to be amortized by prepayment or redemption prior to its stated maturity date.

"Basis Differential Amount" means the amount equal to principal amount of the related Bonds multiplied by the greater of (i) 0.25% per annum or (ii) the actual per annum interest rate paid on the Bonds that relate to the Qualified Swap Agreement in the previous Fiscal Year less the actual resulting per annum interest rate required to be paid by a counterparty to the Agency with respect to the related notional amount under the Qualified Swap Agreement in the previous Fiscal Year without regard to netting of payments payable by the Agency to the counterparty thereunder; provided, however, that so long as the Qualified Swap Agreement is based on the BMA Municipal Swap Index or the actual rate of the related Bonds, the Basis Differential Amount will be zero; and provided further that, for any Fiscal Year, if Tax Revenues during the immediately preceding Fiscal Year were not equal to at least 150% of Combined Maximum Adjusted Annual Debt Service on all then Outstanding Parity Obligations and Senior Bonds, the percentage in clause (i) of this definition will be 1.00% per annum.

"Beneficial Owner" means, with respect any Book-Entry Bond, the beneficial owner of such Bond as determined in accordance with the applicable rules of the Securities Depository for such Book-Entry Bonds.

"Bond" means any of the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Subordinate Tax Allocation Bonds or the Successor Agency to the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Subordinate Tax Allocation Bonds authorized pursuant to the Indenture and a Supplemental Indenture.

"Bond Counsel" means an attorney or firm of attorneys of recognized national standing in the field of law relating to municipal securities and to exclusion of interest thereon from income for federal income tax purposes selected by the Agency.

"Bond Debt Service" means, for any period of time, the sum of (a) the interest payable during such period on all Outstanding Bonds, assuming that all Outstanding Bonds which are Serial Obligations are retired as scheduled and that all Outstanding Bonds which are Term Obligations are redeemed or paid from Sinking Fund Installments as scheduled, (b) that portion of the principal amount of all Outstanding Bonds which are Serial Obligations maturing on each principal payment date during such period, including the Final Compounded Amount of any Bonds which are Capital Appreciation Obligations and Serial Obligations, (c) that portion of the principal amount of all Outstanding Bonds which are Term Obligations required to be redeemed or paid from Sinking Fund Installments during such period (together with the redemption premiums, if any, thereon), including the Accreted Value of any Bonds which are Capital Appreciation Obligations and Term Obligations.

"Bond Register" means the registration books for the ownership of Bonds maintained by the Trustee pursuant to the Indenture.

"Bondowner" or "Owner" means, with respect to a Bond, the registered owner of such Bond as set forth in the Bond Register.

"Book-Entry Bonds" means Bonds registered in the name of a nominee of DTC or any successor Securities Depository for the Bonds, or a nominee thereof, as the registered owner thereof pursuant to the terms and provisions of the Indenture.

"Business Day" means, with respect to each Series of Bonds, unless otherwise provided with respect to a Series of Bonds in the Supplemental Indenture authorizing the issuance of such Series, any day of the year other than (i) a Saturday, (ii) a Sunday, (iii) any day which will be in San Francisco, California or New York, New York a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close, and (iv) any day on which the banks are authorized or required by law or other government action to close in the State of New York or State of California or any city in which the Principal Office of any Paying Agent or any Credit Provider for such Series of Bonds is located.

"Capital Appreciation Obligations" means any Obligations the interest on which is compounded and not scheduled to be paid until the maturity or prior redemption of such Obligations.

"Capped Bonds" means Bonds issued under the Indenture as Variable Rate Indebtedness for which a Qualified Cap has been entered into or purchased.

"Code" means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code in the Indenture will be deemed to include the applicable United States Treasury Regulations thereunder and also includes all amendments and successor provisions unless the context clearly requires otherwise.

"Combined Debt Service" means, for any period of time, the combined Debt Service on all Outstanding Senior Bonds and Parity Obligations.

"Combined Maximum Adjusted Annual Debt Service" means, with respect to a certificate to be delivered in connection with Additional Parity Obligations pursuant to the Indenture, as of any date and with respect to the Applicable Combined Obligations, the maximum amount of Adjusted Combined Debt Service becoming due on the Applicable Combined Obligations in the then current or any future Fiscal Year, as adjusted as provided in this definition and calculated by the Agency or by a Consultant. For purposes of calculating Combined Maximum Adjusted Annual Debt Service, the determination of Combined Debt Service on the Applicable Combined Obligations coming due in each Fiscal Year will be subject to the Debt Service Adjustments and Assumptions.

"Commercial Paper Program" means a program of short-term Obligations having the characteristics of commercial paper in that such Obligations have a stated maturity not later than 270 days from their date of issue and that maturing Obligations of such program may be paid with the proceeds of renewal short-term Obligations.

"Consultant" means a consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm retained by the Agency to perform acts, prepare certificates or otherwise carry out the duties provided for a Consultant in the Indenture or any Supplemental Indenture. Such consultant, consulting firm, engineer, architect, engineering firm or architectural firm will be nationally recognized within its profession for works of the character required. Such accountants or accounting firm will be Independent Certified Public Accountants licensed to practice in the State of California. Any financial consultant or firm of such consultants will be an Independent Financial Consultant. Any consultant or firm of consultants recognized to be well qualified in the field of consulting relating to tax allocation bond financing by California redevelopment agencies will an Independent Redevelopment Consultant.

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

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

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

(3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said Independent Financial Consultant or Independent Redevelopment Consultant to express an informed opinion with respect to the subject matter referred to in the report.

"Costs of Issuance" means, to the extent permitted by the Law, all items of expense directly or indirectly payable by or reimbursable to the Agency and related to the original authorization, execution, sale and delivery of Parity Obligations, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, including disclosure documents and documents relating to the sale of such Parity Obligations, initial fees and charges (including counsel fees) of any fiscal agent, any paying agent and any Credit Provider, legal fees and charges, financial advisor fees and expenses, fees and expenses of other consultants and professionals, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Parity Obligations and any other cost, charge or fee in connection with the authorization, issuance, sale or original delivery of Parity Obligations.

"Credit Provider" means any municipal bond insurance company, bank or other financial institution or organization which is performing in all material respects its obligations under any Credit Support Instrument for some or all of the Parity Obligations.

"Credit Provider Reimbursement Obligations" means obligations of the Agency to pay from the Subordinate Pledged Tax Revenues amounts due under a Credit Support Agreement, including without limitation amounts advanced by a Credit Provider pursuant to a Credit Support Instrument as credit support or liquidity for Parity Obligations and the interest with respect thereto.

"Credit Provider Bonds" means any Bonds paid as to principal, Redemption Price, Purchase Price and/or interest with funds provided under a Credit Support Instrument for so long as such Bonds are held by or for the account of, or are pledged to, the applicable Credit Provider or any assignee thereof in accordance with the applicable Credit Support Agreement.

"Credit Support Agreement" means, with respect to any Credit Support Instrument, the agreement or agreements (which may be the Credit Support Instrument itself) between the Agency and the applicable Credit Provider, as originally executed or as it may from time to time be replaced, supplemented or amended in accordance with the provisions thereof, providing for the reimbursement to the Credit Provider for payments under such Credit Support Instrument or for extensions of credit made to the Agency by the Credit Provider, and the interest thereon, and includes any subsequent agreement pursuant to which a substitute Credit Support Instrument is provided, together with any related pledge agreement, security agreement or other security document.

"Credit Support Instrument" means a policy of insurance, a letter of credit, a stand-by purchase agreement, revolving credit agreement or other credit arrangement pursuant to which a Credit Provider provides credit and/or liquidity support with respect to the payment of interest, principal, Redemption Price or Purchase Price of any Parity Obligations but will not include a Reserve Financial Guaranty.

"Crossover Date" means, with respect to a Series of Refunding Parity Obligations constituting Crossover Refunding Obligations, the date on which the proceeds of the sale of such Refunding Parity Obligations are to be applied to the payment of the principal of and premium, if any, on the Parity Obligations to be refunded with the proceeds of such Refunding Parity Obligations in accordance with the applicable Crossover Refunding Instructions.

"Crossover Refunding Escrow" means, with respect to any Series of Refunding Parity Obligations constituting Crossover Refunding Obligations, a trust or escrow fund or account established with an Escrow Agent into which proceeds of the sale of such Series of Refunding Parity Obligations and, if necessary, other available funds have been deposited in an amount sufficient to pay when due, or to purchase bonds, notes or other evidences of indebtedness the scheduled payments of principal of and interest on which will provide moneys at the times and in amounts sufficient to pay when due, the applicable Crossover Refunding Requirements in accordance with the applicable Crossover Refunding Instructions.

"Crossover Refunding Instructions" means, with respect to a Series of Refunding Parity Obligations which constitute Crossover Refunding Obligations, a certificate, order, escrow deposit agreement, or other direction from an Authorized Agency Representative to the Escrow Agent for the applicable Crossover Refunding Escrow to apply amounts in the applicable

Crossover Refunding Escrow to the payments of principal and interest scheduled to be made on the Crossover Refunding Obligations to and including the applicable Crossover Date and on such Crossover Date to apply moneys in the applicable Crossover Refunding Escrow to the payment or redemption of the Parity Obligations to be refunded or, in the event that the conditions to such payment or redemption contained in the Issuing Instrument authorizing the issuance of such Crossover Refunding Obligations are not satisfied, to the payment or redemption of the Crossover Refunding Obligations on the terms and conditions set forth in such Issuing Instrument.

"Crossover Refunding Obligations" means Refunding Parity Obligations as to which a Crossover Refunding Escrow has been established and which are payable, prior to the application of moneys in the applicable Crossover Refunding Escrow to the payment or redemption of the Parity Obligations to be refunded, only from amounts in such Crossover Refunding Escrow.

"Crossover Refunding Requirements" means, with respect to a Series of Refunding Parity Obligations constituting Crossover Refunding Obligations and the Parity Obligations to be refunded with the proceeds of the sale of such Refunding Parity Obligations, moneys sufficient to pay when due: (i) the scheduled principal of and interest on the Series of Refunding Parity Obligations coming due on and before the applicable Crossover Date (other than as a result of the failure to apply moneys in the applicable Crossover Refunding Escrow to the refunding of the Parity Obligations to be refunded with the proceeds of the sale of such Refunding Parity Obligations on the Crossover Date); (ii) the principal of, premium, if any, and interest on such Refunding Parity Obligations which are payable in accordance with the applicable Crossover Refunding Instructions in the event the amounts in the applicable Crossover Refunding Escrow are not applied to the payment or redemption of the Parity Obligations to be refunded with the proceeds of the sale of such Refunding Parity Obligations; and (iii) the principal of and premium, if any, on the Parity Obligations to be refunded with the proceeds of the sale of the Refunding Parity Obligations coming due in accordance with the applicable Crossover Refunding Instructions.

"Custody Agreement" means the Custody Agreement, dated June 4, 2014, among the Successor Agency, the Contra Costa County Auditor-Controller, and The Bank of New York Mellon Trust Company, N.A., as Custodian.

"Debt Service" means, for any period of time, the sum of (a) the interest payable during such period on all Outstanding Senior Bonds, Parity Obligations or Subordinated Obligations, as applicable, assuming that all Outstanding Senior Bonds, Parity Obligations or Subordinated Obligations, as applicable, are retired as scheduled and that all Outstanding Term Obligations that are Senior Bonds, Parity Obligations or Subordinated Obligations, as applicable, are redeemed or paid from Sinking Fund Installments as scheduled, (b) that portion of the principal amount of all Outstanding Serial Obligations that are Senior Bonds, Parity Obligations or Subordinated Obligations, as applicable, maturing on each principal payment date during such period, including the Final Compounded Amount of any Capital Appreciation Obligations which are Serial Obligations that are Senior Bonds, Parity Obligations or Subordinated Obligations, as applicable, (c) that portion of the principal amount of all Outstanding Term Obligations that are Senior Bonds, Parity Obligations or Subordinated Obligations, as applicable, required to be redeemed or paid from Sinking Fund Installments becoming due during such period (together with the premiums, if any, thereon), including the Accreted Value of any Capital Appreciation Obligations which are Term Obligations that are Senior Bonds, Parity Obligations or Subordinated Obligations, as applicable, and (d) amounts, if any, required to be deposited in the

Debt Service Reserve Account or any other debt service reserve fund with respect to Senior Bonds, Parity Obligations or Subordinated Obligations, as applicable (other than Bonds), established under any Issuing Instrument. Debt Service, with respect to a certificate to be delivered in connection with Additional Parity Obligations pursuant to the Indenture, will not include (a) interest on Senior Bonds, Parity Obligations or Subordinated Obligations, as applicable, which is to be paid from amounts constituting capitalized interest or (b) principal and interest allocable to that portion of the proceeds of any Senior Bonds, Parity Obligations or Subordinated Obligations, as applicable, required to remain unexpended and to be held in escrow pursuant to the terms of a Supplemental Indenture or other Issuing Instrument, provided that (i) projected interest earnings on such proceeds, plus such amounts, if any, deposited by the Agency in an interest account therefor, are sufficient to pay the interest due on such portion of the Senior Bonds, Parity Obligations or Subordinated Obligations, as applicable, so long as it is required to be held in escrow and (ii) the conditions for the release of such proceeds from escrow, insofar as they relate to Tax Revenue and Adjusted Tax Revenue coverage and satisfaction of any debt service reserve requirement, are substantially similar to those for the issuance of Additional Parity Obligations set forth in the Indenture.

"Debt Service Adjustments and Assumptions" means, for purposes of determining Combined Maximum Adjusted Annual Debt Service and for purposes of determining the amount of money to be set aside from the Special Fund and deposited in the Interest Account pursuant to the Indenture, the following adjustments and assumptions are to be made with respect to Combined Debt Service or Debt Service, as applicable:

(a) in determining the amount of Combined Debt Service or Debt Service, as applicable, constituting principal due in each Fiscal Year, principal payments with respect to Applicable Combined Obligations or Parity Obligations, as applicable, which are, or upon issuance will be, part of a Commercial Paper Program, but which would not constitute Balloon Indebtedness, will be treated as if such Applicable Combined Obligations or Parity Obligations, as applicable, were to be amortized with substantially level annual Debt Service payments over the Remaining Redevelopment Plan Limit commencing on the date the calculation of Combined Maximum Adjusted Annual Debt Service or interest deposit determination, as applicable, is made;

(b) if all or any portion or portions of the Applicable Combined Obligations or Parity Obligations, as applicable, constitute, or upon issuance would constitute, Balloon Indebtedness, then, for purposes of determining Combined Maximum Adjusted Annual Debt Service or the interest deposit, as applicable, each maturity which constitutes, or upon issuance would constitute, Balloon Indebtedness will be treated as if it were to be amortized with substantially level annual Debt Service payments over the Remaining Redevelopment Plan Limit commencing on the date which is the first anniversary of the initial issuance of such Applicable Combined Obligations or Parity Obligations, as applicable;

(c) if any Outstanding Applicable Combined Obligations or Parity Obligations, as applicable, constitute Tax-Exempt Variable Rate Indebtedness (except to the extent paragraph (g) applies), the interest rate on such Applicable Combined Obligations or Parity Obligations, as applicable, for any period as to which such interest rate has not been established will be assumed to be 110% of the daily average interest rate on such Applicable Combined Obligations or Parity Obligations, as applicable, during the 12 months ending with the month preceding the date of calculation, or such shorter period that such Applicable Combined Obligations or Parity Obligations, as applicable, will have been Outstanding;

(d) if any Outstanding Applicable Combined Obligations or Parity Obligations, as applicable, constitute Variable Rate Indebtedness which is not Tax-Exempt (except to the extent paragraph (g) applies), the interest rate on such Applicable Combined Obligations or Parity Obligations, as applicable, for any period as to which such interest rate has not been established will be assumed to be 110% of the average One Month USD LIBOR Rate during the calendar quarter preceding the calendar quarter in which the calculation of Combined Maximum Adjusted Annual Debt Service or interest deposit determination, as applicable, is made or if the One Month USD LIBOR Rate is not available for such period, another similar rate or index selected by the Agency.

(e) if the Additional Parity Obligations proposed to be issued will be Tax-Exempt Variable Rate Indebtedness (except to the extent paragraph (h) below applies), then the interest rate on such Additional Parity Obligations will be assumed to be 110% of the average TBMA Index during the calendar quarter preceding the calendar quarter in which the calculation of Combined Maximum Adjusted Annual Debt Service or interest deposit determination, as applicable, is made, or if that index is no longer published, seventy-five percent (75%) of the One Month USD LIBOR Rate, or if the One Month USD LIBOR Rate is not available, another similar rate or index selected by the Agency;

(f) if the Additional Parity Obligations proposed to be issued will be Variable Rate Indebtedness which is not Tax-Exempt (except to the extent paragraph (h) below applies) then the interest rate on such Additional Parity Obligations will be assumed to be 110% of the average One Month USD LIBOR Rate during the calendar quarter preceding the calendar quarter in which the calculation of Combined Maximum Adjusted Annual Debt Service or interest deposit determination, as applicable, is made, or if the One Month USD LIBOR Rate is not available for such period, another similar rate or index selected by the Agency;

(g) if a Qualified Swap Agreement has been entered into in connection with any Outstanding Applicable Combined Obligations or Parity Obligations, as applicable, which are not Hedged Bonds, the interest rate on such Outstanding Applicable Combined Obligations or Parity Obligations, as applicable, for each Fiscal Year or portion thereof during which payments are to be exchanged by the parties under such Qualified Swap Agreement will be determined for purposes of calculating Combined Maximum Adjusted Annual Debt Service and determining the interest deposit, as applicable, by adding: (1) the amount of Debt Service paid or to be paid by the Agency as interest on the Outstanding Applicable Combined Obligations or Parity Obligations, as applicable, during such Fiscal Year or portion thereof (determined as provided in paragraph (c) or (d), as applicable, if such Outstanding Applicable Combined Obligations or Parity Obligations, as applicable, constitute Variable Rate Indebtedness) and (2) the net amount (which may be a negative amount) paid or to be paid by the Agency under the Qualified Swap Agreement (after giving effect to payments made and received, and to be made and received, by the Agency under the Qualified Swap Agreement) during such Fiscal Year or portion thereof, and for this purpose any variable rate of interest agreed to be paid under the Qualified Swap Agreement will be deemed to be the rate at which the related Outstanding Applicable Combined Obligations or Parity Obligations, as applicable, constituting Variable Rate Indebtedness is assumed to bear interest;

(h) if a Qualified Swap Agreement has been entered into by the Agency with respect to any Additional Parity Obligations which are not Hedged Bonds proposed to be issued, the interest on such proposed Additional Parity Obligations for each Fiscal Year or portion thereof during which payments are to be exchanged under the Qualified Swap Agreement will be determined for purposes of calculating Maximum Adjusted Annual Debt Service and

determining the interest deposit, as applicable, by adding: (1) the amount of Debt Service to be paid by the Agency as interest on such Additional Parity Obligations during such Fiscal Year or portion thereof (determined as provided in paragraph (e) or (f), as applicable, if such Additional Parity Obligations are to constitute Variable Rate Indebtedness) and (2) the net amount (which may be a negative amount) to be paid by the Agency under the Qualified Swap Agreement (after giving effect to payments to be made and received by the Agency under the Qualified Swap Agreement) during such Fiscal Year or portion thereof, and for this purpose any variable rate of interest agreed to be paid under the Qualified Swap Agreement will be deemed to be the rate at which the related Additional Parity Obligations which are to constitute Variable Rate Indebtedness will be assumed to bear interest;

(i) if any of the Applicable Combined Obligations or Parity Obligations, as applicable, are, or upon issuance will be, Paired Obligations, the interest thereon will be the resulting linked rate or effective fixed rate to be paid with respect to such Paired Obligations;

(j) if the Additional Parity Obligations proposed to be issued are Hedged Bonds, then, for purposes of determining Combined Maximum Adjusted Annual Debt Service and determining the interest deposit, as applicable, the interest on such proposed Additional Parity Obligations for each Fiscal Year or portion thereof will be assumed to be equal to the Agency's fixed payments under the applicable Qualified Swap Agreement; and

(k) if the Additional Parity Obligations proposed to be issued are Capped Bonds, then, for purposes of determining Combined Maximum Adjusted Annual Debt Service and determining the interest deposit, as applicable, the interest on such proposed Additional Parity Obligations for each Fiscal Year or portion thereof will be assumed to be equal to the interest rate specified under the related Qualified Cap above which the counter party under the Qualified Cap is obligated to pay to the Agency payments equal to the interest payable on the Capped Bonds above such specified interest rate.

"Debt Service Reserve Account" means the Debt Service Reserve Account, and any account thereof, established pursuant to the Indenture.

"Debt Service Reserve Requirement" means, as of any date of calculation, an amount equal to the least of (a) ten percent (10%) of the initial offering price to the public of the Bonds as determined under the Code, or (b) the greatest amount of Bond Debt Service in any Fiscal Year during the period commencing with the Fiscal Year in which the determination is being made and terminating with the last Fiscal Year in which any Bond is due, or (c) one hundred twenty-five percent (125%) of the sum of the Bond Debt Service for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made (or if appropriate, the first full Fiscal Year following the execution and delivery of any Bonds) and terminating with the last Fiscal Year in which any Bond Debt Service is due, divided by the number of such Fiscal Years, all as computed and determined by the Agency and specified in writing to the Trustee; provided, however, that in determining Bond Debt Service with respect to any Bonds or Series of Bonds that constitute Variable Rate Indebtedness, (A) with respect to Hedged Bonds, the interest on such Bonds will be assumed to be equal to the Agency's fixed payments under the applicable Qualified Swap Agreement, and (B) with respect to other Bonds that constitute Variable Rate Indebtedness, the interest rate on such Bonds for any period as to which such interest rate has not been established will be assumed to be 110% of the daily average interest rate on such Bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period that such Bonds will have been Outstanding; provided, further, that, to the extent the Agency elects in a Supplemental Indenture to maintain a separate

account for any Series of Bonds, the Debt Service Reserve Requirement with respect to such Series will be as set forth in such Supplemental Indenture. The Agency has elected to establish such a combined account for the 2016 Series A Bonds and the 2016 Series B Bonds, and a separate account of the 2016 Series C Bonds.

"Depository" means any bank or trust company organized under the laws of any state of the United States (including the Trustee and its affiliates), or any national banking association which is willing and able to accept the office on reasonable and customary terms, authorized by law to act in accordance with the provisions of the Indenture.

"Dissolution Law" means Part 1.85 of Division 24 of the California Health and Safety Code (commencing with Section 34170), and the acts amendatory thereof and supplemental thereto.

"DTC" means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or its successors and assigns. References in the Indenture to DTC will include any Nominee of DTC in whose name any Bond is registered.

"Eighth Supplemental Indenture" means, collectively, that certain Eighth Supplemental Indenture of Trust, dated as of November 1, 2008, and that certain Eighth Supplemental Indenture, dated as of October 1, 2009, both between the Agency and the Trustee, supplementing the Master Indenture, as the same may be amended and supplemented.

"Electronic" means, with respect to notice, notice through telecopy, telegraph, telex, facsimile transmission, internet, e-mail, dedicated electronic link or other electronic means of communication capable of producing a written record.

"Eleventh Supplemental Indenture" means that certain Eleventh Supplemental Indenture of Trust, dated as of June 1, 2014, between the Agency and the Trustee, supplementing the Master Indenture, as the same may be amended and supplemented.

"Escrow Agent" means the Trustee or a bank or trust company organized under the laws of any state of the United States, or a national banking association, appointed by the Agency to hold in trust moneys set aside for either: (i) the payment or redemption of, or interest installments on, a Bond or Bonds, or any portion thereof, deemed paid and defeased pursuant to the Indenture; or (ii) the payment of the principal, premium, if any, or interest on Crossover Refunding Bonds or the Parity Obligations to be refunded with the proceeds of the sale of such Crossover Refunding Bonds.

"Event of Bankruptcy" means any of the following with respect to any Person: (a) the commencement by such person of a voluntary case under the Federal Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency or similar laws; (b) failure by such Person to timely controvert the filing of a petition with a court having jurisdiction over such Person to commence an involuntary case against such person under the Federal Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency or similar laws; (c) such Person will admit in writing its inability to pay its debts generally as they become due; (d) a receiver, trustee, custodian or liquidator of such Person or such Person's assets will be appointed in any proceeding brought against the Person or such Person's assets; (e) assignment of assets by such person for the benefit of its creditors; or (f) the entry by such Person into an agreement of composition with its creditors.

"Event of Default" means an event described as such in the provisions of the Indenture described below under the caption "Events of Default; Remedies– Events of Default."

"Favorable Opinion of Bond Counsel" means, with respect to any action requiring such an opinion, an Opinion of Bond Counsel to the effect that such action will not, in and of itself, adversely affect the Tax-Exempt status of interest on the Bonds or such portion thereof as will be specified in the provisions of the Indenture or the Supplemental Indenture requiring such an opinion.

"Federal Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as the same may be amended and supplemented, and any successor statute.

"Federal Securities" means obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America, including U.S. treasury obligations, all direct or fully guaranteed obligations, Farmers Home Administration, guaranteed Title XI financing, Government National Mortgage Association (GNMA) and State and Local Government Series.

"Fiduciary" means the Trustee for the Bonds appointed as provided in the Indenture.

"Fifth Supplemental Indenture" will mean that certain Fifth Supplemental Indenture of Trust, dated as of December 1, 2006, between the Agency and the Trustee, supplementing the Master Indenture, as the same may be amended and supplemented.

"Final Compounded Amount" means the Accreted Value of any Capital Appreciation Obligation on its maturity date.

"First Supplemental Indenture" means that certain First Supplemental Indenture of Trust, dated as of December 1, 2004, between the Agency and the Trustee, supplementing the Master Indenture, as the same may be amended and supplemented.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period selected and designated as the official Fiscal Year of the Agency.

"Fitch" means Fitch, Inc. and any successor entity rating Parity Obligations at the request of the Agency.

"Former Agency" means the former Redevelopment Agency of the City of Pittsburg.

"Fourth Supplemental Indenture" will mean that certain Fourth Supplemental Indenture of Trust, dated as of December 1, 2006, between the Agency and the Trustee, supplementing the Master Indenture, as the same may be amended and supplemented.

"Generally Accepted Accounting Principles" means generally accepted accounting principles applied on a consistent basis set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants applicable to a government-owned utility applying all statements and interpretations issued by the Governmental Accounting Standards Board and statements and pronouncements of the Financial Accounting Standards Board which are not in conflict with the statements and

interpretations issued by the Governmental Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, that are applicable to the circumstances as of the date of determination.

"Hedged Bonds" means Bonds issued under the Indenture as Variable Rate Indebtedness for which a Qualified Swap Agreement has been entered into under which all of the following apply: (a) the term of the Qualified Swap Agreement is coterminous with the maturity of the Hedged Bonds, (b) the initial notional amount of the Qualified Swap Agreement is equal to the initial principal amount of the Hedged Bonds and the notional amount of the Qualified Swap Agreement reduces at the same times and in the same amounts as the scheduled payment of principal (whether at maturity or as a result of mandatory sinking account redemption) of the Hedged Bonds, (c) the Agency's payment obligations under the Qualified Swap Agreement are based upon a fixed interest rate for the term thereof, and (d) the counterparty's payment obligations under the Qualified Swap Agreement are reasonably expected to be equivalent to the interest payments on the Hedged Bonds as certified by the counterparty and the Agency at the time of entering into the Qualified Swap Agreement.

"Housing Bonds" means the 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 and, if and when issued, the Housing Set Aside Tax Allocation Bonds, (Taxable) 2016 Series A.

"Indenture" means, the Master Indenture, as supplemented and amended from time to time by Supplemental Indentures.

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the Agency, and who, or each of whom:

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

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

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

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

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

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

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

"Independent Redevelopment Consultant" means a consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relating to tax

allocation bond financing by California redevelopment agencies, appointed and paid by the Agency, and who, or each of whom:

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

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

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

"Initial Amount" means the Accreted Value of a Capital Appreciation Obligation on its date of issuance and delivery to the original purchaser thereof. "Interest Account" means the account by that name in the Special Fund established pursuant to the Indenture.

"Interest Payment Date" means, with respect to a Series of Bonds, each date on which interest on Bonds of such Series is scheduled to be paid as set forth in, or determined in accordance with, the Supplemental Indenture authorizing the issuance of such Series.

"Issuing Instrument" means any, indenture, trust agreement or other instrument or agreement under which Obligations are issued.

"Law" means the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the California Health and Safety Code, as amended), and all laws amendatory thereof or supplemental thereto.

"Master Indenture" means the Amended and Restated Indenture of Trust, dated as of December 1, 2004 between the Agency and the Trustee, as the provisions of the Indenture may be modified or amended from time to time in accordance with the Indenture.

"Moody's" means Moody's Investors Service, Inc. and any successor entity rating Parity Obligations at the request of the Agency.

"Net Payment" means with respect to a Qualified Swap Agreement, the net amount payable or receivable by the Agency in connection with each scheduled payment date (other than Termination Payments) under such Qualified Swap Agreement. For purposes of the calculations required in the Indenture, if a Net Payment is payable by the Agency, it will be expressed as a positive number and if a Net Payment is receivable by the Agency, it will be expressed as a negative number.

"Ninth Supplemental Indenture" means that certain Ninth Supplemental Indenture of Trust, dated as of December 1, 2009, between the Agency and the Trustee, supplementing the Master Indenture, as the same may be amended and supplemented.

"Nominee" means the nominee of the Securities Depository for the Book-Entry Bonds in whose name such Bonds are to be registered. The initial Nominee will be Cede & Co., as the nominee of DTC.

"Obligations" means (a) obligations with respect to borrowed money and includes bonds, notes or other evidences of indebtedness, installment purchase payments under any contract, and lease payments under any financing or capital lease (determined to be such in accordance with Generally Accepted Accounting Principles), which are payable from the Subordinate

Pledged Tax Revenues, (b) obligations to replenish any debt service reserve fund with respect to obligations of the Agency described in (a) above; (c) obligations secured by or payable from any of obligations of the Agency described in (a) above; (d) obligations payable from the Subordinate Pledged Tax Revenues and entered into in connection with, relating to, or otherwise serving as a hedge with respect to, an obligation described in (a), (b) or (c) above under any Public Finance Contract; (e) Credit Provider Reimbursement Obligations; and (f) with respect to a certificate to be delivered in connection with Additional Parity Obligations pursuant to the Indenture, Senior Bonds.

"One Month USD LIBOR Rate" means the British Banker's Association average of interbank offered rates in the London market for United States dollar deposits for a one month period as reported in the Wall Street Journal or, if not reported in such newspaper, as reported in such other source as may be selected by the Agency.

"Opinion of Bond Counsel" means a written opinion signed by Bond Counsel.

"Outstanding" when used as of any particular time with respect to Obligations, means, except as otherwise provided in the Indenture, all Obligations theretofore or thereupon being issued by the Agency, except (a) Obligations theretofore cancelled or surrendered for cancellation; (b) Obligations paid or deemed to be paid within the meaning of any defeasance provisions of the Issuing Instrument pursuant such Obligations were issued; (c) Obligations in lieu of or in substitution for which replacement Obligations have been issued; and (d) prior to the applicable Crossover Date, Refunding Parity Obligations which are Crossover Refunding Obligations.

"Paired Obligations" will mean any Series (or portion thereof) of Parity Obligations designated as Paired Obligations in the Issuing Instrument authorizing the issuance thereof, which are simultaneously issued (a) the principal of which is of equal amount maturing and to be redeemed (or cancelled after acquisition thereof) on the same dates and in the same amounts, and (b) the interest rates which, taken together, result in an irrevocably fixed interest rate obligation of the Agency for the terms of such Paired Obligations.

"Parity Obligations" means Bonds and any Obligations which are payable from the Subordinate Pledged Tax Revenues on a parity with the payment of the Bonds and which satisfy the applicable conditions of the Indenture, including without limitation Credit Provider Reimbursement Obligations and Net Payments due under Qualified Swap Agreements. Parity Obligations include the 2004 Series Bonds and the 2004 Swap (excluding any Termination Payments thereunder).

"Participants" means, with respect to a Securities Depository for Book-Entry Bonds, those participants listed in such Securities Depository's book-entry system as having an interest in such Bonds.

"Pass-Through Agreements" means (i) the Fiscal Agreement, dated as of July 16, 1993, between the Agency and the of Contra Costa County Office of Education, (ii) the Fiscal Agreement, dated as of July 19, 1993, between the Agency and the Contra Costa County Mosquito Abatement District, (iii) the Fiscal Agreement, dated as of July 20, 1993, between the Agency and the County of Contra Costa, (iv) the Fiscal Agreement, dated as of August 10, 1993, between the Agency and the Antioch Unified School District and (v) the Fiscal Agreement, dated as of August 10, 1993, between the Agency and the Contra Costa Community College District (vi) the Fiscal Agreement, dated as of August 26, 1993, between the Agency and the

Pittsburg Unified School District, (vii) the Fiscal Agreement, dated as of September 7, 1993, between the Agency and the East Bay Regional Park District, and (viii) the Fiscal Agreement, dated as of November 9, 1993, between the Agency and the Mt. Diablo Unified School District, such agreements having been entered into by the Agency pursuant to Section 33401 of the Law, together with any amendments thereof hereafter duly authorized pursuant to the Law.

"Paying Agent" means, with respect to a Series of Bonds, the Trustee and any banking corporation, banking association or trust company designated as paying agent for such Series of Bonds pursuant to the Indenture, and its successor or successors appointed in the manner provided in the Indenture.

"Permitted Investments" means any of the following obligations if and to the extent that they are permissible investments of funds of the Agency as stated in its current investment policy (the Trustee may rely on the investment directions of the Agency that the investment is approved by the Agency's investment policy) and to the extent then permitted by law:

(a) Federal Securities;

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

– Export-Import Bank

– Rural Economic Community Development Administration

– U.S. Maritime Administration

– Small Business Administration

– U.S. Department of Housing & Urban Development (PHAs)

– Federal Housing Administration

– Federal Financing Bank

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

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

– Obligations of the Resolution Funding Corporation (REFCORP) – Senior debt obligations of the Federal Home Loan Bank System

– Senior debt obligations of other Government Sponsored Agencies acceptable to each Credit Provider whose acceptance is required by a Supplemental Indenture or a Credit Support Agreement.

(d) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(e) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(f) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services;

(g) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor 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 an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Federal Securities, which escrow 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 escrow 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 specified in the irrevocable instructions referred to above, as appropriate;

(h) Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P;

(i) Investment agreements acceptable to each Credit Provider whose acceptance is required by a Supplemental Indenture or a Credit Support Agreement (supported by appropriate opinions of counsel);

(j) Any state administered pool investment fund in which the Agency is statutorily permitted or required to invest will be deemed a permitted investment, including, but not limited to the Local Agency Investment Fund in the treasury of the State;

(k) California Asset Management Program (CAMP); and

(l) Other forms of investments (including repurchase agreements) acceptable to each Credit Provider whose acceptance is required by a Supplemental Indenture or a Credit Support Agreement.

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

(a) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund will be valued at fair market value. The Trustee will determine the fair market value based on accepted industry standards and from

accepted industry providers. Accepted industry providers will include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Salomon Smith Barney, Bear Stearns, or Lehman Brothers.

(b) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon; and

(c) As to any investment not specified above: the value thereof established by prior agreement among the Agency, the Trustee, and each Credit Provider whose acceptance is required by a Supplemental Indenture or a Credit Support Agreement.

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

"Principal Account" means the account by that name in the Special Fund established pursuant to the Indenture.

"Principal Office" means, with respect to: (i) the Trustee, the principal office of such Trustee in San Francisco, California; and (ii) a Paying Agent or a Credit Provider, the office designated as such in writing by such party to the Trustee. "Project" means the undertaking of the Agency pursuant to the Redevelopment Plan and the Law for the redevelopment of the Project Area.

"Project" means the undertaking of the Agency pursuant to the Redevelopment Plan and the Law for the redevelopment of the Project Area.

"Project Area" means the project area described in the Redevelopment Plan, known as the Los Medanos Community Development Project.

"Public Finance Contract" means (i) any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, (ii) any contract to exchange cash flows or a series of payments, or (iii) any contract to hedge payment, currency, rate spread or similar exposure, including but not limited to interest, any interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, any contract to exchange cash flows or a series of payments, or any contract, including, without limitation, an interest rate floor or cap, or an option, put or call, to hedge payment, currency, rate, spread or similar exposure, between the Agency and a counterparty.

"Purchase Price" means: (i) with respect to Bonds of any Series, the purchase price set forth in the Supplemental Indenture authorizing the Bonds of such Series to be paid to the Owners of such Bonds when such Bonds are tendered for purchase or deemed tendered for purchase in accordance with the provisions of such Supplemental Indenture; and (ii) with respect to other Parity Obligations, the purchase price set forth in the Issuing Instrument authorizing such Parity Obligations to be paid to the owners of such Parity Obligations when such Parity Obligations are tendered or deemed tendered for purchase in accordance with the provisions of such Issuing Instrument.

"Qualified Cap" means a Public Finance Contract under which all of the following apply: (a) the term of the Public Finance Contract is coterminous with the maturity of the Capped Bonds, (b) the initial notional amount of the Public Finance Contract is equal to the initial principal amount of the Capped Bonds and the notional amount of the Public Finance Contract reduces at the same times and in the same amounts as the scheduled payment of principal (whether at maturity or as a result of mandatory sinking account redemption) of the Capped Bonds, and (c) the counterparty's payment obligations under the Public Finance Contract are equal to the interest payable on the Capped Bonds above a specified interest rate.

"Qualified Swap Agreement" means a Public Finance Contract, the Agency's obligations to make Net Payments under which are payable from the Subordinate Pledged Tax Revenues on a parity with the payment of other Parity Obligations and satisfying the conditions of the Indenture, intended to place Parity Obligations or the applicable investments on the interest rate, currency, cash flow or such other basis desired by the Agency.

"Rating Agency" means, as of any time and to the extent it is then providing or maintaining a rating on Parity Obligations at the request of the Agency, each of Moody's, Standard & Poor's or Fitch, or in the event that neither Moody's, Standard & Poor's or Fitch then maintains a rating on Parity Obligations at the request of the Agency, any other nationally recognized rating agency then providing or maintaining a rating on the Bonds at the request of the Agency.

"Rating Category" means (1) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (2) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"Rating Confirmation" means written evidence from each Rating Agency then rating Outstanding Parity Obligations at the request of the Agency to the effect that, following the event which requires the Rating Confirmation, the then current rating for each Outstanding Parity Obligation will not be lowered or withdrawn solely as a result of the occurrence of such event.

"Record Date" means, with respect to an Interest Payment Date for a Series of Bonds, the date or dates specified as such in the Supplemental Indenture authorizing such Series of Bonds.

"Redemption Date means, with respect to any Bonds to be redeemed in accordance with the Indenture and the Supplemental Indenture authorizing such Bonds, the redemption date set forth in notice of redemption of such Bonds given in accordance with the terms of the Indenture.

"Redemption Fund" means the Los Medanos Community Development Project Subordinate Tax Allocation Bonds Redemption Fund established pursuant to the Indenture.

"Redemption Price" means, with respect to any redemption of a Bond prior to its maturity, the amount to be paid upon such redemption of the Bond as set forth in, or determined in accordance with, the Supplemental Indenture authorizing such Bond.

"Redevelopment Plan" means the Los Medanos Community Development Plan – Amendment II for the Los Medanos Community Development Project Area of the Agency in Pittsburg, California, adopted and approved as the Redevelopment Plan for the Project by Ordinance No. 83 844, adopted by the City Council of the City of Pittsburg, California on November 28, 1983, together with all amendments thereof or supplements thereto hereafter made in accordance with the Law.

"Redevelopment Property Tax Trust Fund" means the fund established pursuant to Section 34170.5(b) of the California Health and Safety Code and administered by the Contra Costa County Auditor–Controller.

"Refunding Parity Obligations" means Parity Obligations, including Refunding Bonds, issued for the purposes set forth in the Indenture and satisfying the conditions set forth in the Indenture.

"Remaining Redevelopment Plan Limit" means the applicable time limit to collect tax increment under the Redevelopment Plan.

"Representation Letter" the letter or letters of representation from the Agency to, or other instrument or agreement with, a Securities Depository for Book-Entry Bonds, in which the Agency, among other things, makes certain representations to the Securities Depository with respect to the Book-Entry Bonds, the payment thereof and delivery of notices with respect thereto.

"Reserve Financial Guaranty" means, with respect to Bonds other than the 2016 Series A Bonds, the 2016 Series B Bonds and the 2016 Series C Bonds, a policy of municipal bond insurance or surety bond issued by a municipal bond insurer or a letter of credit issued by a bank or other institution if the obligations insured by such insurer or issued by such bank or other institution, as the case may be, have ratings at the time of issuance of such policy or surety bond or letter of credit in the highest rating category (without regard to qualifiers) by Standard & Poor's and Moody's and, if rated by A.M. Best & Company, also in the highest rating category (without regard to qualifiers) by A.M. Best & Company.

"Reserve Financial Guaranty Provider" means an issuer of a Reserve Financial Guaranty.

"Second Supplemental Indenture" means that certain Second Supplemental Indenture of Trust, dated as of December 1, 2004, between the Agency and the Trustee, supplementing the Master Indenture, as the same may be amended and supplemented.

"Securities Depository" means a trust company or other entity which provides a book-entry system for the registration of ownership interests of Participants in securities and which is acting as security depository for Book- Entry Bonds.

"Semiannual Period" means (a) each six-month period beginning on January 1 of any calendar year and ending on June 30 of such calendar year, and (b) each six-month period beginning on July 1 of any calendar year and ending on December 31 of such calendar year.

"Senior Bonds" means, collectively, the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Tax Allocation Refunding Bonds, Series 1999, the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development

Project Tax Allocation Refunding Bonds, Series 2002A, the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Tax Allocation Bonds, Series 2003A, and the Successor Agency to the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Tax Allocation Refunding Bonds, Series 2014.

"Senior Debt Service" means, for any period of time, the sum of (a) the interest payable during such period on all Outstanding Senior Bonds, assuming that all Outstanding Senior Bonds that are Serial Obligations are retired as scheduled and that all Outstanding Senior Bonds that are Term Obligations are redeemed or paid from sinking fund installments as scheduled, (b) that portion of the principal amount of all Outstanding Senior Bonds that are Serial Obligations maturing on each principal payment date during such period, including the Final Compounded Amount of any Capital Appreciation Obligations which are Senior Bonds that are Serial Obligations, (c) that portion of the principal amount of all Outstanding Senior Bonds that are Term Obligations required to be redeemed or paid from Sinking Fund Installments becoming due during such period (together with the premiums, if any, thereon), including the Accreted Value of any Capital Appreciation Obligations which are Senior Bonds that are Term Obligations, and (d) amounts, if any, required to be deposited in the Reserve Account (as defined in the Senior Resolution) established under the Senior Resolution with respect to Senior Bonds and any other amounts required to be deposited in the Accounts (as defined in the Senior Resolution) established under the Senior Resolution.

"Senior Resolution" means Resolution No. 86-128 of the Agency adopted on August 14, 1986, which Resolution was supplemented and amended on August 1, 1988, by Resolution No. 88-193 of the Agency, on October 3, 1988 by Resolution No. 88-200 of the Agency, on November 7, 1988 by Resolution No. 88-203 of the Agency, on November 4, 1991 by Resolution No. 91-307 of the Agency, on December 19, 1992 by Resolution No. 92-377 of the Agency, on November 9, 1993 by Resolution No. 93-437 of the Agency, on November 9, 1993 by Resolution No. 93-438 of the Agency, on April 18, 1994 by Resolution No. 94-450 of the Agency, on March 4, 1996 by Resolution No. 96-538 of the Agency, on October 20, 1997 by Resolution No. 97-599, on September 20, 1999 by Resolution No. 99-695, on November 19, 2001 by Resolution No. 01-805, on March 18, 2002 by Resolution No. 02-819, on January 6, 2003 by Resolution No. 03-862, on April 21, 2003 by Resolution No. 03-875, on May 19, 2003 by Resolution No. 03-892, and on June 2, 2014 by Resolution No. 14-018.

"Serial Obligations" means Obligations for which no Sinking Fund Installments are established.

"Serial Parity Obligations" means Serial Obligations which are Parity Obligations.

"Series" means Obligations issued at the same time or sharing some other common term or characteristic and designated in the Issuing Instrument pursuant to which such Obligations were issued as a separate issue or series of Obligations.

"Set Aside Revenues" means, for any period of time, the portion of all taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Law in connection with the Project Area required to be deposited by the Agency in the Low and Moderate Income Housing Fund of the Agency pursuant to Section 33334.2 or 33334.6 of the Law, as provided in the Redevelopment Plan, during such period.

"Seventh Supplemental Indenture" means that certain Seventh Supplemental Indenture of Trust, dated as of May 1, 2008, between the Agency and the Trustee, supplementing the Master Indenture, as the same may be amended and supplemented.

"Sinking Fund Account" means the account by that name in the Special Fund established pursuant to the Indenture.

"Sinking Fund Installment" means, with respect to any Term Parity Obligations, each amount so designated for such Term Parity Obligations in the Issuing Instrument authorizing the issuance of such Parity Obligations requiring payments by the Agency from the Subordinate Pledged Tax Revenues to be applied to the retirement of such Parity Obligations on and prior to the stated maturity date thereof.

"Sixth Supplemental Indenture" means that certain Sixth Supplemental Indenture of Trust, dated as of December 1, 2006, between the Agency and the Trustee, supplementing the Master Indenture, as the same may be amended and supplemented.

"Special Fund" means the Los Medanos Community Development Project Subordinate Tax Allocation Bonds Special Fund established pursuant to the Indenture.

"Standard & Poor's" means Standard & Poor's Rating Services and any successor entity rating Parity Obligations at the request of the Agency. "State" means the State of California.

"Subordinated Obligation" means any Obligation which is expressly made subordinate and junior in right of payment from the Subordinate Pledged Tax Revenues to the payment of Parity Obligations and which complies with the provisions of the Indenture.

"Subordinate Pledged Tax Revenues" means, for any period of time, (a) all taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Law in connection with the Project Area during such period, excluding (i) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code during such period, (ii) Senior Debt Service payable during such period, (iii) except to the extent subordinated to Debt Service on Parity Obligations, (A) amounts, if any, payable to a taxing entity pursuant to Section 33607.5 of the California Health and Safety Code during such period and (B) amounts, if any, payable during such period under any Pass-Through Agreements, and (iv) Set Aside Revenues required to be deposited by the Agency in the Low and Moderate Income Housing Fund of the Agency pursuant to Section 33334.2 or 33334.6 of the Law, as provided in the Redevelopment Plan, during such period, and (b) all receipts and payments made to the Agency pursuant to Public Finance Contracts entered into in connection with any Bonds. Pursuant to the Dissolution Law, Subordinate Pledged 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 Law (the "Prior Housing Deposit"), and, accordingly Subordinate Tax Revenues shall be reduced only by the amount of the Prior Housing Deposit required to pay debt service on the Housing Bonds and the Senior Bonds (if any).

"Successor Agency" means the Successor Agency to the Redevelopment Agency of the City of Pittsburg.

"Supplemental Indenture" means any supplemental indenture supplementing or amending the Indenture as theretofore in effect, entered into by the Agency and the Trustee in accordance with the Indenture.

"Tax Certificate" means a certificate relating to the requirements of the Code signed on behalf of the Agency and delivered in connection with the issuance of a Series of Bonds.

"Tax-Exempt" means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from the gross income of the holders thereof (other than any holder who is a "substantial user" of facilities financed with such obligations or a "related person" within the meaning of Section 147(a) of the Code) for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

"Tax-Exempt Securities" means bonds, notes or other securities the interest on which is Tax-Exempt.

"Tax Revenues" means, for any period of time, (a) all taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Law in connection with the Project Area during such period, excluding (i) amounts, if any, received by the Agency pursuant to Section 16111 of the California Government Code during such period, (ii) except to the extent subordinated to Senior Debt Service and Debt Service on Parity Obligations, (A) amounts, if any, payable to a taxing entity pursuant to Section 33607.5 of the California Health and Safety Code during such period and (B) amounts, if any, payable during such period under any Pass-Through Agreements, and (iii) Set Aside Revenues required to be deposited by the Agency in the Low and Moderate Income Housing Fund of the Agency pursuant to Section 33334.2 or 33334.6 of the Law, as provided in the Redevelopment Plan, during such period, and (b) all receipts and payments made to the Agency pursuant to Public Finance Contracts entered into in connection with any Bonds.

Tax Revenues additionally includes monies deposited from time to time in the Redevelopment Property Tax Trust Fund, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then 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 Law, 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 Law (the “Prior Housing Deposit”), and, accordingly Tax Revenues shall be reduced only by the amount of the Prior Housing Deposit required to pay debt service on the Housing Bonds.

"TBMA Index" means The Bond Market Association Municipal Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, Tax-Exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by The Bond Market Association; provided, however, that, if such index is no longer produced by Municipal Market Data, Inc. or its successors, then

"TBMA Index" will mean such other reasonably comparable index selected by the Agency.

"Tender Indebtedness" means any Parity Obligations or portions of Parity Obligations, a feature of which is an option or obligation, on the part of the owners thereof under the terms of such Parity Obligations, to tender all or a portion of such Parity Obligations to the Agency, a fiscal agent, a paying agent, a tender agent or other agent for purchase and requiring that such Parity Obligations or portions thereof be purchased at the applicable Purchase Price if properly presented.

"Tenth Supplemental Indenture" means that certain Tenth Supplemental Indenture of Trust, dated as of March 1, 2011, between the Agency and the Trustee, supplementing the Master Indenture, as the same may be amended and supplemented.

"Termination Payment" means with respect to a Qualified Swap Agreement, the amount payable by the Agency as a result of the termination of such Qualified Swap Agreement prior to its scheduled expiration date. "Term Obligations" means Obligations which are payable on or before their specified maturity dates from Sinking Fund Installments established for that purpose and calculated to retire such Obligations on or before their specified maturity dates.

"Term Parity Obligations" means Term Obligations which are Parity Obligations. "Third Supplemental Indenture" means that Third Supplemental Indenture of Trust, dated as of March 1, 2005, between the Agency and the Trustee, supplementing the Master Indenture, as the same may be amended and supplemented in accordance with the provisions of the Master Indenture.

"Thirteenth Supplemental Indenture" means that certain Thirteenth Supplemental Indenture of Trust, expected to be dated as of June 1, 2016, between the Agency and the Trustee, supplementing the Master Indenture, as the same may be amended and supplemented.

"Trustee" means, The Bank of New York Mellon Trust Company, N.A., as trustee for the Bonds under the Indenture and any successor satisfying the requirements of the Indenture.

"Twelfth Supplemental Indenture" means that certain Twelfth Supplemental Indenture of Trust, dated as of February 1, 2016, between the Agency and the Trustee, supplementing the Master Indenture, as the same may be amended and supplemented.

"2016 Series A Bonds""2016 Series A Bonds" shall mean the Successor Agency to the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series A

"2016 Series B Bonds" shall mean the Successor Agency to the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, (Taxable) 2016 Series B.

"2016 Series C Bonds" shall mean the Successor Agency to the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series C.

"Variable Rate Indebtedness" means any Obligation, other than Paired Obligations, the interest rate on which to the maturity thereof is not established at a rate which is not subject to fluctuation or subsequent adjustment, either at the time of issuance of such Obligation or some subsequent date.

THE INDENTURE

Authorization of Bonds

The Indenture provides certain terms and conditions upon which Bonds of the Agency to be designated as "Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Subordinate Tax Allocation Bonds" may be issued from time to time as authorized by Supplemental Indentures. The aggregate principal amount of Bonds which may be executed, authenticated and delivered under the Indenture is not limited except as may hereafter be provided in the Indenture or as may be limited by law.

Bonds Constitute Limited Obligations

The Bonds will not constitute a charge against the general credit of the Agency but will constitute and evidence limited obligations of the Agency payable as to principal, Redemption Price, if any, and interest solely from the Subordinate Pledged Tax Revenues and the other funds pledged therefor under the Indenture and, with respect to any particular Series of Bonds, from such other sources as will be specified in the Supplemental Indenture authorizing the issuance of such Series. The Purchase Price for the Bonds of any Series which are Tender Indebtedness will be payable from such sources as are specified in the Supplemental Indenture authorizing the issuance of such Series. The provisions of this paragraph will not preclude the payment or redemption of Bonds, at the election of the Agency, from any other legally available funds.

Indenture to Constitute Contract

In consideration of the purchase and acceptance of each Bond issued under the Indenture by those who will own the same from time to time, the provisions of each Bond and the provisions of the Indenture applicable to such Bond, and unless otherwise provided in the Supplemental Indenture authorizing such Bond, the provisions of the State Constitution, the Law and any general laws of the State applicable to such Bond, will be deemed to be and will constitute a contract between the Agency and the Owner of such Bond.

General Provisions for Issuance of Bonds

(a) All (but not less than all) the Bonds of each Series will be executed by the Agency for issuance under the Indenture and delivered to the Trustee and thereupon will be authenticated by the Trustee and by it delivered to the Agency or upon its order, but only upon the receipt by the Trustee of the following items (upon which the Trustee may conclusively rely in determining whether the conditions precedent for the issuance and authentication of such Series of Bonds have been satisfied):

(1) An executed counterpart of the Indenture, as amended to the date of the initial delivery of such Series of Bonds, and an executed counterpart of the Supplemental Indenture authorizing the issuance of such Series of Bonds, which

Supplemental Indenture will specify: (i) the sources of payment for the Bonds of such Series other than the Subordinate Pledged Tax Revenues, if any; (ii) the Series designation of such Bonds; (iii) the authorized principal amount of the Bonds of such Series; (iv) the purposes for which such Series of Bonds are being issued, which will be one of the purposes specified in the provisions of the Indenture described below under the captions "– Additional Bonds" and "– Refunding Bonds"; (v) the date or manner of determining the date of the Bonds of such Series; (vi) the maturity date or dates of the Bonds of such Series and the principal amount of the Bonds of such Series maturing on each such maturity date; (vii) which, if any, of the Bonds of such Series will constitute Serial Obligations and which, if any, will constitute Term Obligations; (viii) the interest rate or rates on the Bonds of such Series or the manner of determining such interest rate or rates; (ix) the Interest Payment Dates for the Bonds of such Series or the manner of establishing such Interest Payment Dates; (x) the Authorized Denominations of the Bonds of such Series; (xi) the Redemption Price or Prices, if any, and, subject to the provisions of the Indenture, the redemption terms for the Bonds of such Series; (xii) the Sinking Fund Installments, if any, for the Bonds of such Series which constitute Term Obligations, provided that each Sinking Fund Installment, if any, will fall upon an Interest Payment Date for the Bonds of such Series; (xiii) if any of the Bonds of such Series constitute Tender Indebtedness, the terms and conditions, including Purchase Price, for the exercise by the Owners or Beneficial Owners of such Bonds of the purchase and extension options granted with respect to such Bonds and the terms and conditions, including Purchase Price, upon which the Bonds of such Series will be subject to mandatory tender for purchase; (xiv) if the Bonds of such Series are not to be Book-Entry Bonds, a statement to such effect; (xv) the application of the proceeds of the sale of such Series of Bonds including the amount, if any, to be deposited in the funds and accounts under the Indenture; (xvi) the forms of the Bonds of such Series and of the certificate of authentication thereon; and (xvii) the appropriate funds and accounts, if any, relating to such Series of Bonds established under such Supplemental Indenture;

(2) an Opinion of Bond Counsel, dated the date of the initial delivery of such Series of Bonds, to the effect that the Indenture, as amended to such date, as supplemented by the Supplemental Indenture authorizing the issuance of such Series of Bonds, constitutes the valid and binding obligations of the Agency;

(3) With respect to any Additional Bonds, the Trustee will have received the certificate referred to in the provisions of the Indenture described below under the captions "– Refunding Bonds" or "– Conditions to Issuance of Parity Obligations," as applicable;

(4) With respect to any Refunding Bonds which are not Crossover Refunding Obligations, the Trustee will have received a copy of the Opinion of Bond Counsel required below in paragraph (b) under the caption "– Refunding Bonds," or with respect to Refunding Bonds constituting Crossover Refunding Obligations, the Accountant's Certificate and Crossover Escrow Instructions required by paragraph (c) under the caption "– Refunding Bonds," as applicable; and

(5) Such further documents, moneys and securities as are required by the applicable provisions of the Indenture or of the Supplemental Indenture authorizing the issuance of such Series of Bonds. After the original issuance of Bonds of any Series, no Bonds of such Series will be issued except in lieu of or in substitution for other Bonds of such Series pursuant to the Indenture.

Additional Bonds

Subject to the provisions of the Indenture described below under the caption "– Conditions to Issuance of Parity Obligations," one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for any purpose permitted by the Law and the Redevelopment Plan in connection with the Project, including, without limitation, the financing of costs of the Project (or for making reimbursements to the Agency for such costs theretofore paid by it) as permitted by the Law and the Redevelopment Plan. Additional Bonds may be issued in a principal amount sufficient to pay such costs, including making of any deposits into the funds or accounts required by the provisions of the Indenture.

Refunding Bonds

(a) Subject to the provisions of the Indenture described below under the caption "– Conditions to Issuance of Parity Obligations," one or more Series of Refunding Bonds may be issued, authenticated and delivered upon original issuance for the purpose of refunding all or any portion of the Outstanding Parity Obligations. Refunding Bonds may be issued in a principal amount sufficient to accomplish such refunding including providing amounts for the Costs of Issuance of such Refunding Bonds, and the making of any deposits into the funds and accounts required by the provisions of the Indenture.

(b) Refunding Bonds of each Series will be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by the provisions of the Indenture described above under the caption "– General Provisions for Issuance of Bonds" and except as otherwise provided in the following paragraph with respect to Refunding Bonds constituting Crossover Refunding Obligations) of an Opinion of Bond Counsel to the effect that the Parity Obligations (or the portion thereof) to be refunded are deemed paid pursuant to the Issuing Instrument authorizing such Parity Obligations. Such Opinion of Bond Counsel may rely upon an Accountant's Certificate as to the sufficiency of available funds to pay such Parity Obligations. The Trustee may conclusively rely on such Opinion of Bond Counsel in determining whether the conditions precedent for the issuance and authentication of such Series of Refunding Bonds have been satisfied.

(c) A Series of Refunding Bonds which constitute Crossover Refunding Obligations will be authenticated and delivered by the Trustee upon the receipt of the Trustee (in addition to the documents required by the provisions of the Indenture described above under the caption "– General Provisions for Issuance of Bonds") of: (i) an Accountant's Certificate to the effect that the moneys scheduled to be available in the applicable Crossover Refunding Escrow are sufficient to pay the applicable Crossover Escrow Requirements when due; and (ii) a copy of the Crossover Escrow Instructions relating to such Series of Refunding Bonds and the Parity Obligations to be refunded.

(d) The proceeds, including accrued interest, of the Refunding Bonds of each Series will be applied simultaneously with the delivery of such Bonds as provided in the Supplemental Indenture authorizing such Series of Refunding Bonds.

Conditions to Issuance of Parity Obligations

(a) Without regard to paragraph (e) below, the Agency may, at any time and from time to time, issue or enter into an obligation or commitment which is a Qualified Swap

Agreement, the Net Payments under which will constitute Parity Obligations, provided (i) the Qualified Swap Agreement will relate to a principal amount of Outstanding Parity Obligations or investments held under an Issuing Instrument for Parity Obligations, in each case specified by an Authorized Agency Representative; (ii) the notional amount of the Qualified Swap Agreement will not exceed the principal amount of the related Parity Obligation or the amount of such investments, as applicable; and (iii) the Agency has received a Rating Confirmation from each Rating Agency with respect to such Qualified Swap Agreement.

(b) The Agency may, at any time and from time to time, issue Refunding Parity Obligations provided that either: (i) the requirements set forth in paragraph (e) below are satisfied upon the issuance of such Refunding Parity Obligations and the application of the proceeds thereof; or (ii) the Agency has provided to the Trustee a certificate showing that the Combined Maximum Adjusted Annual Debt Service on all then Outstanding Parity Obligations, Senior Bonds, such Refunding Parity Obligations and any unsubordinated loans, advances or indebtedness payable from Tax Revenues is not greater than the Combined Maximum Adjusted Annual Debt Service on all then Outstanding Parity Obligations, Senior Bonds and any unsubordinated loans if such Refunding Bonds were not issued.

(c) Without regard to paragraph (e) below, the Agency may, at any time and from time to time, enter into Credit Support Agreements or otherwise become obligated for Credit Provider Reimbursement Obligations with respect to Parity Obligations.

(d) The Agency may, at any time and from time to time, issue any Additional Parity Obligations, provided the Agency obtains or provides a certificate or certificates, prepared by the Agency or at the Agency's option by a Consultant, showing that: (i) the Tax Revenues (based upon the assessed valuation of taxable property in the Project Area as shown on the most recently equalized assessment roll and the most recently established tax rates preceding the date of the Agency's adoption of the Supplemental Indenture or other Issuing Instrument providing for the issuance of such Additional Parity Obligations, but taking into account the reductions in Tax Revenues resulting from the expiration of the Agency's authority to collect tax increment revenue under the Redevelopment Plan and the Law with respect to sub-areas of the Project Area, except in cases where such reductions are not applicable to payment of Senior Debt Service on Senior Bonds issued prior to December 31, 1993) expected to be received in the current Fiscal Year and in each Fiscal Year thereafter in which such Additional Parity Obligations are Outstanding will be in an amount equal to at least 125% of the Combined Maximum Adjusted Annual Debt Service on all then Outstanding Parity Obligations, Senior Bonds and such Additional Parity Obligations and any unsubordinated loans, advances or indebtedness payable from Tax Revenues pursuant to the Law; and (ii) the Adjusted Tax Revenues (based upon the assessed valuation of taxable property in the Project Area as shown on the most recently equalized assessment roll and the most recently established tax rates preceding the date of the Agency's adoption of the Supplemental Indenture or other Issuing Instrument providing for the issuance of such Additional Parity Obligations, but taking into account the reductions in Tax Revenues resulting from the expiration of the Agency's authority to collect tax increment revenue under the Redevelopment Plan and the Law with respect to sub-areas of the Project Area, except in cases where such reductions are not applicable to payment of Senior Debt Service on Senior Bonds issued prior to December 31, 1993) expected to be received in the current Fiscal Year and in each Fiscal Year thereafter in which such Additional Parity Obligations are Outstanding will be in an amount equal to at least 100% of the Combined Maximum Adjusted Annual Debt Service on all then Outstanding Parity Obligations, Senior Bonds and such Additional Parity Obligations and any unsubordinated loans, advances or indebtedness payable from Tax Revenues pursuant to the Law.

For the purposes of the issuance of Additional Parity Obligations, Outstanding Parity Obligations will not include any Bonds the proceeds of which are deposited in an escrow fund held by a escrow agent, provided that the Supplemental Indenture authorizing issuance of such Bonds will provide that: (i) such proceeds will be deposited or invested with or secured by an institution rated "AA" or higher by Standard & Poor's and "Aa" or higher by Moody's at a rate of interest which, together with amounts made available by the Agency from bond proceeds or otherwise, is at least sufficient to pay Debt Service on the foregoing Bonds; (ii) moneys may be transferred from said escrow fund only if (a) Tax Revenues expected to be received in the current Fiscal Year and in each Fiscal Year thereafter in which such Bonds are Outstanding (based upon the assessed valuation of taxable property in the Project Area as shown on the most recently equalized assessment roll and the most recently established tax rates preceding the date of the transfer from said escrow fund, but taking into account the reductions in Tax Revenues resulting from the expiration of the Agency's authority to collect tax increment revenue under the Redevelopment Plan and the Law with respect to sub-areas of the Project Area, except in cases where such reductions are not applicable to payment of Senior Debt Service on Senior Bonds issued prior to December 31, 1993) will be in an amount equal to at least 125% of the Combined Maximum Adjusted Annual Debt Service on all then Outstanding Parity Obligations (exclusive of disqualified Bonds described in the Indenture), Senior Bonds and such Bonds and any unsubordinated loans, advances or indebtedness payable from Tax Revenues pursuant to the Law less a principal amount of Bonds which is equal to moneys on deposit in said escrow fund after each such transfer and (b) Adjusted Tax Revenues expected to be received in the current Fiscal Year and in each Fiscal Year thereafter in which such Bonds are Outstanding (based upon the assessed valuation of taxable property in the Project Area as shown on the most recently equalized assessment roll and the most recently established tax rates preceding the date of the transfer from said escrow fund, but taking into account the reductions in Tax Revenues resulting from the expiration of the Agency's authority to collect tax increment revenue under the Redevelopment Plan and the Law with respect to sub-areas of the Project Area, except in cases where such reductions are not applicable to payment of Senior Debt Service on Senior Bonds issued prior to December 31, 1993) will be in an amount equal to at least 100% of the Combined Maximum Adjusted Annual Debt Service on all then Outstanding Parity Obligations (exclusive of disqualified Bonds described in the Indenture), Senior Bonds and such Bonds and any unsubordinated loans, advances or indebtedness payable from Tax Revenues pursuant to the Law less a principal amount of Bonds which is equal to moneys on deposit in said escrow fund after each such transfer; and (iii) such Bonds will be redeemed from moneys remaining on deposit in said escrow fund at the expiration of a specified escrow period in such manner as may be determined by the Agency.

Nothing contained in the Indenture will limit the issuance of any tax allocation bonds of the Agency payable from Subordinate Pledged Tax Revenues and secured by a lien and charge on Subordinate Pledged Tax Revenues if, after the issuance and delivery of such tax allocation bonds, none of the Parity Obligations theretofore issued under the Indenture or other Issuing Instrument will be Outstanding.

Conditions of Issuance of Subordinated Obligations

(a) The Agency may, at any time or from time to time, issue Subordinated Obligations without satisfying the requirements of paragraph (e) above under the caption "Refunding Bonds" for any purpose permitted by the Law and the Redevelopment Plan in connection with the Project, including, without limitation, the financing of costs of the Project (or for making reimbursements to the Agency for such costs theretofore paid by it) as permitted by

the Law and the Redevelopment Plan or the refunding of any Subordinated Obligations or Outstanding Parity Obligations (or portions thereof). Such Subordinated Obligations will be payable out of amounts of the Subordinate Pledged Tax Revenues as may from time to time be available therefor, provided that any such payment will be, and will be expressed to be, subordinate and junior in all respects to the payment of such Parity Obligations as may be Outstanding from time to time, including Parity Obligations issued after the issuance of such Subordinated Obligations.

(b) The indenture or other instrument authorizing the issuance of Subordinated Obligations will contain provisions (which will be binding on all owners of such Subordinated Obligations) not more favorable to the owners of such Subordinated Obligations than the following:

(1) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to the Agency or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the Agency, whether or not involving insolvency or bankruptcy, the owners of all Outstanding Parity Obligations will be entitled to receive payment in full in cash of all principal and interest on all such Parity Obligations before the owners of the Subordinated Obligations are entitled to receive any payment from the Subordinate Pledged Tax Revenues with respect to the Subordinated Obligations, including Termination Payments.

(2) In the event that any Subordinated Obligation is declared due and payable before its expressed maturity because of the occurrence of an event of default (under circumstances when the provisions of (1) above will not be applicable), the owners of all Parity Obligations Outstanding at the time such Subordinated Obligation so becomes due and payable because of such event of default, will be entitled to receive payment in full in cash of all principal and interest on all such Parity Obligations before the owners of such Subordinated Obligation are entitled to receive any accelerated payment from Subordinate Pledged Tax Revenues with respect to such Subordinated Obligation. For purposes of this subdivision (2), a Termination Payment will not be considered a declaration of amounts due and payable before expressed maturity even if declared due and payable because of the occurrence of an event of default.

(3) If any default with respect to any Outstanding Parity Obligation will have occurred and be continuing (under circumstances when the provisions of (1) above will not be applicable), the owners of all Outstanding Parity Obligations will be entitled to receive payment in full in cash of all principal and interest on all such Parity Obligations as the same become due and payable in accordance with the provisions of the Issuing Instrument authorizing the issuance of such Parity Obligations before the owners of the Subordinated Obligations are entitled to receive, subject to the provisions of (5) below, any payment from the Subordinate Pledged Tax Revenues with respect to the Subordinated Obligations.

(4) No Bondowner or other owner of Outstanding Parity Obligations will be prejudiced in his right to enforce subordination of the Subordinated Obligations by any act or failure to act on the part of the Agency or the Trustee.

(5) The Subordinated Obligations may provide that the provisions (1), (2), (3) and (4) above are solely for the purpose of defining the relative rights of the Owners of

the Bonds and the owners of all other Outstanding Parity Obligations on the one hand, and the owners of Subordinated Obligations on the other hand, and that nothing therein will impair, as between the Agency and the owners of the Subordinated Obligations, the obligation of the Agency, which may be unconditional and absolute, to pay to the owners of such Subordinated Obligations the principal thereof and premium, if any, and interest thereon and Net Payments in accordance with their terms, nor will anything therein prevent the owners of the Subordinated Obligations from exercising all remedies otherwise permitted by applicable law or thereunder upon default thereunder, subject to the rights under (1), (2), (3) and (4) above of the Owners of Outstanding Bonds and the owners of other Outstanding Parity Obligations to receive payment from the Subordinate Pledged Tax Revenues otherwise payable or deliverable to the owners of the Subordinated Obligations; and the Subordinated Obligations may provide that, insofar as a trustee, fiscal agent or paying agent for such Subordinated Obligations is concerned, the foregoing provisions will not prevent the application by such trustee, fiscal agent or paying agent of any moneys deposited with such trustee, fiscal agent or paying agent for the purpose of the payment of or on account of the principal (and premium, if any) and interest on such Subordinated Obligations if such trustee, fiscal agent or paying agent did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

(c) Any Subordinated Obligations may have such rank or priority with respect to any other Subordinated Obligations as may be provided in the indenture or other instrument, authorizing the issuance or incurrence, or securing of such Subordinated Obligations and may contain such other provisions as are not in conflict with the provisions of the Indenture.

Credit Provider Bonds. Subject only to the provisions of the Indenture described above under the caption "– Bonds Constitute Special Obligations," notwithstanding any other provision contained in the Indenture to the contrary, Bonds which are Credit Provider Bonds will have terms and conditions, including terms of maturity, payment, prepayment and interest rate, as will be specified in the applicable Credit Support Agreement.

Limitation on Issuance of Senior Bonds. The Agency covenants that so long as any Parity Obligations are Outstanding, the Agency shall not issue any additional Senior Bonds under the Senior Resolution or other debt which is secured by Tax Revenues and payable on a parity with the Senior Bonds or on a priority basis to any Parity Obligations (collectively, "Senior Obligations"); provided, that such limitation shall not apply to any Senior Obligations if all of the proceeds of which (other than proceeds applied to pay costs of issuing such Senior Obligations and fund the reserve account to satisfy the reserve requirement for the Senior Obligations) shall be applied to pay the principal of, premium (if any) and interest on any Senior Bonds to be refunded, if (i) at the time of incurring such Senior Obligations, the Agency certifies in writing to the Trustee that annual debt service for each Bond Year during which such Senior Obligations are outstanding shall not exceed the annual debt service on the Senior Bonds to be refunded and (ii) the final maturity of such Senior Obligations is not later than the final maturity of the Senior Bonds to be refunded, as the Agency certifies in writing to the Trustee.

Establishment of Funds and Application Thereof

Pledge of Subordinate Pledged Tax Revenues. Subject to the provisions of the Indenture permitting application thereof for the purposes and on the terms and conditions set forth in the Indenture, to secure the payment of all the Outstanding Bonds and Parity Obligations, including without limitation Credit Provider Bonds, and the interest payments

becoming due thereon according to their tenor, purport and effect, and to secure the performance and observance of all of the covenants, agreements and conditions contained in the Outstanding Bonds, including without limitation Credit Provider Bonds, and the Indenture, the Agency irrevocably grants a lien on and a security interest in, and pledges, the Subordinate Pledged Tax Revenues and all money in the Special Fund and in the funds or accounts so specified and provided for in the Indenture, whether held by the Agency or the Trustee, to the Trustee for the benefit of the Owners of the Outstanding Bonds, including without limitation Credit Provider Bonds, and any Parity Obligations, including without limitation Credit Support Agreements for Parity Obligations and Qualified Swap Agreements. This lien on and security interest in and pledge of the Subordinate Pledged Tax Revenues and such money in the Special Fund and in the funds or accounts so specified and provided for in the Indenture will constitute a first pledge of and charge and lien upon the Subordinate Pledged Tax Revenues and such money in the Special Fund and in the funds or accounts so specified and provided for in the Indenture, will immediately attach and be effective, binding, and enforceable against the Agency, its successors, purchasers of any of the Subordinate Pledged Tax Revenues or such money in the Special Fund or in the funds or accounts so specified and provided for in the Indenture, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the lien on, security interest in and pledge of the Subordinate Pledged Tax Revenues and such money in the Special Fund and in the funds or accounts so specified and provided for in the Indenture and without the need for any physical delivery, recordation, filing or further act.

Funds. To ensure the payment when due and payable, whether at maturity or upon redemption or upon acceleration, of the principal of, Redemption Price, if any, and interest on the Bonds, there are established the following funds and accounts, to be held and maintained by the Trustee and applied as provided in the Indenture for so long as any of the Bonds are Outstanding:

(a) the Los Medanos Community Development Project Subordinate Tax Allocation Bonds Special Fund (the "Special Fund"), comprised of an Interest Account, a Principal Account, a Sinking Fund Account and a Debt Service Reserve Account; and

(b) the Los Medanos Community Development Project Subordinate Tax Allocation Bonds Redemption Fund (the "Redemption Fund").

Receipt and Deposit of Subordinate Pledged Tax Revenues. After the Agency has made all required deposits of Tax Revenues in the Funds and Accounts (as defined in the Senior Resolution) established under the Senior Resolution, the Agency will transfer all Subordinate Pledged Tax Revenues held or received by the Agency to the Trustee for deposit in the Special Fund; provided that the Agency will not be obligated to deposit in the Special Fund in any Fiscal Year an amount of Subordinate Pledged Tax Revenues which, together with other available amounts then in the Special Fund, exceeds the amounts required to be transferred to the Trustee for deposit in the Interest Account, the Principal Account, the Sinking Fund Account and the Debt Service Reserve Account in such Fiscal Year and the next succeeding Fiscal Year pursuant to the Indenture. Any Subordinate Pledged Tax Revenues received during any Fiscal Year following deposit in the Special Fund of an amount equal to the aggregate amount required to be transferred to the Interest Account, the Principal Account, the Sinking Fund Account and the Debt Service Reserve Account in such Fiscal Year and the next succeeding Fiscal Year pursuant to the Indenture, will be released from the pledge and lien under the Indenture and may be used for any lawful purposes of the Agency. There will not be deposited with the Trustee any taxes eligible for allocation to the Agency for deposit in the Special Fund

pursuant to the Law in an amount in excess of that amount which, together with all money then on deposit with the Trustee in the Special Fund and the accounts therein, will be sufficient to discharge all Outstanding Parity Obligations as provided in the Indenture.

The Agency covenants and agrees that all Subordinate Pledged Tax Revenues deposited in the Special Fund will be accounted for through, and held in trust in the Special Fund, and the Agency will have no beneficial right or interest in any of such money, except only as provided in the Indenture. All such Subordinate Pledged Tax Revenues will nevertheless be disbursed, allocated and applied solely to the uses and purposes in the Indenture set forth, and will be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency.

Special Fund. (a) All moneys in the Special Fund will be set aside by the Trustee in each Fiscal Year when and as received in the following respective special accounts within the Special Fund; provided, however, that all receipts and payments made to the Agency pursuant to the 2004 Swap, and if so provided in a Supplemental Indenture, all receipts and payments made to the Agency pursuant to other Public Finance Contracts entered into in connection with any Bonds, and constituting Subordinate Pledged Tax Revenues will immediately upon receipt thereof be deposited in the Interest Account. All moneys in each of such accounts will be held in trust by the Trustee and will be applied, used and withdrawn only for the purposes in the Indenture after authorized in the Indenture.

(1) Interest Account. The Trustee will set aside from the Special Fund and deposit in the Interest Account an amount of money which, together with any money contained therein equals the aggregate amount of the Debt Service constituting interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates and on all other outstanding Parity Obligations on interest payment dates thereof in such Fiscal Year and the next succeeding Fiscal Year. In addition, the Trustee will deposit in the Interest Account all receipts and payments made to the Agency pursuant to Qualified Swap Agreements entered into in connection with any Bonds or other Parity Obligations and constituting Subordinate Pledged Tax Revenues. In addition, the Trustee will deposit in the Interest Account all receipts and payments made to the Agency pursuant to the 2004 Swap, and to the extent provided in a Supplemental Indenture, all receipts and payments made to the Agency pursuant to other Public Finance Contracts entered into in connection with any Bonds or other Parity Obligations and constituting Subordinate Pledged Tax Revenues.

For purposes of determining the amount of money to be set aside from the Special Fund and deposited in the Interest Account pursuant to the Indenture, the determination of the amount the Debt Service constituting interest becoming due and payable on all Outstanding Bonds and on all other outstanding Parity Obligations will be subject to the Debt Service Adjustments and Assumptions; provided, however, that, if and to the extent that all or a portion of the Outstanding Bonds or the other outstanding Parity Obligations are the subject of a Qualified Swap Agreement, the amount to be deposited in the Interest Account with respect to such Bonds or other Parity Obligations will be an amount equal to the aggregate amount of Agency Swap Payments plus the Basis Differential Amount becoming due and payable in such Fiscal Year and the next succeeding Fiscal Year.

All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and the other Parity Obligations, including Net Payments, as the same will become due and payable.

(2) Principal Account. The Trustee will 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 becoming due and payable on all Outstanding Bonds and all other outstanding Parity Obligations which are Serial Obligations in such Fiscal Year and the next succeeding Fiscal Year. All money in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Outstanding Bonds and other outstanding Parity Obligations which are Serial Obligations as they will become due and payable.

(3) Sinking Fund Account. The Trustee will set aside from the Special Fund and deposit in the Sinking Fund Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of Sinking Fund Installments becoming due and payable with respect to all Outstanding Bonds and sinking fund installments becoming due and payable with respect to all other outstanding Parity Obligations which are Term Obligations in such Fiscal Year and the next succeeding Fiscal Year. All moneys in the Sinking Fund Account will be used by the Trustee to redeem the Outstanding Bonds and other outstanding Parity Obligations which are Term Obligations in accordance with the Supplemental Indenture authorizing such Bonds or other outstanding Parity Obligations. In the event that Bonds or which are Term Obligations purchased or redeemed at the option of the Agency are deposited with the Trustee for the credit of the Sinking Fund Account not less than forty-five (45) days prior to the due date for any Sinking Fund Installment for such Bonds, such deposit will satisfy (to the extent of 100% of the principal amount of such Bonds) any obligation of the Agency to make a payment with respect to such Sinking Fund Installments. Any Bond so deposited with the Trustee will be cancelled and will no longer be deemed to be Outstanding for any purpose. Upon making the deposit with the Trustee of Bonds which are Term Obligations as provided in this paragraph, the Agency may specify the dates and amounts of Sinking Fund Installments for such Bonds as to which the Agency's obligations to make a payment with respect to Sinking Fund Installments for such Bonds will be satisfied.

(4) Debt Service Reserve Account.

(i) The Trustee will set aside from the Special Fund and deposit in the Debt Service Reserve Account an amount of money (or other authorized deposit of security, as provided in paragraph (v) below) equal to the Debt Service Reserve Requirement for the Bonds then Outstanding. The Trustee will also set aside from the Special Fund and deposit in the debt service reserve account established under an Issuing Instrument for any other Parity Obligation an amount of money equal to the debt service reserve requirement for such Parity Obligations then outstanding. The Debt Service Reserve Account will be replenished in the following priority: (i) principal and interest on Reserve Financial Guaranties will be paid from first available Subordinate Pledged Tax Revenues on a pro rata basis; and

(ii) after all such amounts are paid in full, amounts necessary to fund the Debt Service Reserve Account to the required level, after taking into account the amounts available under the Reserve Financial Guaranties will be deposited from next available Subordinate Pledged Tax Revenues. No deposit need be made in the Debt Service Reserve Account or the debt serve reserve account for such other Parity Obligations so long as there will be on deposit therein an amount equal to the Debt Service Reserve Requirement of the Bonds then Outstanding or the debt service reserve requirement for such Parity Obligations then outstanding, as applicable. If on any date on which the principal or Redemption Price of, or interest on, Bonds or an Agency Swap

Payment is due, the amount in the applicable account in the Special Fund available for such payment is less than the amount of the principal and Redemption Price of and interest on the Bonds or Agency Swap Payment due on such date, the Trustee will apply amounts from the Debt Service Reserve Account to the extent necessary to make good the deficiency. (ii) Except as provided in paragraph (v) below, if on the last Business Day of any month the amount on deposit in any Debt Service Reserve Account will exceed the Debt Service Reserve Requirement, such excess will be applied to the reimbursement of each drawing on a Reserve Financial Guaranty deposited in or credited to such Fund and to the payment of interest or other amounts due with respect to such a Reserve Financial Guaranty and any remaining moneys will be deposited in the Interest Account.

(iii) Whenever the amount in the Debt Service Reserve Account (excluding Reserve Financial Guaranties), together with the amount in the Special Fund, is sufficient to pay in full all of the Outstanding Bonds in accordance with their terms (including principal or Redemption Price and interest thereon), the funds on deposit in the Debt Service Reserve Account will be transferred to the Special Fund.

(iv) In the event of the refunding of one or more Bonds (or portions thereof), the Trustee will, upon the written direction of an Authorized Agency Representative, withdraw from the Debt Service Reserve Account any or all of the amounts on deposit therein (excluding Reserve Financial Guaranties) and deposit such amounts with itself as Trustee, or the Escrow Agent for the Bonds to be refunded, to be held for the payment of the principal or Redemption Price, if any, of, and interest on, the Bonds (or portions thereof) being refunded; provided that such withdrawal will not be made unless (a) immediately thereafter the Bonds (or portions thereof) being refunded will be deemed to have been paid pursuant to the Indenture, and (b) the amount remaining in the Debt Service Reserve Account after such withdrawal, taking into account any deposits to be made in the Debt Service Reserve Account in connection with such refunding, will not be less than the Debt Service Reserve Requirement.

(v) In lieu of the deposits and transfers to the Debt Service Reserve Account required by the Indenture, the Agency may cause to be deposited in the Debt Service Reserve Account a Reserve Financial Guaranty or Reserve Financial Guaranties in an amount equal to the difference between the Debt Service Reserve Requirement and the sums, if any, then on deposit in the Debt Service Reserve Account or being deposited in such Fund concurrently with such Reserve Financial Guaranty or Guaranties. The Trustee will draw upon or otherwise take such action as is necessary in accordance with the terms of the Reserve Financial Guaranties to receive payments with respect to the Reserve Financial Guaranties (including the giving of notice as required thereunder): (i) on any date on which moneys will be required to be withdrawn from the Debt Service Reserve Account and applied to the payment of principal or Redemption Price of, or interest on, any Bonds and such withdrawal cannot be met by amounts on deposit in the applicable accounts in the Debt Service Reserve Account; (ii) on the first Business Day which is at least ten (10) days prior to the expiration date of each Reserve Financial Guaranty, in an amount equal to the deficiency which would exist in the Debt Service Reserve Account if the Reserve Financial Guaranty expired, unless a substitute Reserve Financial Guaranty with an expiration date not earlier than 180 days after the expiration date of the expiring Reserve Financial Guaranty is acquired prior to such date or the Agency deposits funds in the Debt Service Reserve Account on or before such date such that the amount in the Debt Service Reserve Account on such date (without regard

to such expiring Reserve Financial Guaranty) is at least equal to the Debt Service Reserve Requirement.

If, upon the deposit of a Reserve Financial Guaranty into the Debt Service Reserve Account pursuant to this paragraph (v), there will be any amount in the Debt Service Reserve Account in excess of the Debt Service Reserve Requirement, such excess amount may be applied to the cost of acquiring such Reserve Financial Guaranty and, to the extent not so applied, will be transferred to the Interest Account or, with a Favorable Opinion of Bond Counsel, as directed by the Agency.

If at any time obligations insured or issued by a Reserve Financial Guaranty Provider will no longer maintain the required ratings set forth in the definition of "Reserve Financial Guaranty," the Agency will provide or cause to be provided cash or a substitute Reserve Financial Guaranty meeting such requirements to the extent necessary to satisfy the Debt Service Reserve Requirement with either cash, qualified Reserve Financial Guaranties or a combination thereof.

(vi) To the extent the Agency elects to have the Trustee establish and maintain a separate account in the Debt Service Reserve Account for a particular Series of Bonds pursuant to a Supplemental Indenture, these provisions regarding the Debt Service Reserve Account will not apply to such Series of Bonds.

(5) Surplus. After making the deposits required in paragraphs (1) through (4) above, in any Fiscal Year, the Trustee will transfer any amount remaining on deposit in the Special Fund to the Agency to be used for any lawful purpose of the Agency.

(b) In the event that on any date upon which the Agency is to make a payment from Subordinate Pledged Tax Revenues pursuant to paragraphs (1), (2) and/or (3) of paragraph (a) above and the amount of available Subordinate Pledged Tax Revenues is not sufficient to make such payment, then the Agency will apply the available Subordinate Pledged Tax Revenues to the payments required by paragraphs (1), (2) and/or (3) of paragraph (a) above ratably (based on the respective amounts to be paid), without any discrimination or preferences.

(c) In the event that on any date upon which the Agency is to make a payment or deposit from Subordinate Pledged Tax Revenues pursuant to paragraph (4) of paragraph (a) above and the amount of available Subordinate Pledged Tax Revenues is not sufficient to make such payment or deposit, then the Agency, after making the payments required by paragraphs (1), (2) and/or (3) of paragraph (a) above, will apply the available Subordinate Pledged Tax Revenues to the payments required by paragraph (4) of paragraph (a) above ratably (based on the respective amounts to be paid), without any discrimination or preferences.

In the event one or more Paying Agents have been appointed for the Bonds, moneys may be transferred by the Trustee to such Paying Agents from the appropriate account in the Special Fund for deposit into a special trust account to ensure the payment when due of the principal of, Redemption Price, if any, and interest on the Bonds or on the other Parity Obligations. In the event that any principal of, Redemption Price or interest on, any Bond or on any other Parity Obligation has been paid from amounts made available pursuant to a Credit Support Instrument, amounts in the appropriate accounts in the Special Fund with respect to such Bond or other Parity Obligation, and any such amounts transferred by the Trustee from the Special Fund to a Paying Agent for such Bond or other Parity Obligation pursuant to the

Indenture, will be paid to the applicable Credit Provider as a reimbursement of the amounts so paid.

Redemption Fund. From the moneys paid by the Agency, the Trustee will, on or before each date fixed for redemption, deposit in the Redemption Fund an amount equal to the Redemption Price of the Bonds to be redeemed. Said moneys will be set aside in said Fund and will be applied on or after the redemption date to the payment of the Redemption Price of the Bonds to be redeemed and, except as otherwise provided in this paragraph, will be used only for that purpose. In the event one or more Paying Agents have been appointed for the Bonds which are to be redeemed with moneys in the Redemption Fund, amounts in the Redemption Fund may be transferred from such Fund by the Trustee to the Paying Agent for the Bonds to be redeemed for deposit into a special trust account held by such Paying Agent to ensure the payment when due the Redemption Price of the Bonds to be redeemed. In the event that the Redemption Price of a Bond has been paid by a Credit Provider pursuant to a Credit Support Instrument, amounts in the Redemption Fund with respect to such Redemption Price, and any such amounts transferred by the Trustee from the Redemption Fund to a Paying Agent for such Bonds pursuant to this paragraph, will be paid to such Credit Provider as a reimbursement of the amounts so paid. If, after all of the Bonds designated for redemption have been redeemed and cancelled or paid and cancelled, there are moneys remaining in the Redemption Fund, said moneys will be transferred to the Interest Account; provided, however, that if said moneys are part of the proceeds of Refunding Obligations said moneys will be applied as provided in the Issuing Instrument authorizing the issuance of such Refunding Obligations.

Depositories. The Trustee will hold all moneys deposited with it pursuant to the Indenture or may deposit such moneys with one or more Depositories in trust. All moneys deposited under the provisions of the Indenture with the Trustee or any Depository will be held in trust and applied only in accordance with the provisions of the Indenture, and each of the Funds established by the Indenture will be a trust fund for the purposes of the Indenture.

Deposits. All moneys held by any Fiduciary under the Indenture may be placed on demand or time deposit, if and as directed by the Agency, provided that such deposits will permit the moneys so held to be available for use at the time when reasonably expected to be needed. No Fiduciary will be liable for any loss or depreciation in value resulting from any investment made pursuant to the Indenture. Any such deposit may be made in the commercial banking department of any Fiduciary or its affiliates which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary.

All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Agency and acceptable to such Fiduciary, on time deposit, provided that such moneys on deposit be available for use at the time when reasonably expected to be needed. Such Fiduciary will allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar condition or as required by law.

All moneys held under the Indenture by any Fiduciary will be (1) either (A) continuously and fully insured by the Federal Deposit Insurance Corporation, or (B) continuously and fully secured by lodging with the Trustee or any Federal Reserve Bank, as custodian, as collateral security, such securities as are described in clauses (a) through (c), inclusive, of the definition of "Permitted Investments" having a market value (exclusive of accrued interest) not less than the amount of such moneys, or (2) held in such other manner as may then be required by applicable Federal or State of California laws and regulations and applicable state laws and

regulations of the state in which such Fiduciary is located, regarding security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it will not be necessary for the Fiduciaries to give security under this paragraph for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal amount or Redemption Price of, or interest on, any Bonds or to give security for any moneys which will be represented by obligations or certificates of deposit purchased as an investment of such moneys.

All moneys deposited with a Fiduciary will be credited to the particular Fund to which such moneys belong.

Investment of Certain Funds. Moneys held in the Special Fund will be invested and reinvested by the Trustee to the fullest extent practicable in "Permitted Investments" which mature not later than such times as will be necessary to provide moneys when reasonably expected to be needed for payments to be made from such Funds. Moneys held in the Debt Service Reserve Account will be invested and reinvested by the Trustee to the fullest extent practicable in securities described in clauses (a), (b), (c), (d), (f) and (g) of the definition of "Permitted Investments" which mature, or which may be drawn upon, not later than such times as will be necessary to provide moneys when reasonably expected to be needed for payments to be made from such Account, but, except for investments which permit the Trustee to make withdrawals without penalty, at any time upon not more than two Business Days notice, to provide moneys for payments to be made from such Account, not later than five years from the time of such investment. The Trustee will make all such investments of moneys held by it and will sell or otherwise liquidate any such investment and take all actions necessary to draw funds under any such investment, including the giving of necessary notices of the drawing of any moneys under any investment, in each case in accordance with directions of an Authorized Agency Representative, which directions will be consistent with the Indenture and applicable law, and which directions can either be written or oral; provided that if such directions are oral they will be promptly confirmed in writing by such Authorized Agency Representative. In the absence of any such written investment directions, the Trustee will, unless otherwise provided in the provisions of the Indenture described under this caption "– Investment of Certain Funds," invest such moneys in the money market funds described in clause (f) of the definition of "Permitted Investments."

Interest or other income (net of that which (i) represents a return of accrued interest paid in connection with the purchase of any investment or (ii) is required to effect the amortization of any premium paid in connection with the purchase of any investment) earned on any moneys or investments in the Funds created under the Indenture will be paid into the Interest Account.

In making any investment in any Permitted Investments with moneys in any Fund established under the Indenture, any Fiduciary may combine such moneys with moneys in any other Fund but solely for the purposes of making such investment in such Investments and provided that any amount so combined will be separately accounted for. The Trustee may act as principal or agent in the acquisition or disposition of investments.

Nothing in the Indenture will prevent any Permitted Investments acquired as investments of moneys in any Fund from being issued or held in book-entry form on the books of the Department of the Treasury or the Federal Reserve System of the United States.

Sale of Investments. Obligations purchased as an investment of moneys in any Fund will be deemed at all times to be a part of such Fund and any profit realized from the liquidation of

such investment will be credited to such Fund and any loss resulting from the liquidation of such investment will be charged to the respective Fund.

Except as otherwise provided in the Indenture, the Trustee may sell at the best price reasonably obtainable, or present for redemption, any obligation purchased as an investment whenever it will be directed by the Agency so to do or whenever it will be necessary in order to provide moneys to meet any payment or transfer from any Fund held by it. Any obligation purchased as an investment may be credited on a pro-rata basis to more than one Fund and need not be sold in order to provide for the transfer of amounts from one Fund to another, provided that such obligation is an appropriate Permitted Investment for the purposes of the Fund to which it is to be transferred. The Trustee will not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from any such investment.

Covenants

Compliance with Indenture. The Agency will punctually pay the Bonds and the other Parity Obligations in strict conformity with the terms of the Indenture and the Bonds and other Parity Obligations, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Indenture required to be observed and performed by it, and will not fail to make any payment required by the Indenture for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of any party to observe or perform any agreement, condition, covenant or term contained in any contract or agreement required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected with any such contract or agreement or the insolvency, or deemed insolvency, or bankruptcy or liquidation of any party or any *force majeure*, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

Against Encumbrances. The Agency will not mortgage or otherwise encumber, pledge or place any charge upon any of the Subordinate Pledged Tax Revenues, except as provided in the Indenture, and will not issue any bond, note, or other evidence of indebtedness payable from or secured by the Subordinate Pledged Tax Revenues on a basis which is: (i) except for the Senior Bonds, in any manner prior or superior to the lien on, pledge of and security interest in the Subordinate Pledged Tax Revenues securing the Outstanding Bonds pursuant to the Indenture; (ii) except for Parity Obligations with respect to the Subordinate Pledged Tax Revenues, in any manner on a parity with the lien on, pledge of and security interest in the Subordinate Pledged Tax Revenues securing the Outstanding Bonds pursuant to the Indenture; or (iii) except for Subordinated Obligations, in any manner subordinate to the lien on, pledge of and security interest in the Subordinate Pledged Tax Revenues securing the Outstanding Bonds pursuant to the Indenture.

Extension or Funding of Claims for Interest. In order to prevent any claims for interest after maturity, the Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any Bonds or other Parity Obligations and will not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest will be extended or funded, whether or not with the consent of the Agency, such claim for interest so

extended or funded will not be entitled, in case of default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which will not have been so extended or funded.

Payment of Claims. The Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Subordinate Pledged Tax Revenues or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds and other Parity Obligations; provided that nothing in the Indenture contained will require the Agency to make any such payments so long as the Agency in good faith will contest the validity of any such claims.

Protection of Security and Rights of Owners. The Agency will preserve and protect the security of the Bonds and other Parity Obligations and the rights of the Owners and providers or owners of other Parity Obligations, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Bonds by the Agency, such Bonds will be incontestable by the Agency.

Payment of Taxes and Other Charges. Subject to the provisions of the Indenture, the Agency will pay and discharge all taxes, service charges, assessments and other governmental charges that may hereafter be lawfully imposed upon the Agency or any properties owned by the Agency in the Project Area, or upon the revenues therefrom, when the same will become due; provided that nothing in the Indenture contained will require the Agency to make any such payments so long as the Agency in good faith will contest the validity of any such taxes, service charges, assessments or other governmental charges.

Financing the Project. The Agency will commence the financing or refinancing of the Project to be aided with the proceeds of the Bonds 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 Law so as to complete the Project as soon as possible.

Taxation of Leased Property. Whenever any property in the Project 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 to any person or persons for redevelopment, the property will be assessed and taxed in the same manner as privately-owned property (in accordance with the Law), and the lease or contract will provide (1) that the lessee will pay taxes upon the assessed value of the entire property and not merely upon the assessed value of the leasehold interest, and (2) that if for any reason the taxes paid by the lessee on such property in any year during the term of the lease will be less than the taxes that would have been payable upon the entire property if the property were assessed and taxed in the same manner as privately-owned property, the lessee will pay such difference to the Agency within thirty (30) days after the taxes for such year become payable, and in any event prior to the delinquency date of such taxes established by law, which such payments will be treated as tax increment revenues.

Disposition of Property in Project Area. The Agency will not authorize the disposition of any real property in the Project Area that 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 execution and delivery of the Indenture, or property to be used for public streets or public offstreet parking facilities or

easements or rights of way for public utilities, or other similar uses), if such disposition, together with all similar prior dispositions on or subsequent to the effective date of the Indenture, will cause (i) the amount of projected Tax Revenues expected to be received in the succeeding Fiscal Year (based upon the assessed valuation of taxable property in the Project Area as shown on the most recently equalized assessment roll and the most recently established tax rates preceding the date of such determination) to be less one hundred twenty-five percent (125%) of the Combined Maximum Adjusted Annual Debt Service on all then Outstanding Parity Obligations, Senior Bonds and any unsubordinated loans, advances or indebtedness payable from Tax Revenues pursuant to the Law, or (ii) the amount of projected Adjusted Tax Revenues expected to be received in the succeeding Fiscal Year (based upon the assessed valuation of taxable property in the Project Area as shown on the most recently equalized assessment roll and the most recently established tax rates preceding the date of such determination) to be less one hundred percent (100%) of the Combined Maximum Adjusted Annual Debt Service on all then Outstanding Parity Obligations, Senior Bonds and any unsubordinated loans, advances or indebtedness payable from Tax Revenues pursuant to the Law.

Amendment of Redevelopment Plan. If the Agency proposes to amend the Redevelopment Plan, it will cause to be filed with the Trustee, the Credit Provider, if any, and each provider or owner of Parity Obligations (other than Owners of Bonds), a Consultant's Report on the effect of such proposed amendment. If the Consultant's Report concludes that the effect of such proposed amendment on Tax Revenues and Adjusted Tax Revenues is such that the Combined Maximum Adjusted Annual Debt Service on all then Outstanding Parity Obligations, Senior Bonds and any unsubordinated loans, advances or indebtedness payable from Tax Revenues pursuant to the Law will continue to meet the debt service coverage requirements set forth in the Indenture, the Agency may adopt such amendment. If the Consultant's Report concludes that the effect of such proposed amendment on Tax Revenues and Adjusted Tax Revenues is such that the Combined Maximum Adjusted Annual Debt Service on all then Outstanding Parity Obligations, Senior Bonds and any unsubordinated loans, advances or indebtedness payable from Tax Revenues pursuant to the Law will not continue to meet the debt service coverage requirements set forth in the Indenture, the Agency will not adopt such proposed amendment. The Trustee will be entitled to rely upon any said Consultant's Report and will have no duty to verify the information or statements set forth therein.

Subordinate Pledged Tax Revenues. The Agency will comply with all requirements of the Law to insure the allocation and payment to the Agency of the Subordinate Pledged Tax Revenues (excluding receipts and payments made to the Agency pursuant to Public Finance Contracts entered into in connection with any Bonds), including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of Contra Costa County.

Further Assurances. The Agency will adopt, make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds and providers or owners of other Parity Obligations of the rights and benefits provided in the Indenture.

Tax Covenants.

No Arbitrage. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2016 Series A Bonds and the 2016 Series C Bonds which, if such action had been reasonably

expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2016 Series A Bonds and the 2016 Series C Bonds would have caused the 2016 Series A Bonds or the 2016 Series C Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

Private Activity Bond Limitation. The Successor Agency shall assure that the proceeds of the 2016 Series A Bonds and the 2016 Series C Bonds are not so used as to cause the 2016 Series A Bonds or the 2016 Series C Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Federal Guarantee Prohibition. The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2016 Series A Bonds and the 2016 Series C Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Rebate Requirement. "Section 3.06. Rebate Requirement." \l 2 The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2016 Series A Bonds and the 2016 Series C Bonds.

Maintenance of Tax-Exemption. The Successor Agency shall take all actions necessary to assure the exclusion of interest on the 2016 Series A Bonds and the 2016 Series C Bonds from the gross income of the Owners of the 2016 Series A Bonds and the 2016 Series C Bonds to the same extent as such interest is permitted to be excluded from gross

Agreements with Other Taxing Agencies. So long as any Bonds or other Parity Obligations are Outstanding, the Agency will not enter into any agreement or amend any existing agreement with any other taxing agency entered into (i) pursuant to Section 33401 of the Law (as it existed on December 31, 1993) or (ii) which operates as a waiver of the Agency's right to receive Subordinate Pledged Tax Revenues (excluding receipts and payments made to the Agency pursuant to Public Finance Contracts entered into in connection with any Bonds) under the Redevelopment Plan, unless the Agency's obligations under such agreement are made expressly subordinate and junior to the Agency's obligations under the Indenture, the Bonds and any other Parity Obligations.

Annual Review of Subordinate Pledged Tax Revenues. The Agency hereby covenants that it will annually review (i) the total amount of Subordinate Pledged Tax Revenues remaining available to be received by the Agency under the Redevelopment Plan's cumulative tax increment limitation, and (ii) future cumulative annual Debt Service. Once it has been determined that during the next succeeding Fiscal Year, the total amount of Subordinate Pledged Tax Revenues remaining available to be received by the Agency under the Redevelopment Plan's cumulative tax increment limitation equals 110% of future cumulative annual Debt Service on Parity Obligations, then the Agency shall deposit all future Subordinate Pledged Tax Revenues into a special escrow account exclusively for the payment of interest on and principal of and redemption premiums, if any, on the Parity Obligations, until such time as the cumulative tax increment limitation, certified to the Agency by an Independent Redevelopment Consultant in a Consultant's Report, is amended to increase the limitation such that the remaining available Subordinated Pledged Tax Revenues will be in excess of 110% of

future cumulative annual Debt Service on Parity Obligations (at which time all amounts deposited in such special escrow account may be released).

The Agency will annually, not later than November 1 (commencing November 1, 2012), transmit to the Trustee, the Credit Provider, if any, and each provider or owner of Parity Obligations (other than Owners of Bonds) a statement setting forth the calculation required by the Indenture, including (a) remaining annual Debt Service on Parity Obligations, (b) remaining tax increment under the then-current limit, (c) the amount of Subordinate Pledged Tax Revenues accepted during the period covered by the statement, and (d) 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 Parity Obligations.

Amendments to Indenture

Amendments Permitted. (a) Subject to the provisions of paragraph (d) below, the provisions of the Indenture or of any Supplemental Indenture and the rights and obligations of the Agency and of the Owners of the Outstanding Bonds and of the Fiduciaries may be modified, amended or supplemented from time to time and at any time by a Supplemental Indenture or Supplemental Indentures, with the written consent of each Credit Provider whose consent is required by a Supplemental Indenture or a Credit Support Agreement, when the written consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding will have been filed with the Trustee; or if less than all of the Outstanding Bonds are affected, the written consent of the Owners of at least a majority in aggregate principal amount of all affected Outstanding Bonds; provided that if such modification, amendment or supplement will, by its terms, not take effect so long as any Bonds of any particular Series and maturity remain Outstanding, and, with respect to Bonds which are Tender Indebtedness if the conditions of paragraph (d) below are satisfied, the consent of the Owners of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any the calculation of Outstanding Bonds for purposes of this caption "Amendments to Indenture." No such modification, amendment or supplement will (1) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification, amendment or supplement without the consent of the Owners of all of the Bonds then Outstanding; or (2) modify the rights or obligations of any Fiduciary without the consent of such Fiduciary.

It will not be necessary for the consent of the Owners to approve the particular form of any Supplemental Indenture, but it will be sufficient if such consent will approve the substance thereof.

Prior to the entry into any Supplemental Indenture by the Agency and the Trustee for any of the purposes described under this caption "– Amendments Permitted," the Agency will cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to the Owners of all Outstanding Bonds (or the affected Outstanding Bonds) at their addresses appearing on the Bond Register. Such notice will briefly set forth the nature of the proposed Supplemental Indenture and will state that copies thereof are on file at the office of the Trustee for inspection by each Owner of an Outstanding Bond.

Whenever, at any time after the date of the mailing of notice of the proposed entry into a Supplemental Indenture pursuant to the Indenture, the Agency will have received an instrument or instruments in writing executed in accordance with the Indenture by or on behalf of the Owners of not less than a majority in aggregate principal amount of the Bonds then

Outstanding, or if less than all of the Outstanding Bonds are affected, by the Owners of not less than a majority in aggregate principal amount of the affected Outstanding Bonds, which instrument or instruments will refer to the proposed Supplemental Indenture described in the notice of the proposed Supplemental Indenture and will consent to such Supplemental Indenture in substantially the form referred to in such notice, thereupon, but not otherwise, the Agency and the Trustee may enter into such Supplemental Indenture in substantially such form, without liability or responsibility to any Owner of any Bond, whether or not such Owner will have consented thereto.

(b) The Indenture or any Supplemental Indenture may be supplemented from time to time and at any time by a Supplemental Indenture or Supplemental Indentures, which the Agency and the Trustee may enter into with the consent of each Credit Provider whose consent is required by a Supplemental Indenture or a Credit Support Agreement but without the consent of the Owner of any Bond, to provide for the issuance of a Series of Additional Bonds or a Series of Refunding Bonds in accordance with the terms and conditions of the Indenture, and establishing the terms and conditions thereof, including the rights of any Credit Provider for such Additional Bonds or Refunding Bonds, which may include permitting such Credit Provider to act for and on behalf of the Owners of such Additional Bonds or Refunding Bonds for any or all purposes of the Indenture except that no such Credit Provider will be authorized to extend the fixed maturity of any Bond, or reduce the principal amount thereof, or reduce the amount of any Sinking Fund Installment therefor, or extend the due date of any such Sinking Fund Installment, or reduce the rate of interest on any Bond or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected; or except as otherwise provided with respect to a Bond constituting Tender Indebtedness in the Supplemental Indenture authorizing such Bond and subject to the satisfaction of the conditions of paragraph (f) below, reduce the Redemption Price due on the redemption of any Bond or change the date or dates when any Bond is subject to redemption.

(c) The Indenture and any Supplemental Indenture and the rights and obligations of the Agency, the Fiduciaries and the Owners of the Outstanding Bonds may also be modified, amended or supplemented from time to time and at any time by a Supplemental Indenture or Supplemental Indentures, which the Agency and the Trustee may enter into with the consent of each Credit Provider whose consent is required by a Supplemental Indenture or a Credit Support Agreement but without the consent of any Owners of Bonds (but with the consent of any affected Fiduciary), so long as such modification, amendment or supplement will not materially, adversely affect the interests of the Owners of the Outstanding Bonds, including without limitation, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Agency contained in the Indenture or a Supplemental Indenture other covenants and agreements thereafter to be observed, to pledge, provide or assign any security for the Bonds (or any portion thereof), or to surrender any right or power in the Indenture reserved to or conferred upon the Agency;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture or a Supplemental Indenture, or in regard to matters or questions arising under the Indenture or a Supplemental Indenture, as the Agency may deem necessary or desirable; or

(iii) to modify, amend or supplement the Indenture or a Supplemental Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute.

(d) Notwithstanding anything to the contrary under this caption "Amendments to Indenture," the provisions of the Indenture or any Supplemental Indenture may also be modified, amended or supplemented by a Supplemental Indenture or Supplemental Indentures, including amendments which would otherwise be described in paragraph (a) above, without the consent of the Owners of Bonds constituting Tender Indebtedness if either (i) the effective date of such Supplemental Indenture is a date on which such Bonds are subject to mandatory tender for purchase pursuant to the Indenture or (ii) the notice described in the third paragraph of paragraph (a) above is given to Owners of such Bonds at least thirty (30) days before the effective date of such Supplemental Indenture, and on or before such effective date, the Owners of such Bonds have the right to demand purchase of such Bonds pursuant to the Indenture.

(e) If the Supplemental Indenture authorizing the issuance of a Series of Bonds provides that a Credit Provider for all or any portion of the Bonds of such Series will have the right to consent to Supplemental Indentures which require the consent of the Owners of the Bonds of such Series pursuant to this caption "Amendments to Indenture," then for the purposes of sending notice of any proposed Supplemental Indenture and for determining whether the Owners of the requisite percentage of Bonds have consented to such Supplemental Indenture, but subject to the provisions of paragraph (b) above, references to the Owners of such Bonds will be deemed to be to the applicable Credit Provider.

(f) For purposes of this caption "Amendments to Indenture," it will not be necessary that consents of the Owners of any particular percentage of Outstanding Bonds of any affected Series be obtained but it will be sufficient for purposes of this caption "Amendments to Indenture," if the consent of the Owners of a majority in aggregate principal amount of the combination of affected Outstanding Bonds will be obtained.

(g) Notwithstanding anything to the contrary contained in this caption "Amendments to Indenture," if authorized by the Supplemental Indenture authorizing the issuance of a Bond constituting Tender Indebtedness, any premium due on the redemption of such Bond and the date or dates when such Bond is subject to redemption may be modified or amended as provided in such Supplemental Indenture if either: (i) the effective date of such modification or amendment is a date on which such Bond is subject to mandatory tender for purchase pursuant to such Supplemental Indenture; or (ii) notice of such modification or amendment has been mailed to the Owner of such Bond at the address set forth in the Bond Register at least thirty (30) days before the effective date of such modification or amendment and on or before such effective date, the Owner of such Bond has the right to demand purchase of such Bond pursuant to such Supplemental Indenture.

Effect of Supplemental Indenture. Upon the Agency and the Trustee entering into any Supplemental Indenture pursuant to the Indenture, the Indenture will be deemed to be modified, amended or supplemented in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Agency, the Fiduciaries and all Owners of Outstanding Bonds will thereafter be determined, exercised and enforced subject in all respects to such modification, amendment and supplement, and all the terms and conditions of any such Supplemental Indenture will be deemed to be part of the terms and conditions of the Indenture

for any and all purposes. Upon the Agency and the Trustee entering into any Supplemental Indenture pursuant to the Indenture, no Owner of any Bond will have any right to object to the entry into such Supplemental Indenture by the Agency and the Trustee, or to object to any of the terms and provisions contained therein or the operation thereof or in any manner to question the propriety of the entry into such Supplemental Indenture, or to enjoin or restrain the Agency or the Trustee from entering into the same or to enjoin or restrain the Agency or the Trustee from taking any action pursuant to the provisions thereof whether or not such Owner gave his consent to such Supplemental Indenture.

Bonds Owned by Agency. For purposes of the Indenture, Bonds owned or held by or for the account of the Agency, or any funds of the Agency, will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in the Indenture, and the Agency will not be entitled with respect to such Bonds to give any consent or take any other action provided for in the Indenture as an Owner of Bonds. At the time of any consent or other action taken under the Indenture, the Agency will furnish the Trustee a certificate of an Authorized Agency Representative upon which the Trustee may rely, describing all Bonds so to be excluded.

Notation on Bonds. Bonds authenticated and delivered after the effective date of any Supplemental Indenture entered into by the Agency and the Trustee as in the Indenture provided may bear a notation by endorsement or otherwise in a form approved by the Agency as to such action, and in that case upon demand of the Owner of any Bond Outstanding on such effective date and presentation of the Bond for the purpose at the Principal Office of the Trustee or upon any transfer or exchange of any Bond Outstanding on such effective date, suitable notation will be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action.

Consent of Providers or Owners of Parity Obligations. The Indenture may not be amended in a manner which materially affects the rights of a provider or owner of Parity Obligations (excluding the Owners of Bonds) under the Indenture without the prior written consent of such provider or owner of such Parity Obligations.

Concerning the Fiduciaries

Trustee; Acceptance of Duties. The Trustee will signify its acceptance of the duties and obligations imposed upon it by the Indenture, including the duties of Paying Agent for the Bonds, by the execution and the delivery of the Indenture to the Agency and by such execution and delivery the Trustee will be deemed to have accepted such duties and obligations with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in the Indenture and no implied covenants will be read into the Indenture against the Trustee.

Paying Agents; Appointment and Acceptance of Duties.

(a) The Agency appoints the Trustee as a Paying Agent for the Bonds of each Series, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in the Indenture as an additional Paying Agent for the Bonds of one or more Series.

(b) Each Paying Agent other than the Trustee will signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing and delivering to the Agency and to the Trustee a written acceptance thereof.

(c) The Principal Offices of the Paying Agents are designated as the respective offices or agencies of the Agency for the payment of the principal and any applicable Redemption Price of the Bonds.

Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by the Indenture by giving not less than 60 days written notice to the Agency, each Credit Provider and each Reserve Financial Guaranty Provider, specifying the date when such resignation will take effect; provided that no such resignation will take effect until a successor will have been appointed in accordance with the Indenture.

Removal of Trustee. The Trustee may be removed (i) with the consent (to the extent required by a Supplemental Indenture) of each Credit Provider and each Reserve Financial Guaranty Provider, at any time when no Event of Default has occurred and is continuing and when no event has occurred which, with notice or the passage of time, would become an Event of Default which has not been cured, by an instrument in writing signed by an Authorized Agency Representative and filed with the Trustee or (ii) with the consent (to the extent required by a Supplemental Indenture) of each Credit Provider and each Reserve Financial Guaranty Provider, at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Agency or (iii) with the consent (to the extent required by a Supplemental Indenture,) of each Credit Provider and each Reserve Financial Guaranty Provider, at any time by an instrument in writing signed by an Authorized Agency Representative and filed with the Trustee, for any breach of its fiduciary duties under the Indenture; provided that no such removal will be effective until 30 days have lapsed from the filing of such instrument with the Trustee and until a successor will have been appointed in accordance with the Indenture.

Defeasance

Payment of Bonds. (a) If the Agency will pay, or cause to be paid, or there will otherwise be paid, to the Owners of all Bonds the principal amount or Redemption Price, if applicable, of the Bonds, and interest due or to become due on the Bonds, at the times and in the manner stipulated therein and in the Indenture, together with all other sums payable by the Agency under the Indenture, including all fees and expenses of the Trustee, then and in that case, subject to the provisions of paragraph (b) below, the Indenture, and the pledge of and lien on the Subordinate Pledged Tax Revenues and all money in the Special Fund and in the funds or accounts so specified and provided for under the Indenture and all covenants, agreements and obligations of the Agency contained in the Indenture, will cease and terminate and will be completely discharged and satisfied and the Agency will be released therefrom and the Trustee will assign and transfer to or upon the order of the Agency all property (in excess of the amounts required for the foregoing) then held by the Trustee under the Indenture free and clear of any liens or encumbrances on the Indenture pursuant to the Indenture and will execute such documents as may be reasonably required by the Agency in this regard.

(b) Notwithstanding the termination, satisfaction and discharge of the Indenture or the satisfaction discharge of the Indenture in respect of any Bonds, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, tender and exchange provisions, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds,

compliance by the Agency of the covenants contained in the Indenture and the duties of the Trustee in connection with all of the foregoing, will remain in effect and will be binding upon the Agency, the Trustee and the Owners and the Trustee will continue to be obligated to hold in trust any monies and investments then held by the Trustee for the payment of the principal or Redemption Price of, and interest on, the Bonds, to pay to the Owners, but only from the monies and investments so held by the Trustee, the principal or Redemption Price of, and interest on, the Bonds as and when such payment becomes due. Notwithstanding the satisfaction and discharge of the Indenture or the satisfaction discharge of the Indenture in respect of any Bonds, those provisions of the Indenture contained in the Indenture relating to the compensation of the Trustee will remain in effect and will be binding upon the Trustee and the Agency. Prior to the defeasance of any Bonds bearing interest at a variable rate becoming effective under the Indenture, the Trustee will have received a Rating Confirmation from each Rating Agency.

(c) Notwithstanding the termination, satisfaction and discharge of the Indenture with respect to any Bonds, so long as any other Parity Obligations remain Outstanding the Indenture will remain in effect and will be binding upon the Agency, the Trustee and the providers and owners of such Parity Obligations.

Bonds Deemed Paid. Bonds (or portions of Bonds) for the payment or redemption of which moneys will have been set aside and will be held in trust by an Escrow Agent (through deposit pursuant to a deposit of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof, as applicable, will be deemed to have been paid within the meaning and with the effect expressed in the provisions of the Indenture described above under "– Payment of Bonds." Any Outstanding Bond (or any portion thereof such that both the portion thereof which is deemed paid and the portion which is not deemed paid pursuant to this paragraph will be in an Authorized Denomination) will prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the provisions of the Indenture described above under "– Payment of Bonds" (except that the obligations under the Indenture set forth in paragraph (b) thereof and the giving of the notices of the redemption of Bonds to be redeemed as provided in the Indenture will continue) if (1) in case said Bond (or portion thereof) is to be redeemed on any date prior to maturity, the Agency will have given the Trustee irrevocable instructions to give notice of redemption of such Bond (or portion thereof) on said date as provided in the Indenture, (2) there will have been deposited with an Escrow Agent either moneys in an amount which will be sufficient, or Federal Securities, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, held by such Escrow Agent for such purpose, will be sufficient, in each case as evidenced by an Accountant's Certificate, to pay when due the principal amount of, and any redemption premiums on, said Bond (or portion thereof) and interest due and to become due on said Bond (or portion thereof) on and prior to the redemption date or maturity date thereof, as the case may be, and (3) if such Bond (or portion thereof) is not to be paid or redeemed within 60 days of the date of the deposit required by (2) above, the Agency will have given the Trustee, in form satisfactory to it, instructions to mail, as soon as practicable, by first class mail, postage prepaid, to the Owner of such Bond, at the last address, if any, appearing upon the Bond Register, a notice that the deposit required by (2) above has been made with an Escrow Agent and that said Bond (or the applicable portion thereof) is deemed to have been paid in accordance with this paragraph and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal amount of, and any redemption premiums on, said Bond. Any notice given pursuant to clause (3) of this paragraph with respect to Bonds which constitute less than all of the Outstanding Bonds of any Series and maturity will specify the letter and number or other distinguishing mark of each such Bond. Any notice given

pursuant to clause (3) of this paragraph with respect to less than the full principal amount of a Bond will specify the principal amount of such Bond which will be deemed paid pursuant to this paragraph and notify the Owner of such Bond that such Bond must be surrendered as provided in the Indenture. The receipt of any notice required by this paragraph will not be a condition precedent to any Bond being deemed paid in accordance with this paragraph and the failure of any Owner to receive any such notice will not affect the validity of the proceedings for the payment of Bonds in accordance with this paragraph. Neither Federal Securities nor moneys deposited with an Escrow Agent pursuant to this paragraph, nor principal or interest payments on any such Federal Securities, will be withdrawn or used for any purpose other than, and will be held in trust for, the payment of the principal amount of, and any redemption premiums on, said Bonds and the interest thereon; provided that any cash received from principal or interest payments on such Federal Securities deposited with an Escrow Agent, (A) to the extent such cash will not be required at any time for such payment, as evidenced by an Accountant's Certificate, will be paid over upon the written direction of an Authorized Agency Representative, including a transfer to the Agency free and clear of any trust, lien, pledge or assignment securing said Bonds, and (B) to the extent such cash will be required for such payment at a later date, will, to the extent practicable, at the written direction of an Authorized Agency Representative, be reinvested in Federal Securities maturing at times and in amounts, which together with the other funds to be available to the Escrow Agent for such purpose, will be sufficient to pay when due the principal amount of, and any redemption premiums on, said Bonds and the interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, as evidenced by an Accountant's Certificate.

Nothing in the Indenture will prevent the Agency from substituting for the Federal Securities held for the payment or redemption of Bonds (or portions thereof) other Federal Securities which, together with the moneys held by the Escrow Agent for such purpose, as evidenced by an Accountant's Certificate, will be sufficient to pay when due the principal amount of, and any redemption premiums on, the Bonds (or portions thereof) to be paid or redeemed, and the interest due on the Bonds (or portions thereof) to be paid or redeemed at the times established with the initial deposit of Federal Securities for such purpose provided that the Agency will deliver to the Escrow Agent a Favorable Opinion of Bond Counsel with respect to such substitution.

Defeasance of Portion of Bond. If there will be deemed paid pursuant to the Indenture less than all of the full principal amount of a Bond, the Agency will execute and the Trustee will authenticate and deliver, upon the surrender of such Bond, without charge to the Owner of such Bond, a new Bond or Bonds for the principal amount of the Bond so surrendered which is deemed paid pursuant to the Indenture and another new Bond or Bonds for the balance of the principal amount of the Bond so surrendered, in each case of like Series, maturity and other terms, and in any of the Authorized Denominations.

Discharge of Liability on Bonds. Upon the deposit with an Escrow Agent, in trust, at or before maturity or the applicable redemption date, of money or Federal Securities in the necessary amount (as provided in the provisions of the Indenture described above under the captions "– Payment of Bonds" or "– Bonds Deemed Paid," as applicable) to pay or redeem Outstanding Bonds (or portions thereof), and to pay the interest thereto to such maturity or redemption date, as applicable, (provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as in the Indenture provided or provision satisfactory to the Trustee will have been made for giving such notice), all liability of the Agency in respect of such Bonds will cease, terminate and be completely discharged, except that the Agency will remain liable for such payment but only from, and the Bondowners

will thereafter be entitled only to payment (without interest accrued thereon after such redemption date or maturity date, as applicable) out of, the money and Federal Securities deposited with the Escrow Agent as aforesaid for their payment, subject, however, to the provisions of the Indenture; provided that no Bond which constitutes Tender Indebtedness will be deemed to be paid within the meaning of the Indenture unless the Purchase Price of such Bond, if tendered for purchase in accordance with the Indenture, could be paid when due from such moneys or Federal Securities (as evidenced by an Accountant's Certificate) or a Credit Support Instrument is provided in connection with such Purchase Price.

Events of Default; Remedies

Events of Default. Each of the following will constitute an Event of Default under the Indenture:

(i) if default will be made in the payment of the principal or Redemption Price of or Sinking Fund Installment for, or interest on, any Outstanding Bond or other Parity Obligations (excluding Termination Payments), when and as the same will become due and payable, whether on an Interest Payment Date, at maturity, by call for redemption, or otherwise;

(ii) if default will be made by the Agency in the performance or observance of any other of the covenants, agreements or conditions on its part in the Indenture or in the Outstanding Bonds contained or in any other Issuing Instrument of other Parity Obligations or in the other Parity Obligations contained (excluding any covenants, agreements or conditions with respect to the payment of Termination Payments payable by the Agency), and such default will continue for a period of 120 days after written notice thereof to the Agency by the Trustee or to the Agency and to the Trustee by the Owners of not less than 10% in principal amount of the Bonds Outstanding or to the Agency and to the Trustee by the trustee, or owner or holder of not less than 10% in principal amount of, the other Parity Obligations; provided, however, if such default is such that it can be corrected by the Agency but not within the applicable period specified above, it will not constitute an Event of Default if corrective action is instituted by the Agency within thirty (30) days of the Agency's receipt of the notice of the default required by this paragraph and diligently pursued until the default is corrected; or

(iii) an Event of Bankruptcy will have occurred and be continuing with respect to the Agency.

Accounting and Examination of Records After Default.

(a) The Agency covenants that if an Event of Default will have happened and will not have been remedied, the books of record and accounts of the Agency will at all times be subject to the inspection and use of the Trustee and of its agents and attorneys.

(b) The Agency covenants that if an Event of Default will have happened and will not have been remedied, the Agency, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Subordinate Pledged Tax Revenues and other moneys, securities and funds pledged or held under the Indenture for such period as will be stated in such demand.

Application of Subordinate Pledged Tax Revenues and Other Moneys After Default.

(a) Notwithstanding anything to the contrary contained in the Indenture, the Agency covenants that if an Event of Default will happen and will not have been remedied, the Agency, upon the demand of the Trustee, will cause to be paid over to the Trustee by the first Business Day of each month, all Subordinate Pledged Tax Revenues with respect to the preceding month.

(b) During the continuance of an Event of Default, the Trustee will apply all Subordinate Pledged Tax Revenues received by the Trustee pursuant to any right given or action taken under the provisions of the provisions of the Indenture described under the caption "Events of Default; Remedies" which are held by the Trustee pursuant and subject to the terms and conditions of the Indenture, as follows and in the following order of priority:

First: To the payment of the reasonable and proper fees, charges, expenses and liabilities of the Fiduciaries and the payment of the reasonable and proper charges, expenses and liabilities of the fiduciaries for Parity Obligations.

Second: To the payment of the principal and Redemption Price of and interest on the Outstanding Bonds, and the principal and redemption price of and interest on the other Outstanding Parity Obligations then due and payable; provided however, that in the event the amount of Subordinate Pledged Tax Revenues available to the Trustee is not sufficient to make all the payments required by this clause, the Trustee will apply the available Subordinate Pledged Tax Revenues to the payment of the principal and redemption price of and interest on all Outstanding Parity Obligations then due and payable ratably (based on the respective amounts to be paid), without any discrimination on preferences.

Third: Subject to the provisions of paragraph (b) above under the caption "– Conditions of Issuance of Subordinated Obligations," to the payment of any Termination Payments due and payable under the Qualified Swap Agreements; provided however, that in the event the amount of Subordinate Pledged Tax Revenues available to the Trustee is not sufficient to make all the payments required by this clause with respect to all Qualified Swap Agreements, the Trustee will apply the available Subordinate Pledged Tax Revenues to the payment of the Termination Payments then due and payable under all Qualified Swap Agreements ratably (based on the respective amounts to be paid), without any discrimination on preferences.

Fourth: To the transfer to the Debt Service Reserve Account for the Bonds and to each debt service reserve fund for other Outstanding Parity Obligations, the amount, if any, necessary so that the amount on deposit in the Debt Service Reserve Account will equal the Debt Service Reserve Requirement and the amount in each debt service reserve fund for other Outstanding Parity Obligations will equal the amount required to be on deposit in such debt service reserve fund under the applicable Issuing Instrument; provided that that in the event the amount of Subordinate Pledged Tax Revenues available to the Trustee is not sufficient to make all the payments required by this clause, the Trustee will apply the available Subordinate Pledged Tax Revenues to the transfer to the Debt Service Reserve Account and each debt service reserve fund for other Outstanding Parity Obligations ratably (based on the respective amounts to be paid), without any discrimination on preferences.

Fifth: Subject to the provisions of paragraph (b) above under the caption "– Conditions of Issuance of Subordinated Obligations," to the payment of amounts due with respect to outstanding Subordinated Obligations (other than Termination Payments) in accordance with the provisions of the Issuing Instrument pursuant to which such Subordinated Obligations have been issued; provided that that in the event the amount of Subordinate Pledged Tax Revenues available to the Trustee is not sufficient to make all the payments required by this clause, the Trustee will apply the available Subordinate Pledged Tax Revenues to the payments of amounts due with respect to all Subordinated Obligations ratably (based on the respective amounts to be paid), without any discrimination on preferences except as otherwise provided in the Issuing Instruments pursuant to which such Subordinated Obligations have been issued.

(c) If and whenever all overdue installments of interest on all Outstanding Bonds and Outstanding Parity Obligations, together with the reasonable and proper charges, expenses and liabilities of the Trustee and any other fiduciary for Parity Obligations, and all other sums payable for the account of the Agency under the Indenture, including the principal and Redemption Price of all Outstanding Bonds and Outstanding Parity Obligations and unpaid interest on all Outstanding Bonds and Outstanding Parity Obligations which will then be payable, will be paid for by the account of the Agency, or provision satisfactory to the Trustee will be made for such payment, and all defaults under the Indenture, the Outstanding Bonds and the Outstanding Parity Obligation will be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate will be made therefor, the Trustee will pay over all unexpended Subordinate Pledged Tax Revenues in the hands of the Trustee (except Subordinate Pledged Tax Revenues deposited or pledged, or required by the terms of the Indenture to be deposited or pledged, with the Trustee), and thereupon the Agency and the Trustee will be restored, respectively, to their former positions and rights under the Indenture. No such payment by the Trustee nor such restoration of the Agency and the Trustee to their former positions and rights will extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

(d) The Trustee may in its discretion establish special record dates for the determination of the Owners of Bonds for various purposes of the Indenture, including without limitation, payment of defaulted interest and giving direction to the Trustee.

Right to Accelerate Upon Default. Notwithstanding anything contrary in the Indenture or in the Bonds, upon the occurrence of an Event of Default, the Trustee may, with the consent of each Credit Provider whose consent is required by a Supplemental Indenture or a Credit Support Agreement, and will, at the direction of each Credit Provider whose is permitted to so direct the Trustee under a Supplemental Indenture or a Credit Support Agreement or the Owners of a majority in principal amount of Outstanding Bonds (other than Bonds owned by or on behalf of the Agency), with the consent of each Credit Provider whose consent is required by a Supplemental Indenture or a Credit Support Agreement, by written notice to the Agency, declare the principal of the Outstanding Bonds to be immediately due and payable, whereupon the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment will, without further action, become and be immediately due and payable.

Appointment of Receiver. If an Event of Default will happen and will not have been remedied, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Bonds under the Indenture, the Trustee will be entitled to make application for the appointment of a receiver or custodian of the

Subordinate Pledged Tax Revenues, pending such proceedings, with such power as the court making such appointment will confer.

Enforcement Proceedings.

(a) If an Event of Default will happen and will not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may, with the consent of each Credit Provider whose consent is required by a Supplemental Indenture or a Credit Support Agreement, proceed, and upon the written request of the Owners of not less than a majority in principal amount of the Bonds at the time Outstanding, with the consent of each Credit Provider whose consent is required by a Supplemental Indenture or a Credit Support Agreement, will proceed, to protect and enforce its rights and the rights of the Owners of the Outstanding Bonds by a suit or suits in equity or at law, whether for damages or the specific performance of any covenant contained in the Indenture, to enforce the security interest in, pledge of and lien on the Subordinate Pledged Tax Revenues granted pursuant to the Indenture, or in aid of the execution of any power granted in the Indenture or any remedy granted under applicable provisions of the laws of the State of California, or for an accounting by the Agency as if the Agency were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, will deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

(b) All rights of action under the Indenture may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in the trial or other proceedings, and any such suit or proceedings instituted by the Trustee will be brought in its own name as trustee of an express trust.

(c) Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Indenture, the Trustee will be entitled to exercise any and all rights and powers conferred in the Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

(d) Regardless of the happening of an Event of Default, the Trustee will have power to, but unless requested in writing by the Owners of a majority in principal amount of the Bonds then Outstanding and furnished with reasonable security and indemnity, will be under no obligation to, institute and maintain such suits and proceedings as it may be advised will be necessary or expedient to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture, and such suits and proceedings as the Trustee may be advised will be necessary or expedient to preserve or protect its interests and the interests of the Owners of the Bonds.

(e) If the Trustee or any Owner or Owners of Outstanding Bonds have instituted any proceeding to enforce any right or remedy under the Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Owner or Owners, then and in every such case the Agency, the Trustee and the Owners will, subject to any determination in such proceeding, be restored severally and respectively to their former positions under the Indenture, and thereafter all rights and remedies of the Trustee and the Owners will continue as though no such proceeding had been instituted.

Restriction on Owner's Action.

(a) Except as otherwise provided in paragraph (b) below, no Owner of any Bond will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture unless such Owner will have previously given to the Trustee written notice of the happening of an Event of Default, as provided in the Indenture, and the Owners of at least 25% in principal amount of the Bonds then Outstanding will have filed a written request with the Trustee, and will have offered it reasonable opportunity, either to exercise the powers granted in the Indenture or by the applicable laws of the State of California or to institute such action, suit or proceeding in its own name, and unless such Owners will have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee will have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Bonds will have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture will be instituted, had and maintained in the manner provided in the Indenture and for the ratable benefit of all Owners of the Outstanding Bonds, subject only to the provisions of the Indenture.

(b) Nothing in the Indenture or in the Bonds contained will affect or impair the obligation of the Agency, which is absolute and unconditional, to pay on the respective due dates thereof and at the places therein expressed, but solely from the Subordinate Pledged Tax Revenues and the other moneys pledged under the Indenture, the principal amount, or Redemption Price if applicable, of the Bonds, and the interest thereon, to the respective Owners thereof, or affect or impair the right, which is also absolute and unconditional, of any Owner to institute suit for the enforcement of any such payment.

Remedies Not Exclusive. No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Indenture or existing at law or in equity or by statute whether effective on or after the effective date of the Indenture. The assertion or employment of any right or remedy, under the Indenture or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Effect of Waiver and Other Circumstances.

(a) No delay or omission of the Trustee or any Owner of a Bond to exercise any right or power arising upon the happening of an Event of Default will impair any right or power or will be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by the Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Owners of the Bonds.

(b) The Owners of not less than sixty percent in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Owners of all of the Bonds, waive any Event of Default and its consequences. No such waiver will extend to any subsequent or Event of Default or impair any right consequent thereon unless the

provisions of this paragraph have been satisfied with respect to such subsequent Event of Default.

Notice of Default. The Trustee will, within thirty (30) days after obtaining knowledge thereof, mail written notice of the occurrence of any Event of Default of which the Trustee has knowledge to each Credit Provider, each Reserve Financial Guaranty Provider and each Owner of Bonds then Outstanding at such Owner's address, if any, appearing in the Bond Register.

Miscellaneous

Credit Providers.

(a) Except as limited by the provisions of the Indenture relating to amendments, a Supplemental Indenture authorizing a Series of Bonds may provide that any Credit Provider providing a Credit Support Instrument with respect to Bonds of such Series may exercise any right under the Indenture or the Supplemental Indenture authorizing the issuance of such Series of Bonds given to the Owners of the Bonds to which such Credit Support Instrument relates in lieu of such Owners.

(b) All provisions under the Indenture or a Supplemental Indenture authorizing the exercise of rights by a Credit Provider with respect to Bonds of a Series, including without limitation actions relating to consents, approvals, directions, waivers, appointments and requests, will be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and will be read as if the Credit Provider were not mentioned therein (i) during any period during which there is a default by such Credit Provider under the applicable Credit Support Instrument or (ii) after the applicable Credit Support Instrument will at any time for any reason cease to be valid and binding on the Credit Provider, or will be declared to be null and void by final judgment of a court of competent jurisdiction, or after the Credit Support Instrument has been rescinded, repudiated or terminated (other than in accordance with its terms), or after a receiver, conservator or liquidator has been appointed for the Credit Provider; provided, however, that the payment of amounts due or that may become due (including without limitation all indemnity payments) to the Credit Provider or any other person identified under such Credit Provider's Credit Support Agreement pursuant to the terms of the Indenture, any Supplemental Indenture and/or such Credit Support Agreement will continue in full force and effect. The foregoing will not affect any other rights of a Credit Provider. (c) All provisions in the Indenture relating to the rights of a Credit Provider will be of no force and effect if there is no Credit Support Instrument in effect and all amounts owing to the Credit Provider under the Credit Support Agreement have been paid.

Reserve Financial Guaranty Providers. All provisions under the Indenture or a Supplemental Indenture authorizing the exercise of rights by a Reserve Financial Guaranty Provider with respect to Bonds of a Series, including without limitation actions relating to consents, approvals, directions, waivers, appointments and requests, will be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and will be read as if the Reserve Financial Guaranty Provider were not mentioned therein (a) during any period during which there is a default by such Reserve Financial Guaranty Provider under the applicable Reserve Financial Guaranty or (b) after the applicable Reserve Financial Guaranty will at any time for any reason cease to be valid and binding on the Reserve Financial Guaranty Provider, or will be declared to be null and void by final judgment of a court of competent jurisdiction, or after the Reserve Financial Guaranty has been rescinded, repudiated or terminated, or after a receiver, conservator or liquidator has been appointed for

the Reserve Financial Guaranty Provider; provided, however, that the payment of amounts due (including without limitation all indemnity payments) to the Reserve Financial Guaranty Provider pursuant to the terms of the Indenture, any Supplemental Indenture, any Reserve Financial Guaranty will continue in full force and effect. The foregoing will not affect any other rights of a Reserve Financial Guaranty Provider.

All provisions in the Indenture relating to the rights of a Reserve Financial Guaranty Provider will be of no force and effect if there is no Reserve Financial Guaranty Provider in effect issued by such Reserve Financial Guaranty Provider and all amounts owing to such Reserve Financial Guaranty Provider Credit Provider under the Reserve Financial Guaranty have been paid.

No Recourse on Bonds. Neither the members of the Agency nor the officers or employees of the Agency will be individually liable on the Bonds or in respect of any undertakings by the Agency under the Indenture, any Supplemental Indenture or any Bond.

Unclaimed Moneys. Anything in the Indenture or any Supplemental Indenture to the contrary notwithstanding, any moneys held by the Trustee, an Escrow Agent or any Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates, tender for purchase or by call for redemption, if such moneys were held by the Trustee, an Escrow Agent or a Paying Agent at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee, an Escrow Agent or a Paying Agent after the date when such Bonds or the Purchase Price thereof became due and payable, will, at the written request of an Authorized Agency Representative be repaid by such Trustee, Escrow Agent or Paying Agent to the Agency, as its absolute property and free and clear of any trust, lien, pledge or assignment securing said Bonds, and such Trustee, Escrow Agent or Paying Agent will thereupon be released and discharged with respect thereto and the Owners of such Bonds will look only to the Agency for the payment of such Bonds; provided, however, that before being required to make any such payment to the Agency, the Trustee, the Escrow Agent or the Paying Agent, as applicable, will, at the expense of the Agency, mail, postage prepaid to the Owners of such Bonds, at the last address, if any, appearing upon the Bond Register a notice that said moneys remain unclaimed and that, after a date named in said notice, which date will be not less than 30 days after the date of the mailing of such notice, the balance of such moneys then unclaimed will be returned to the Agency.

Governing Law. The Indenture and each Bond will be interpreted, governed by and construed for all purposes in accordance with the laws of the State for contracts executed and to be performed in the State.

Provisions Relating to the Municipal Bond Insurance Policies

(a) The prior written consent of Assured Guaranty Municipal Corp.'s ("AGM") shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the applicable Subaccount of the Debt Service Reserve Account, if any. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the applicable Subaccount of the Debt Service Reserve Account shall be applied solely to the payment of debt service due on the 2016 Series A Bonds, 2016 Series B Bonds or 2016 Series C Bonds (collectively, the "2016 Bonds"), as applicable. References to the 2016 Bonds in this section and under the caption "**Provisions Relating to the Reserve Account Insurance Policies**"

below means the 2016 Series A Bonds, the 2016 Series B Bonds and/or the 2016 Series C Bonds, as applicable.

(b) AGM shall be deemed to be the sole holder of the 2016 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the 2016 Bonds insured by it are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each 2016 Bond, the Trustee and each Owner of a 2016 Bond appoints AGM as their agent and attorney-in-fact and agree that AGM may at any time during the continuation of any proceeding by or against the Successor Agency under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Owner of a 2016 Bond delegates and assigns to AGM, to the fullest extent permitted by law, the rights of the Trustee and each Owner of a 2016 Bond in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Owners of the 2016 Bond shall expressly include mandamus.

(c) If acceleration is permitted under the Indenture, the maturity of Bonds insured by AGM shall not be accelerated without the consent of AGM and in the event the maturity of the 2016 Bonds is accelerated, AGM may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Successor Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, AGM's obligations under the 2016 Bond Insurance Policy with respect to such Bonds shall be fully discharged.

(d) No grace period for a covenant default under the Indenture shall exceed 30 days or be extended for more than 60 days, without the prior written consent of AGM. No grace period shall be permitted for payment defaults.

(e) AGM is a third party beneficiary to the Indenture.

(f) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Bonds to be redeemed shall be subject to the approval of AGM. The exercise of any provision of the Indenture which permits the purchase of Bonds in lieu of redemption shall require the prior written approval of AGM if any 2016 Bond so purchased is not cancelled upon purchase.

(g) Any amendment, supplement, modification to, or waiver of, the Indenture or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of the Owners of the 2016 Bonds or adversely affects the rights and interests of AGM shall be subject to the prior written consent of AGM.

(h) The rights granted to AGM under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to AGM in consideration of its issuance of the Insurance Policy. Any exercise by AGM of such rights is merely an exercise of AGM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the 2016 Bonds and such action does not evidence any position of AGM, affirmative or negative, as to whether the consent of the Owners of the 2016 Bond or any other person is required in addition to the consent of AGM.

(i) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of AGM, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of AGM, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the 2016 Bonds unless AGM otherwise approves.

To accomplish defeasance, the Successor Agency shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to AGM ("Accountant") verifying the sufficiency of the escrow established to pay the 2016 Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to AGM), (iii) an opinion of nationally recognized bond counsel to the effect that the 2016 Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the 2016 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Successor Agency, Trustee and Insurer. AGM shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

(j) Amounts paid by AGM under the 2016 Bond Insurance Policy shall not be deemed paid for purposes of the Indenture and the 2016 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Successor Agency in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to AGM have been paid in full or duly provided for.

(k) Each of the Successor Agency and Trustee covenants and agrees to take such action (including, as applicable, filing of UCC financing statements by the Successor Agency and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Subordinated Pledged Tax Revenues and other amounts pledged under the Indenture and under applicable law.

(l) If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the 2016 Bonds due on such Payment Date, the Trustee shall give notice to AGM and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or

telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2016 Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to AGM and AGM's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the 2016 Bonds and the amount required to pay principal of the 2016 Bonds, confirmed in writing to AGM and AGM's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal on the 2016 Bonds paid by AGM, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Owners of the 2016 Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement 2016 Bond to AGM, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Successor Agency on any Bond or the subrogation rights of AGM.

The Trustee shall keep a complete and accurate record of all funds deposited by AGM into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Bond. AGM shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of the Owners of the 2016 Bonds referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of the Owners of the 2016 Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to the Owners of the 2016 Bonds in the same manner as principal and interest payments are to be made with respect to the 2016 Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Successor Agency agrees to pay to AGM (i) a sum equal to the total of all amounts paid by AGM under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by AGM until payment thereof in full, payable to AGM at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2016 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Successor Agency hereby covenants and agrees that AGM Reimbursement Amounts are secured by a lien on and pledge of the Pledged Tax Revenues and payable from such Pledged Tax Revenues on a parity with debt service due on the 2016 Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to AGM.

(m) AGM shall, to the extent it makes any payment of principal of or interest on the 2016 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Successor Agency to AGM under the Related Documents shall survive discharge or termination of such Related Documents.

(n) The Successor Agency shall pay or reimburse AGM any and all charges, fees, costs and expenses that AGM may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of AGM to honor its obligations under the Insurance Policy. AGM reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document.

(o) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Successor Agency or rebate only after the payment of past due and current debt service on the 2016 Bonds and amounts required to restore the 2016 Bonds Subaccount within the Debt Service Reserve Account to the Debt Service Reserve Requirement.

(p) AGM shall be entitled to pay principal or interest on the 2016 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Successor Agency (as such terms are defined in the Insurance Policy) and any amounts due on the 2016 Series C as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not AGM has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(q) The notice address of AGM is: Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. _____, Telephone: (212) 974-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(r) AGM shall be provided with the following information by the Successor Agency or Trustee, as the case may be:

(i) Annual audited financial statements within 180 days after the end of the Successor Agency's fiscal year (together with a certification of the Successor Agency that it is not aware of any default or Event of Default under the Indenture), and the

Successor Agency's annual budget within 30 days after the approval thereof together with such other information, data or reports as AGM shall reasonably request from time to time;

(ii) Notice of any draw upon a Subaccount within the Debt Service Reserve Account within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Debt Service Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(iii) Notice of any default known to the Trustee or Successor Agency within five Business Days after knowledge thereof;

(iv) Prior notice of the advance refunding or redemption of any of the 2016 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(v) Notice of the resignation or removal of the Trustee and any bond registrar and the appointment of, and acceptance of duties by, any successor thereto;

(vi) Notice of the commencement of any proceeding by or against the Successor Agency commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the 2016 Bonds;

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(ix) All reports, notices and correspondence to be delivered to the Owners of the 2016 Bonds under the terms of the Related Documents.

In addition, to the extent that the Successor Agency has entered into a continuing disclosure agreement, covenant or undertaking with respect to the 2016 Bonds, all information furnished pursuant to such agreements shall also be provided to AGM, simultaneously with the furnishing of such information.

(s) AGM shall have the right to receive such additional information as it may reasonably request.

(t) The Successor Agency will permit AGM to discuss the affairs, finances and accounts of the Successor Agency or any information AGM may reasonably request regarding the security for the 2016 Bonds with appropriate officers of the Successor Agency and will use commercially reasonable efforts to enable AGM to have access to the facilities, books and records of the Successor Agency on any business day upon reasonable prior notice.

(u) The Trustee shall notify AGM of any failure of the Successor Agency to provide notices, certificates and other information under the transaction documents.

(v) Notwithstanding satisfaction of the other conditions to the issuance of Parity Obligation set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Subaccount within the Debt Service Reserve Account is fully funded at the Debt Service Reserve Requirement (including the proposed issue) upon the issuance of such Parity Obligations, in either case unless otherwise permitted by AGM.

(w) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the 2016 Bonds or the rights of the Owners of the 2016 Bonds, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no 2016 Series A Insurance Policy.

(x) No contract shall be entered into or any action taken by which the rights of AGM or security for or sources of payment of the 2016 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of AGM.

(y) If the 2016 Bonds are issued for refunding purposes (such refunded bonds being referred to as "Refunded Bonds"), there shall be delivered an opinion of Bond Counsel addressed to AGM (or a reliance letter relating thereto), or a certificate of discharge of the trustee for the Refunded Bonds, to the effect that, upon the making of the required deposit to the escrow, the legal defeasance of the Refunded Bonds shall have occurred. If the Refunded Bonds are insured by Assured Guaranty Municipal Corp., at least three business days prior to the proposed date for delivery of the Policy with respect to the Refunding Bonds, AGM shall also receive (i) the verification letter, of which AGM shall be an addressee, by an independent firm of certified public accountants which is either nationally recognized or otherwise acceptable to AGM, of the adequacy of the escrow established to provide for the payment of the Refunded Bonds in accordance with the terms and provisions of the Escrow Deposit Agreement, and (ii) the form of an opinion of Bond Counsel addressed to AGM (or a reliance letter relating thereto) to the effect that the Escrow Deposit Agreement is a valid and binding obligation of the parties thereto, enforceable in accordance with its terms (such Escrow Deposit Agreement shall provide that no amendments are permitted without the prior written consent of AGM). An executed copy of each of such opinion and reliance letter, if applicable, or Trustee's discharge certificate, as the case may be, shall be forwarded to AGM prior to delivery of the 2016 Bonds.

(z) Any interest rate exchange agreement ("Swap Agreement") entered into by the Successor Agency shall meet the following conditions: (i) the Swap Agreement must be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. Unless otherwise consented to in writing by AGM, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to debt service on the 2016 Bonds and on any debt on parity with the 2016 Bonds. The Successor Agency shall not terminate a Swap Agreement unless it demonstrates to the satisfaction of AGM prior to the payment of any such termination amount that such payment will not cause the Successor Agency to be in default under the Related Documents, including but not limited to, any monetary obligations thereunder. All counterparties or guarantors to any Swap Agreement must have a rating of at least "A-" and "A3" by Standard & Poor's ('S&P") and Moody's Investors Service ("Moody's"). If the counterparty or guarantor's

rating falls below "A-" or "A3" by either S&P or Moody's, the counterparty or guarantor shall execute a credit support annex to the Swap Agreement, which credit support annex shall be acceptable to AGM. If the counterparty or the guarantor's long term unsecured rating falls below "Baa1" or "BBB+" by either Moody's or S&P, a replacement counterparty or guarantor, acceptable to AGM, shall be required.

Provisions Relating to the Reserve Account Insurance Policies

(a) The Successor Agency shall repay any draws under either of the 2016 Reserve Account Insurance Policies and pay all related reasonable expenses incurred by 2016 Bond Insurer and shall pay interest thereon from the date of payment by 2016 Bond Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2016 Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as 2016 Bond Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by 2016 Bond Insurer, with the same force and effect as if the Successor Agency had specifically designated such extra sums to be so applied and 2016 Bond Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to 2016 Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to 2016 Bond Insurer on account of principal due, the coverage under the applicable 2016 Reserve Account Insurance Policy will be increased by a like amount, subject to the terms of the applicable 2016 Reserve Account Insurance Policy. The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the 2016 Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the debt service reserve fund established for the 2016 Bonds (the "Reserve Fund") shall be transferred to the debt service fund for payment of debt

service on Bonds before any drawing may be made on the applicable 2016 Reserve Account Insurance Policy or any other credit facility credited to the Reserve Fund in lieu of cash ("Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the applicable 2016 Reserve Account Insurance Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Successor Agency shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) hereof, 2016 Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the 2016 Bonds or (ii) remedies which would adversely affect owners of the 2016 Bonds.

(c) The Indenture shall not be discharged until all Policy Costs owing to 2016 Bond Insurer shall have been paid in full. The Successor Agency's obligation to pay such amounts shall expressly survive payment in full of the 2016 Bonds.

(d) The Successor Agency shall include any Policy Costs then due and owing 2016 Bond Insurer in the calculation of the Parity Obligations test in the Indenture.

(e) The Indenture shall require the Trustee to ascertain the necessity for a claim upon each of the 2016 Reserve Account Insurance Policies in accordance with the provisions of subparagraph (a) hereof and to provide notice to 2016 Bond Insurer in accordance with the terms of the applicable 2016 Reserve Account Insurance Policy at least five business days prior to each date upon which interest or principal is due on the 2016 Bonds. Where deposits are required to be made by the Successor Agency with the Trustee to the debt service fund for the 2016 Bonds more often than semi-annually, the Trustee shall be instructed to give notice to 2016 Bond Insurer of any failure of the Successor Agency to make timely payment in full of such deposits within two business days of the date due.

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APPENDIX B

FORM OF BOND COUNSEL OPINIONS

2016 Series A Bonds and 2016 Taxable Series B Bonds Form of Opinions

February __, 2016

Successor Agency to the
Redevelopment of the City of Pittsburg
65 Civic Avenue
Pittsburg, California 94565

OPINION: $120,085,000 Successor Agency to the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series A

and

$26,690,000 Successor Agency to the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, (Taxable) 2016 Series B

Members of the Successor Agency:

We have acted as bond counsel in connection with the issuance by the Successor Agency to the Redevelopment Agency of the City of Pittsburg (the "Successor Agency"), of $120,085,000 Successor Agency to the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series A (the "Series A Bonds") and of $26,690,000 Successor Agency to the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, (Taxable) 2016 Series B (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), pursuant to the Community Redevelopment Law, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Law"), Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (the "Dissolution Act"), and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Refunding Law"). The Bonds are being issued pursuant to an Amended and Restated Indenture of Trust, dated as of December 1, 2004, between the Redevelopment Agency of the City of Pittsburg, as succeeded by the Successor Agency, and The Bank of New York Trust Company, N.A., as succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as heretofore supplemented and amended and as supplemented and amended by the Twelfth Supplemental Indenture of Trust (collectively, the "Indenture"), dated as February 1, 2016, by and between the

Successor Agency and the Trustee. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Successor Agency contained in the Indenture, and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Successor Agency is duly created and validly existing as a public entity, with the power to enter into the Indenture, perform the agreements on its part contained therein, and issue the Bonds.

2. The Indenture has been duly approved by the Successor Agency, and constitutes a valid and binding obligation of the Successor Agency, enforceable against the Successor Agency in accordance with its terms.

3. Pursuant to the Law, the Dissolution Act and the Refunding Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds, subject to no prior lien granted under the Law, the Dissolution Act and the Refunding Law, except to the extent set forth in the Indenture.

4. The Bonds have been duly authorized, executed and delivered by the Successor Agency, and are valid and binding special obligations of the Successor Agency, payable solely from the sources provided therefor in the Indenture.

5. The interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; although for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Series A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series A Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Series A Bonds, or the amount, accrual or receipt of interest on the Series A Bonds.

6. The interest on the Series B Bonds is not intended to be excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Series B Bonds, or the amount, accrual or receipt of interest on the Series B Bonds.

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

The rights of the owners of the Bonds, and the enforceability of the Bonds and the Indenture, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and may also be subject to the exercise of judicial discretion in appropriate cases. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

2016 Series C Bonds Form of Opinion

June __, 2016

Successor Agency to the
Redevelopment of the City of Pittsburg
65 Civic Avenue
Pittsburg, California 94565

OPINION: $37,755,000 Successor Agency to the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series C

Members of the Successor Agency:

We have acted as bond counsel in connection with the issuance by the Successor Agency to the Redevelopment Agency of the City of Pittsburg (the "Successor Agency"), of $37,755,000 Successor Agency to the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series C (the "Series C Bonds"), pursuant to the Community Redevelopment Law, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Law"), Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (the "Dissolution Act"), and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Refunding Law"). The Series C Bonds are being issued pursuant to an Amended and Restated Indenture of Trust, dated as of December 1, 2004, between the Redevelopment Agency of the City of Pittsburg, as succeeded by the Successor Agency, and The Bank of New York Trust Company, N.A., as succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as heretofore supplemented and amended and as supplemented and amended by the Thirteenth Supplemental Indenture of Trust (collectively, the "Indenture"), dated as June 1, 2016, by and between the Successor Agency and the Trustee. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Successor Agency contained in the Indenture, and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Successor Agency is duly created and validly existing as a public entity, with the power to enter into the Indenture, perform the agreements on its part contained therein, and issue the Series C Bonds.

2. The Indenture has been duly approved by the Successor Agency, and constitutes a valid and binding obligation of the Successor Agency, enforceable against the Successor Agency in accordance with its terms.

3. Pursuant to the Law, the Dissolution Act and the Refunding Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Series C Bonds, subject to no prior lien granted under the Law, the Dissolution Act and the Refunding Law, except to the extent set forth in the Indenture.

4. The Series C Bonds have been duly authorized, executed and delivered by the Successor Agency, and are valid and binding special obligations of the Successor Agency, payable solely from the sources provided therefor in the Indenture.

5. The interest on the Series C Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; although for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Series C Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series C Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series C Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Series C Bonds, or the amount, accrual or receipt of interest on the Series C Bonds.

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

The rights of the owners of the Series C Bonds, and the enforceability of the Series C Bonds and the Indenture, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and may also be subject to the exercise of judicial discretion in appropriate cases. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

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APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix C concerning The Depository Trust Company ("**DTC**"), New York, New York, and DTC's book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

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

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

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

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

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APPENDIX D

FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG (the "Successor Agency") in connection with the issuance of its:

- $120,085,000 Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series A (the “2016 Series A Bonds”),

- $26,690,000 Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, (Taxable) 2016 Series B (the “2016 Taxable Series B Bonds”), and

- $37,755,000 Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series C (the “2016 Series C Bonds, and together with the 2016 Series A Bonds and the 2016 Taxable Series B Bonds, the “Bonds”).

The Bonds are being issued pursuant to an Amended and Restated Indenture of Trust dated as of December 1, 2004, as supplemented 11 times (the “Original Indenture”). The 2016 Series A Bonds and the 2016 Taxable Series B Bonds are being issued pursuant to the Original Indenture, as amended and supplemented by a Twelfth Supplemental Indenture of Trust dated as of January 1, 2016, by and between the Successor Agency and the Trustee (the “**Twelfth Supplement**”). The 2016 Series C Bonds are being issued pursuant to the Original Indenture, as amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2016, by and between the Successor Agency and the Trustee (the “**Thirteenth Supplement**” and, together with the Thirteenth Supplement, the “**Indenture**”). The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Dissemination Agent*" shall mean BLX Group, Los Angeles, California, or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.

"EMMA System" shall mean the Electronic Municipal Market Access system of the MSRB or such other electronic system designated by the MSRB or the Securities and Exchange Commission for compliance with S.E.C Rule 15c2-12(b).

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Participating Underwriter*" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Successor Agency's fiscal year (which date currently would be March 1, based upon the June 30 end of the Successor Agency's fiscal year), commencing with the report for the 2014-15 fiscal year, provide to the MSRB through the EMMA System an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Successor 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).

(b) If the Successor Agency is unable to provide to the MSRB through the EMMA System an Annual Report by the date required in subsection (a), the Successor Agency shall provide to the MSRB, in electronic format as prescribed by the MSRB through the EMMA System, a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB through the EMMA System pursuant to this Disclosure Certificate.

Section 4. Content of Annual Reports. The Successor Agency's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements of the Successor Agency prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such 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) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for the Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Successor Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the Official Statement for the Bonds, as follows:

(i) aggregate assessed values of the Redevelopment Project Area as shown in Table 3 of the Official Statement for the current fiscal year;

(ii) list of top ten largest local secured property taxpayers in the Redevelopment Project Area as shown in Table 4 of the Official Statement for the current fiscal year;

(iii) information regarding secured tax charges and delinquencies on taxable properties within the Project Area for the most recently completed fiscal year if Contra Costa County discontinues its Teeter Plan in connection with the Successor Agency's Project Area;

(iv) An annual statement regarding the current status of Contra Costa County's Teeter Plan;

(v) the dollar amount of open appeals in the current fiscal year and the dollar amount of resolved appeals in the past fiscal year; and

(vi) calculation of pro forma coverage ratio for the current fiscal year, calculated in the same manner as provided in the Official Statement under the section entitled "THE PROJECT AREA - Estimated Debt Service Coverage for the Bonds".

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 Successor Agency or related public entities, which have been submitted to the MSRB through the EMMA System or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, 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 security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB through the EMMA System, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material." The Successor Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the Successor Agency determines the event's occurrence is material for purposes of U.S. federal securities law. The Dissemination Agent shall not be responsible for determining whether an event is material.

Section 6. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the delivery to the Dissemination Agent of an opinion of nationally recognized bond counsel retained by the Successor Agency to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent.

(a) The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Successor Agency pursuant to this Disclosure Certificate, unless the Successor Agency is the Dissemination Agent, as provided herein. If at any time there is no designated Dissemination Agent appointed by the Successor Agency, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of Dissemination Agent hereunder, the Successor Agency shall be the Dissemination Agent and undertake or assume its obligations hereunder. The Dissemination Agent may resign by providing thirty days written notice to the Successor Agency and the Trustee.

Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act. The Dissemination Agent may resign its duties hereunder at any time upon written notice to the Successor Agency.

(b) The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Successor Agency from time to time and for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent (unless the Successor Agency is the Dissemination Agent) shall have no duty or obligation to review any information provided to it by the Successor Agency hereunder and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, holders or beneficial owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel retained by the Successor Agency.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied

(provided no amendment or waiver shall be made that affects the duties or rights of the Dissemination Agent without its written consent):

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel retained by the Successor Agency, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel retained by the Successor Agency, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB through the EMMA System in the same manner as for a Listed Event under Section 5(c).

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

Section 10. Default. In the event of a failure of the Successor Agency to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including

seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. All of the immunities, indemnities, and exceptions from liability in Article VI of the Indenture insofar as they relate to the Trustee shall apply to the Trustee and the Dissemination Agent in this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel retained by the Successor Agency. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person, other than the Successor Agency, shall have any right to commence any action against the Trustee or Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: February 10, 2016

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG

By _____

Name _____

Title _____

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Successor Agency of the Redevelopment Agency of the City of Pittsburg

Name of Bond Issues: $120,085,000 Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series A,

$26,690,000 Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, (Taxable) 2016 Series B

$37,755,000 Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series C

Date of Issuance (2016 Series A Bonds and 2016 Series B Bonds): February 10, 2016

Date of Issuance (2016 Series C Bonds): June 7, 2016

NOTICE IS HEREBY GIVEN that the Successor Agency of the Redevelopment Agency of the City of Pittsburg (the "Issuer") has not provided an Annual Report with respect to the above-named Bonds as required by the Amended and Restated Indenture of Trust dated as of December 1, 2004 (the “Master Indenture”) by and between the Former Agency and the Trustee, as supplemented multiple times, including by a Twelfth Supplemental Indenture of Trust (in connection with the issuance of the 2016 Series A Bonds and the 2016 Taxable Series B Bonds) and a Thirteenth Supplemental Indenture of Trust (in connection with the issuance of the Series 2016 Series C Bonds) (collectively, the “Indenture”), by and between the Successor Agency and the Trustee, by and between the Successor Agency of the Redevelopment Agency of the City of Pittsburg and The Bank of New York Mellon Trust Company, N.A., as trustee. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG

By _____

Name _____

Title _____

cc: Trustee

APPENDIX E

AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR 2014-15

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Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2015

City of Pittsburg, California

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City of Pittsburg
California

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2015

Prepared by the Finance Department

Karen Chang
Division Manager, Financial Reporting

Brad Farmer
Director of Finance

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

City of Pittsburg
Basic Financial Statements
For the Year Ended June 30, 2015
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CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

City of Pittsburg
65 Civic Avenue
Pittsburg, California 94565-3814

December 15, 2015

Honorable Mayor
Members of the City Council
And Citizens of Pittsburg

We are pleased to present the City of Pittsburg (City) Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2015. The information in this CAFR is prepared in accordance with "Generally Accepted Accounting Principles" (GAAP) and includes an unqualified opinion on the report by the City's independent certified public accountants. Although we rely on the standards and expertise of these external authorities, the responsibility for the accuracy and fairness of this report, inclusive of all disclosures that are necessary to enable the reader to understand the City's operations rests with the City.

For those readers interested in a more detailed review of the City's financial statements, a narrative section called the Management's Discussion and Analysis (MDA) has been included as part of the Financial Section. The MDA reports on the financial highlights of the City and provides additional analysis on the variances and trends reported as part of the financial statements. The MDA also discloses significant items affecting the financial condition of the City and is designed to be read in conjunction with this letter of transmittal.

City Profile

The City was incorporated in 1903 and is located along the Sacramento-San Joaquin River Delta, situated on the north side of Mount Diablo. Pittsburg resides in the Northeast part of Contra Costa County.

While the City is a general law City, it operates utilizing the Council-Manager form of government. The five Council members are elected at large for staggered four-year terms to govern the City. Also elected to four-year terms are the City Treasurer and City Clerk. The City Council is responsible for establishing policies, adopting an annual budget, appointing commissions and committees, and hiring the City Manager and City Attorney. The City Manager is responsible for implementing the Council's policies, overseeing the day–to-day operations of the City and appointing the directors of the City's departments.

The City provides a full range of municipal services, including police, water and sewer, streets, cultural and recreational facilities, golf course, public works and parks, economic development, planning, zoning, building inspection, code enforcement, housing assistance, marina operations, energy distribution, engineering, and general administration. The Contra Costa County Fire Protection District provides fire services for the City.

Reporting Entities

The financial statements included in this CAFR present the City (the primary government) with all the City funds, Housing Authority, and the Pittsburg Power Company (Pittsburg Power) as component units. These three component units are separate legal entities; however, the members of the City Council also serve as members of the Housing Authority Board, the Successor Agency Board, the Southwest Pittsburg Geologic Hazard Abatement District II ("GHAD II") Board, and the Pittsburg Power Board. Therefore, the financial information for the Housing Authority, Successor Agency, GHAD II, and Pittsburg Power are blended with the City's financial information.

Economic Conditions and Outlook

The City continues to show signs of recovery from the great recession. Pittsburg continues to see steady growth in the population, currently estimated at 68,140. Unemployment rates have dropped from the peak of the recession 17.4% to 5.6%. The City has seen increases in both property tax and sales tax revenues this past year. The recovering construction sector, along with recovering property tax values are helping to increase the projected property tax revenue base by a projected 5.6% in fiscal year 2015-16. Most of these increases will come from the increase of additional single-family housing and commercial construction.

The City expects to see an increase of sales tax of $1.8 million in the upcoming year mainly due to the one time catch-up and overlap as the "triple flip" unwinds. The "triple flip" was a mechanism adopted in 2004 to fund the state's economic recovery bond program and balance the State's deficit.

Although revenues have improved, the costs to deliver services to residents and business communities continue to increase. During this past year, the City successfully negotiated expiring contracts with labor unions, which were mutually beneficial to both parties while controlling costs. Staff will strive to optimize existing resources while closely monitoring expenses ensuring residents and the business community will be properly served during this recovery.

The City offers a number of programs and incentives to attract new businesses, assist existing businesses, and collaborate with non-profit organizations to train and enable residents to find employment. The East County One-Stop Career Center and Future Build are two non-profit entities the City works with to provide businesses and residents with employment and training opportunities locally.

General Fund Condition and Long-term Plans

To help City management and City Council plan the City's General Fund budget and use of the Budget Stabilization Fund, the City developed a 7-year General Fund Forecast and Balancing Plan ("7-Year Plan"). Periodically, the 7-year Plan is updated based on current revenue and expenditure information. Currently, there is approximately $7.9 million available in the Budget Stabilization Fund. Based on the 7-year Plan, the City should have a structurally balanced General Fund budget by FY 2018-2019.

While the 7-Year Plan has been a great tool for City management and City Council to develop a structurally balanced budget per the City's Fiscal Sustainability Ordinance, the City has also established a longer-range 20-Year forecast for the City's General Fund. This plan incorporates anticipated fluctuations of revenues and expenditures over a longer term, thus allowing the City to manage its affairs in a prudent fiscal manner, while providing services to residents and businesses that are necessary for a growing community.

These plans, in combination with the actual revenues and expenses, have been favorable a majority of years since fiscal year 2011-12. As a result, through FY 2014-15 the City used only a total of approximately $1.7 million from the Budget Stabilization Fund to balance the General Fund budget, which is significantly less than the $6.8 million, which was projected.

Fiscal Sustainability Ordinance

This is the third fiscal year that the City's General Fund budget was developed under the requirements outlined in the City's Fiscal Sustainability Ordinance. The balance of the Budget Stabilization Fund at the end of FY 2014-15 was $7.9 million, which is greater than the $2 million minimum balance. We will continue to work toward the operating reserve level which has been set at 30% of operating expenses.

Major Initiatives

Capital projects completed in Fiscal Year 2014-15 include the following:

- Pittsburg-Antioch Highway/Loveridge Road Intersection Improvements
- Integrated Pest Management (IPM) Garden
- Vista Del Mar Trail
- John Buckley Square
- 2014/15 Citywide Pavement Management Project
- Delta Hawaii Waterline
- Riverview Park Small Watercraft Launch Ramp
- Leland/Railroad Avenue Storm Drain
- Golf Cart Path Repairs
- Railroad Avenue Pavement Improvements
- School Area Safety Improvements
- W. Leland Reservoir Demolition

FY 2015-16 Major Initiatives:

Capital Projects – The City has made great strides in redeveloping the downtown areas and infrastructure throughout the City. In FY 15-16, the City will continue these efforts with upgrades to the Signal Systems, rehabilitating existing parks, continued renovation of the Water and Sewer Treatment Plants and related facilities, and pavement improvement projects.

eBART Extension and Pittsburg Center Station - The most significant project that began construction in FY 2014-15 was the *eBART* extension. The new Civic Center Station located in central Pittsburg will provide residents access to the greater Bay Area region's BART system and plans to open in FY 2017-18. As the station nears completion, the City foresees additional transit-oriented development, higher density mixed-use housing and commercial development near the station.

OTHER INFORMATION

The City is responsible for establishing and maintaining internal control structures designed to ensure that the assets be protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structures are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit and Compliance

The City as a recipient of federal and state financial assistance is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the Finance staff of the City. In management's opinion, the City's internal controls adequately safeguard assets, and provide reasonable assurance of the proper recording of financial transactions. In addition, the results of the City's single audit for the fiscal year ended June 30, 2014 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary Controls

The City maintains budgetary controls, which has received the "Government Finance Officers Association's Distinguished Budget Presentation" award, to safeguard City assets and ensures compliance with legal provisions embodied in the annual appropriated budget as approved by the City Council. Activities of the general fund, special revenue funds, and capital projects funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The City also applies and maintains an encumbrance accounting system as a technique to accomplishing budgetary control. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Appropriations Limit

Proposition 4, the "Gann" initiative, was passed by California voters in 1978 and is intended to limit governmental General Fund appropriations. The appropriation limit as calculated each year based upon fiscal year 1978-79 appropriations, modified by the composite consumer price index, and population changes, which have occurred in subsequent years. The City's General Fund appropriation limit for fiscal year 2014-15 amounted to $127,698,145. The City's FY 2014-15 General Fund budget was $36.9 million, which is below the appropriation limit.

Cash Management

The City holds temporarily idle cash in the Local Agency Investment Fund (LAIF) as administered by the Treasurer of the State of California. LAIF invests in obligations of the United States Treasury, Federal Agency Coupons and Discount Notes, Medium Term Notes, and Certificates of Deposit. These investments, as permitted under an investment policy, adopted by the City Council defines eligible investments and maturities of the City's investment portfolio and requires securities to be held by the City or by a qualified custodial institution and registered in the name of the City. The quarterly return on LAIF pooled investments at June 30, 2015 was 0.28%, an increase of .06% compared to the same period of last fiscal year 0.22% (June 30, 2014). Total LAIF interest earnings were $28,704 for the fiscal year 2014-15, a decrease of $49,895 from the fiscal year 2013-14.

Risk Management

The City is self-insured for the first $25,000 of each loss and maintains excess liability insurance through the Management Pooling Authority (MPA). The City is self-insured for liability occurrences over $29 million per occurrence. The City also maintains statutory excess workers' compensation insurance through the Municipal Pooling Authority (MPA).

Independent Audit

Maze & Associates, Certified Public Accountants, an independent public accounting firm, has examined the financial statements of the City and its affiliated agencies. Their opinion on the City's financial statements and supplemental information is included within this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pittsburg for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. In order to receive the "Certificate of Achievement" award, a government agency must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Acknowledgements

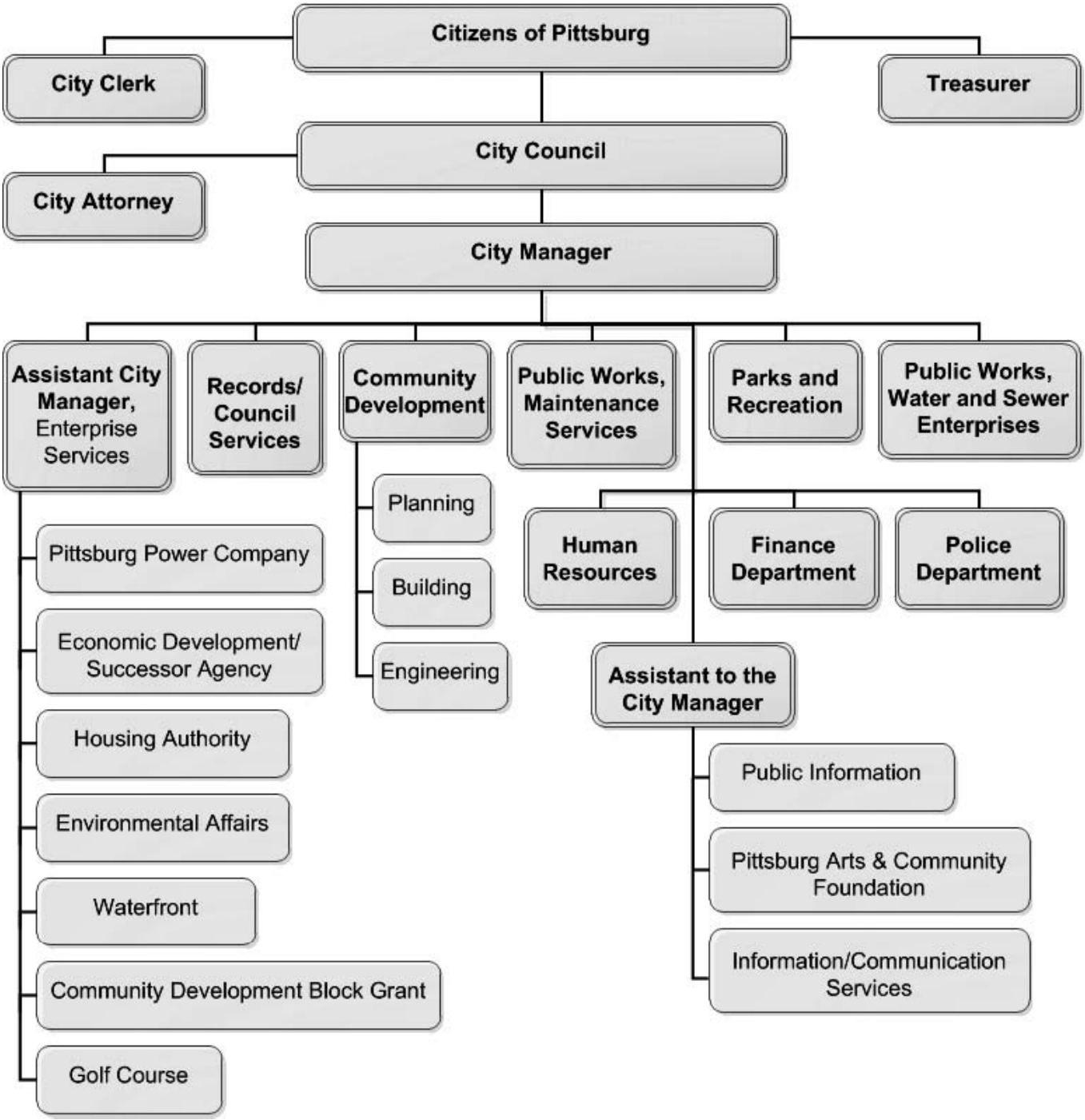
The preparation of this report is the result of the concerted effort and dedication of all the employees of the Pittsburg Finance Department. However, we would like to acknowledge Karen Chang and the extra effort she invested in completing this year's Audited Financial Statements.

Finally, we would like to thank the Mayor and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and transparent manner.

Respectfully submitted,

Joe Sbranti	Brad Farmer
City Manager	Director of Finance

➢ CITY GOVERNMENT ORGANIZATION



City of Pittsburg
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2015

City Council

Pete Longmire, Mayor
Ben Johnson, Vice Mayor
Salvatore Evola, Council Member
Will Casey, Council Member
Merl Craft, Council Member

Other Elected Officials

Nancy L. Parent, City Treasurer
Alice E. Evenson, City Clerk

City Attorney

Ruthann G. Ziegler, Esquire, City Attorney

Management Staff

Joe Sbranti, City Manager
Garrett Evans, Assistant City Manager – Enterprise Services
Brian Addington, Chief of Police
Don Buchanan, Director of Parks and Recreation
Hilario Mata, Assistant Director of Public Works
Fritz McKinley, Director of Community Development/City Engineer
Van dePiero, Harbormaster
Alice E. Evenson, Director of Records and Council Services
Sharon Jackson, Manager of Housing Authority
Brad Farmer, Director of Finance
Walter C. Pease, Director of Water and Sewer System Enterprises

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pittsburg

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

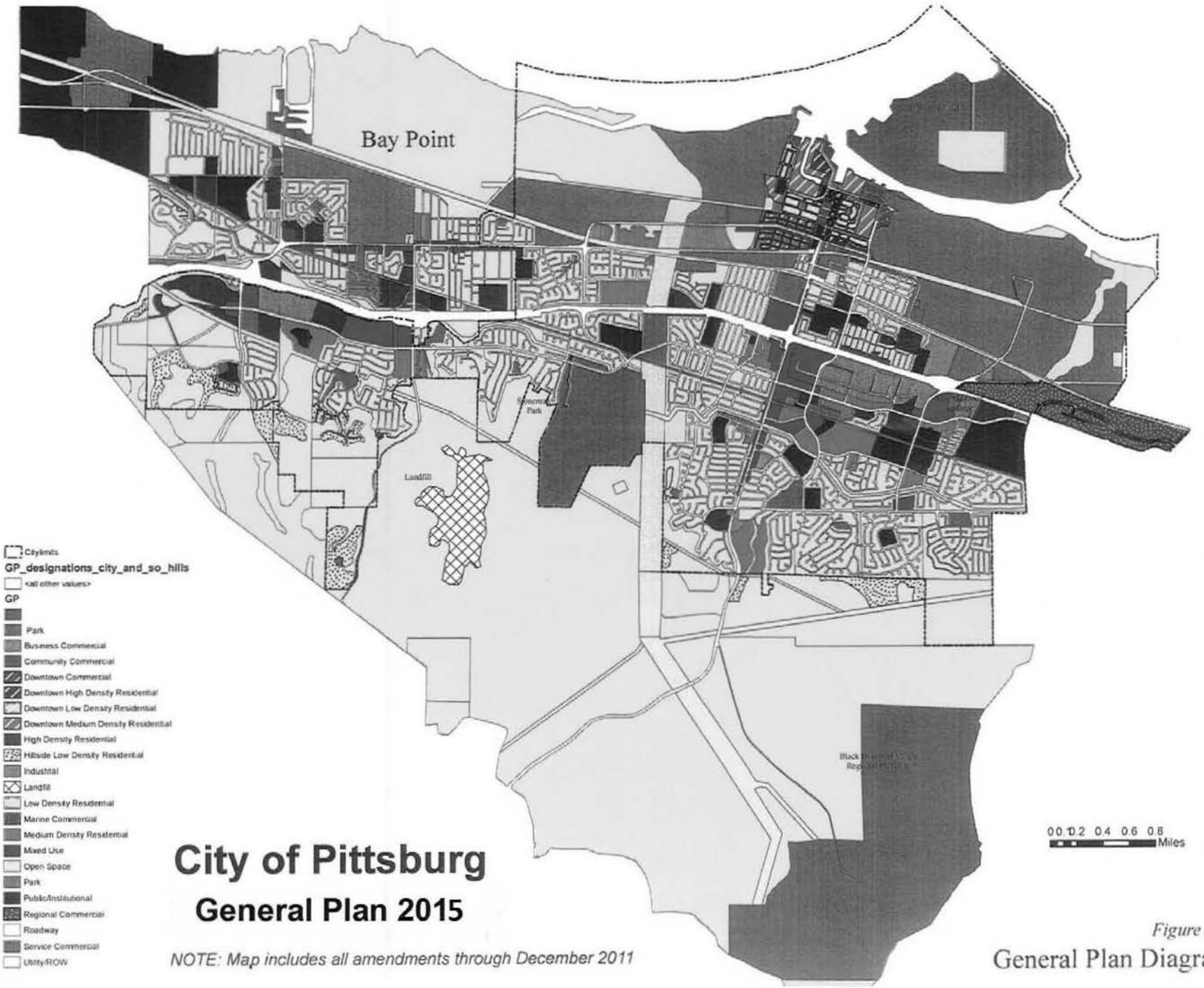


Figure 2-2
General Plan Diagram

MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

To the Honorable City Council of the
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, 2015, 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.

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, 2015, 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.

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**

Emphasis of a Matter

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 and required a prior period adjustment of net position as discussed in Note 11 to the financial statements.

Statement No. 68 – *Accounting and Financial Reporting for Pensions*

Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*

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 other Required Supplementary Information 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 listed in the Table of Contents are presented for purposes of additional analysis and are not a required part 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 December 4, 2015, 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
December 4, 2015

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Pittsburg (City), staff offers readers this discussion and analysis of the City's financial performance for the Fiscal Year ended June 30, 2015. 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 Standards Board (GASB). Staff encourages 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 2014-2015 by $383.7 million (M) (*net position*).

The City's total net position of $383.7M decreased from the prior fiscal year 2013-2014 by $56.7M. The decrease was primarily due to a one-time adjustment of $44.3M, due to the implementation of GASB 68 and 71; increases in capital assets and other expenditures totaling $12.4M.

As of June 30, 2015, the City's governmental funds reported combined ending fund balances of $42.1M, a decrease of $5.5M in comparison with the prior fiscal year of $47.6M. The decrease was primarily due to a 1) $3.4M capital outlay expenditure; 2) $1M increase in fringe benefits and 3) $1.1M increase in revenues and decreased expenditures.

The City's net position from business type activities (enterprise funds) increased by approximately $0.6M from $124.6M to $125.2M primarily as a result of an increase of $11.4M in restricted funds held at I-Bank, offset by a $10M increase in long term debt liabilities and an $0.8M increase in expenses.

- As of June 30, 2015, the fund balance (total assets minus total liabilities) for the General Fund, which includes the Budget Stabilization and Economic Development funds, was $18.0M, of which $2.9M is designated as "Nonspendable" for items that are not in spendable form such as deposits, interfund advances, and inventory; $0.5M is designated as "Assigned" for economic development activities and encumbrances, which is intended for specific purposes designated by the City Council. This leaves a total unassigned balance of $14.6M, of which $6.7M is the General Fund operating reserve which is available to cover expenses in the event of an emergency and $7.9M is in the Budget Stabilization Fund that can be used to balance future budgets. The General Fund Cash and Investments balance is $17.6M, which consisted of $9.3M in General Fund, $7.9M in the Budget Stabilization Fund, and $0.4M in the Economic Development Fund.

- There are three major funds in the Governmental Funds section of the Comprehensive Annual Financial Report: 1) the General Fund, 2) Housing Authority (Section 8) and 3) Successor Agency Housing.

- There are five major enterprise funds in the Proprietary Funds section of the Comprehensive Annual Financial Report: (1) Water Utility, (2) Sewer Utility, (3) Marina, and (4) Pittsburg Power Company (including Island Energy) and (5) Water Front Operations.

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 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 and deferred inflows of resources, 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 leave absences).

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, Pittsburg Power Company (includes Island Energy operation), and Water Front Operation.

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

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 41 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for three funds that are considered to be major funds. These funds consist of the General Fund, Housing Authority (Section 8), and the Successor Agency Housing Fund. Data from the other 38 governmental funds, which are combined into a single, aggregated presentation under Other Governmental Funds, are considered as 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, Pittsburg Power Company (including Island Energy) 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 Golf Course, previously reported as a Proprietary Fund has been reclassified to a special revenue fund starting this fiscal year, (see Note 9E for additional information).

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, 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, the Marina Fund, Pittsburg Power Company (including Island Energy), and the Water Front Operations, all of which are considered to be major funds. 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 which is 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 AB 1484, the activities of the Successor Agency to the former Redevelopment Agency are reported as Private Purpose Trust Fund in the Fiduciary Fund section. This year, we have included the Miscellaneous Employee Retirement System activities in the Fiduciary Statement.

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. This year, the City implemented the GASB 68 and 71, which resulted in a restatement of the beginning Fund Balance. For additional information, please refer to Note 11 for the Pension Plan.

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 position (government and business-type activities) totaled $383.7M at the close of the Fiscal Year ending June 30, 2015, which is $56.7M less than Fiscal Year 2013-2014.

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, 2015 with the comparative data for the Fiscal Year ended June 30, 2014, as restated.

City of Pittsburg
Summary of Net Position
As of June 30, 2015

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Current Assets	$ 97,414,550	$ 92,526,650	$ 39,914,361	$ 54,519,165	$ 137,328,911	$ 147,045,815
Non-Current Assets	276,043,704	268,651,593	129,677,512	131,648,062	405,721,216	400,299,655
Total Assets	373,458,254	361,178,243	169,591,873	186,167,227	543,050,127	547,345,470
Deferred Outflow of Resources	-	4,832,124	3,839,760	5,825,709	3,839,760	10,657,833
Current Liabilities	8,141,143	11,670,778	5,445,704	7,970,852	13,586,847	19,641,630
Non-Current Liabilities	49,577,370	88,153,711	43,339,074	57,886,337	92,916,444	146,040,048
Total Liabilities	57,718,513	99,824,489	48,784,778	65,857,189	106,503,291	165,681,678
Deferred Inflows of Resources	-	7,696,094	-	940,276	-	8,636,370
Net Investments in Capital Assets	275,937,889	268,580,073	91,725,512	84,084,664	367,663,401	352,664,737
Restricted	31,169,386	27,662,593	20,964,408	39,342,518	52,133,794	67,005,111
Unrestricted	8,632,466	(37,752,882)	11,956,935	1,768,289	20,589,401	(35,984,593)
Total Net Position as Restated (Note 9E)	$ 315,739,741	$ 258,489,784	$ 124,646,855	$ 125,195,471	$ 440,386,596	$ 383,685,255

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.

The Statement of Net Position contains more detailed information on Current Assets, Non-Current Assets, Deferred outflows of Resources, Current Liabilities, Non-current Liabilities and Deferred inflows of Resources.

At the end of Fiscal Year 2014-2015 the total assets exceeded total liabilities by $383.7M.

Changes in Net Position – In the Fiscal Year 2014-2015, expenditures of $80.2M exceeded the revenues and transfers of $63.4M by $16.8M. The City's expenses cover a range of services. Of the Governmental Activities, the largest expenses were in the Community Development category $22.0M, Public Safety $24.8M, and Public Works $18.2M. 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.

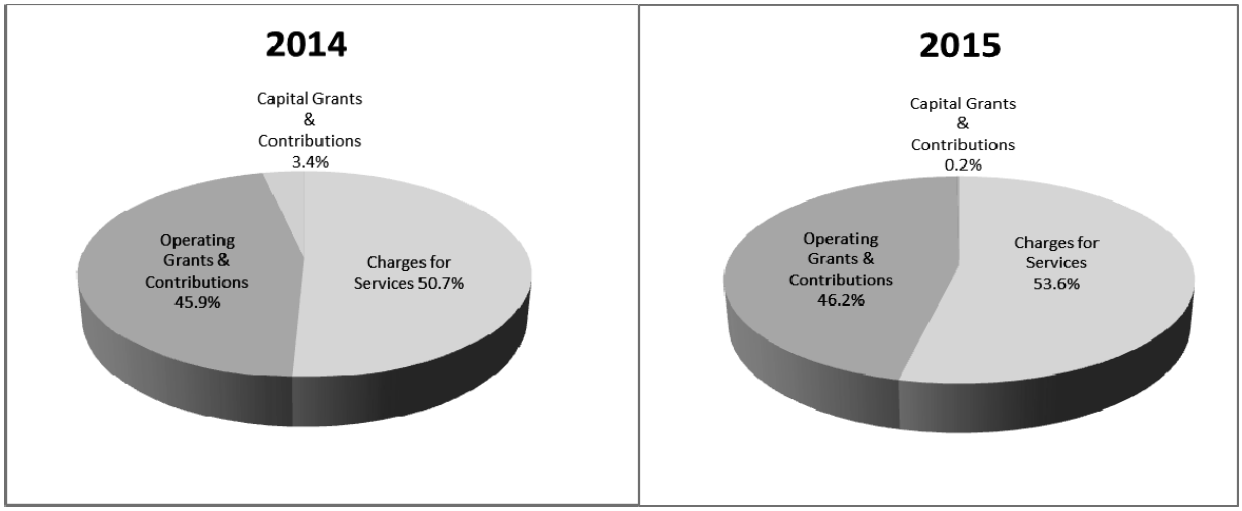
Governmental Activities – Governmental Activities reflect a decrease of $57.3M in net position and Business Activities reflect an increase of $0.6M in net position for the Fiscal Year 2014-15. A comparison of the cost of services by function for the City's Governmental Activities is shown on the next page, along with the revenues used to cover the net expenses of the Governmental Activities, and with comparative data from Fiscal Year 2013-2014.

Statement of Changes in NetPosition
Fiscal Year Ended June 30, 2015
With comparative data for fiscal year ended June 30, 2014

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Revenues:						
Program Revenues:						
Charges for Services	$ 14,530,661	$ 14,744,645	$ 33,011,978	$ 33,956,795	$ 47,542,639	$ 48,701,440
Operating Grants and Contributions	13,133,883	12,699,542	40,000	-	13,173,883	12,699,542
Capital Grants and Contributions	979,706	48,709	748,904	2,145,271	1,728,610	2,193,980
Sub-Total	28,644,250	27,492,896	33,800,882	36,102,066	62,445,132	63,594,962
General Revenues:						
Property Taxes	2,613,321	3,204,965	-	-	2,613,321	3,204,965
Sales Taxes	12,563,378	11,745,524	-	-	12,563,378	11,745,524
Franchise Fees	4,063,561	4,327,160	-	-	4,063,561	4,327,160
Motor Vehicle in lieu fees	3,795,560	4,169,031	-	-	3,795,560	4,169,031
Gas Taxes	2,046,099	1,853,567	-	-	2,046,099	1,853,567
Other Taxes	6,885,865	7,347,881	-	-	6,885,865	7,347,881
Miscellaneous	4,744,005	-			4,744,005	-
Investment Earnings - Unrestricted	600,555	539,473	129,786	440,462	730,341	979,935
Gain on Sale of Assets			98,692	63,754	98,692	63,754
Sub-Total	37,312,344	33,187,601	228,478	504,216	37,540,822	33,691,817
Total Revenues	65,956,594	60,680,497	34,029,360	36,606,282	99,985,954	97,286,779
Expenses:						
General Government	3,579,804	6,088,705	-	-	3,579,804	6,088,705
City Council	85,455	80,833	-	-	85,455	80,833
City Manager and City Clerk	479,812	641,990	-	-	479,812	641,990
City Attorney	456,544	544,195	-	-	456,544	544,195
Human Resources	687,692	909,284	-	-	687,692	909,284
Finance and Services	2,545,536	2,829,332	-	-	2,545,536	2,829,332
Community Development & Services	18,705,444	21,998,387	-	-	18,705,444	21,998,387
Public Safety	22,683,125	24,833,843	-	-	22,683,125	24,833,843
Public Works	16,305,801	18,213,277	-	-	16,305,801	18,213,277
Interest on Long-Term Debt	1,574,056	4,074,415	-	-	1,574,056	4,074,415
Gain (loss) on sale of assets	-		-	-	-	-
Water Utility	-	-	16,513,159	17,477,524	16,513,159	17,477,524
Sewer Utility	-	-	2,490,191	2,264,022	2,490,191	2,264,022
Marina	-	-	2,230,133	2,352,274	2,230,133	2,352,274
Golf Course	-	-	102,509	-	102,509	-
Pittsburg Power	-	-	5,659,707	6,670,282	5,659,707	6,670,282
Water Front Operations	-	-	718,835	750,765	718,835	750,765
Total Expenses	67,103,269	80,214,261	27,714,534	29,514,867	94,817,803	109,729,128
Increase in Net Position before Transfers	(1,146,675)	(19,533,764)	6,314,826	7,091,415	5,168,151	(12,442,349)
Transfers	2,342,747	2,677,386	(2,342,747)	(2,677,386)	-	-
Change in Net Position	1,196,072	(16,856,378)	3,972,079	4,414,029	5,168,151	(12,442,349)
Net Position- Beginning of Year (As Restated)	314,579,747	315,739,741	120,638,699	124,646,855	435,218,446	440,386,596
Prior period adjustment due to implementation of GASB 68 and 71 (Note 9F)	-	(40,393,579)	-	(3,865,413)	-	(44,258,992)
Net Position- End of Year	$ 315,775,819	$ 258,489,784	$ 124,610,778	$ 125,195,471	$ 440,386,597	$ 383,685,255

Total Program Revenues from Governmental Activities were $27.5M in Fiscal Year 2014-2015. 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, 53.6% of the Governmental Program Revenues came from Charges for Services (which includes licenses and permits, plan checking fees, developer fees and several other revenues), 46.2% 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 0.2% from Capital Grants and Contributions. The charges for these services increased by $214.0K primarily due to an increase in fee revenues.

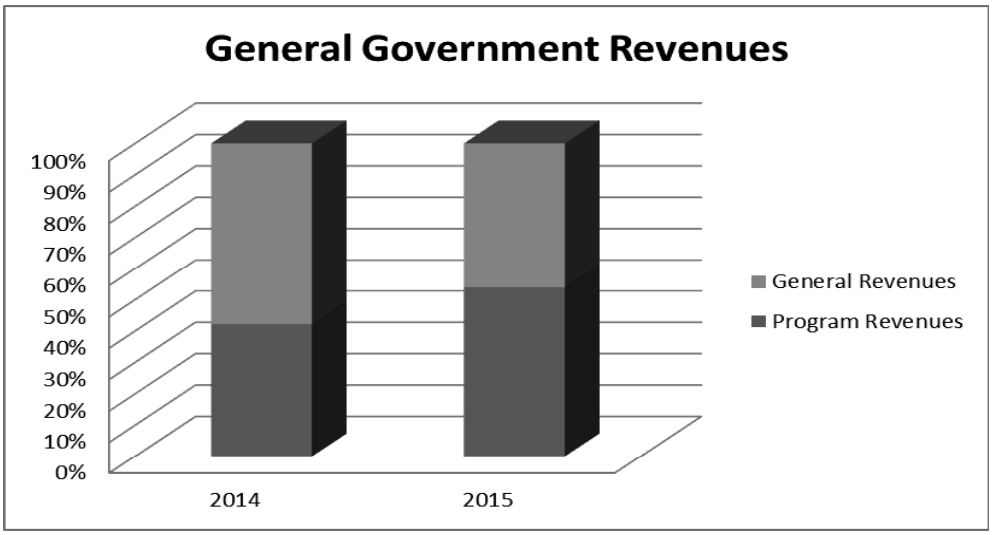
Government Revenues by Program Type



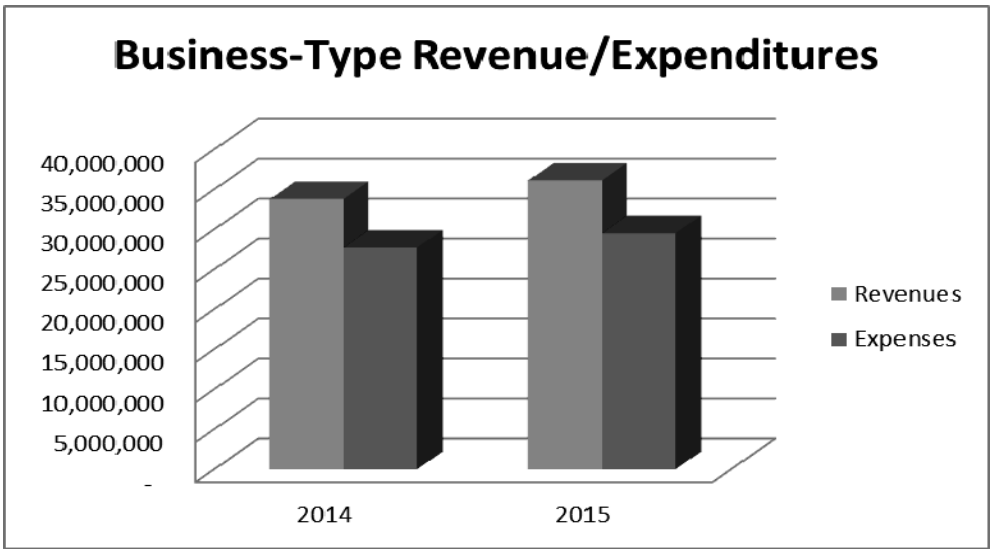
Approximately 42% of General Government services are funded by General Revenues. General Revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes, intergovernmental and investment earnings. Interest on long-term debt is paid through general revenues, 93% of Public Safety services and 97% of Public Works services are supported through general revenues.

General Revenues from Governmental Activities represented 57%, and Program revenues reflected 43% of total Governmental Activities revenues. Total General Revenues from Governmental Activities were $35.9M in Fiscal Year 2014-2015. Sales Taxes comprised the largest percentage of General Revenues, 32.7% or $11.7M, received during the fiscal year.

	2015		2014	
Program Revenues	$ 27,492,896	43%	$ 28,644,250	42%
General Revenues	35,864,987	57%	39,655,091	58%
	$ 63,357,883		$ 68,299,341	



Business-Type Activities – Net position for Business-Type Activities were $125M, a net increase of $0.6M from the prior fiscal year. Total program revenues for Business-Type Activities were $36.1M. Total expenses for the Business-Type Activities were $29.5M for the Fiscal Year 2014-2015.



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.

At the end of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of $42.1M, a decrease of $5.4M, in comparison to the prior year. Approximately 35% of this total amount or $14.6M, constitutes unassigned general fund balance, which is available for spending at the government's discretion and $7.9M is designated to balance future budgets. The remainder of the fund balance is designated as "Nonspendable" $2.9M to indicate that it is not available for new spending because it is not in a spendable form, or designated as "Assigned" due to being committed to liquidate contracts (encumbrances) and various departmental reservations $0.6M. However, the "Assigned" balance is an internal designation and can be altered to become unassigned, if needed. For a detailed 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 in the fund balance of $324K. This is due to decreases in program funding from the United States Department of Housing and Urban Development (HUD) to deplete the excess reserve.

General Fund Budgetary Highlights – The final amended budget totaled $36.9M, including $821,907 on prior fiscal year budget carry forward totals and new appropriation amendments to the originally adopted budget. These amendments are briefly summarized below.

Per Resolutions 14-12176 the City Council adopted the approval of the following additional appropriations and project carry-forwards:

Budget Carry Forwards

$ 2,060	Contractual & Professional Services	City Manager
789	Equipment Rental	City Manager
20,000	Special Departmental Supplies	City Clerk
2,000	Travel, Training & Conferences	City Clerk
5,000	Capital Equipment & Furniture	City Clerk
51,938	Contractual & Professional Services	Human Resources
2,439	Safety	Human Resources
2,199	Citywide Training	Human Resources
1,971	Special Departmental Supplies	Human Resources
1,945	Contractual & Professional Services	Finance/Accounting
14,806	Financial Management System	Finance/Utility Billing
3,000	Computer Supplies	Engineering
20,000	Contractual & Professional Services	Engineering
13,000	Maintenance & Repairs	Police Department
10,000	Contractual & Professional Services	Police Department
9,000	EBRCS Membership Fee	Police Department
10,000	Miscellaneous Services & Supplies	Non-Departmental
10,000	Maintenance and Repairs	Non-Departmental
500	Contractual & Professional Services	Non-Departmental
19,411	Economic Development	
37,748	Contingencies	
$ 237,806	**Sub-Total Budget Carry Forwards**	

Approved Amendments	
$ 3,331	City Council
13,833	City Manager
(10,969)	City Clerk
(344)	City Attorney
5,599	Human Resources
2,223	Finance/Accounting
(1,752)	Finance/Utility Billing
1,458	Graffiti Removal Program
13,031	Planning
17,176	Building Code Enforcement
58,112	Engineering
(2,736)	Recreation
44,403	Police
14,214	Public Works
(15,713)	Non-Departmental
157,349	Economic Development
$ 299,215	**Sub-Total Approved Amendments**
$ 537,021	

The City continues to see signs of improvement through increases in property taxes and permit fees. The Property Taxes and permits fees exceeded their budget forecasts by $492K and $260K respectively. The increase in property taxes and permit fees were due to a steady increase in property value and an increase in construction. The sales taxes dropped by $820K this year due to a refund of true-up for the FY 2013-14.

At the end of the fiscal year, General Fund expenditures exceeded budgeted expenses by $993K. This was due to the payment obligation for Contra Costa County Employees' Retirement Association (CCCERA).

There is a total deferral of revenue of $763K in the General Fund (see Note 4). With $652K being set aside for future Engineering related construction, such as: inspection fees and plan check fees. Other deferrals can be attributed to business license fees of $38K, deferred interest loans of $15K, future GIS mapping fees of $32K, various donations to Recreation Services for Teen activities, the Senior Center, Sister City, recycling containers of $8K and miscellaneous unavailable revenues of $18K.

The City's Proprietary Funds provide the same type of information found in the Government-Wide Financial Statements, but with more detail. According to standardized Governmental reporting standards, the Water Fund, Sewer Fund, and Pittsburg Power Company are major funds. The Marina and Waterfront funds are not considered to be major funds; however, the City has elected to continue to report both as major funds.

Total net position of the Proprietary Funds at the end of the year were $125.2M; an increase of $0.6M from the prior fiscal year, in which $84.1M 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, 2015, amounted to $400M (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 $5M.

City of Pittsburg
Capital Assets
(Net of Depreciation)
June 30, 2015

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Non-depreciable assets:						
Land	$ 33,828,944	$ 33,838,944	$ 1,143,506	$ 1,143,506	$ 34,972,450	$ 34,982,450
Construction in progress	25,194,054	15,913,273	20,659,398	10,019,500	45,853,452	25,932,773
Total	59,022,998	49,752,217	21,802,904	11,163,006	80,825,902	60,915,223
Depreciable assets (net of depreciation):						
Buildings and improvements	56,259,237	58,390,478	6,178,264	15,167,671	62,437,501	73,558,149
Machinery and equipment	2,356,234	2,540,322	4,082,505	6,511,375	6,438,739	9,051,697
Infrastructure	158,395,235	157,968,576	97,613,839	98,806,010	256,009,074	256,774,586
Total	217,010,706	218,899,376	107,874,608	120,485,056	324,885,314	339,384,432
Total capital assets	$ 276,033,704	$ 268,651,593	$ 129,677,512	$ 131,648,062	$ 405,711,216	$ 400,299,655

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

Debt Service Administration - At the end of the fiscal year, the City had total long-term debt outstanding of $82.4M. Governmental Activity debt of$34.4M consisted of Pension Obligation Bonds $33.8M, a loan from the California energy Resources Conservations and Development Commission for the City's LED light pole project $467K and a capital lease for a voice over internet protocol system (VOIP) $72K. Business-Type debt of $47.6M consisted of two Water and Sewer bonds $36.2M and a loan from the California Infrastructure and Economic Development Bank (I-Bank) to finance modifications at the water treatment plant and water related infrastructure $11.4M.

City of Pittsburg
Long-Term Debt
June 30, 2015

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Pension Obligation Bonds	$ 33,157,051	$ 33,826,975	$ -	$ -	$ 33,157,051	$ 33,826,975
Energy Conservation Loan	526,313	467,166	-	-	526,313	467,166
Capital Lease-VOIP	105,815	71,520	-	-	105,815	71,520
2008A Revenue Bonds	-	-	32,610,000	31,575,000	32,610,000	31,575,000
2014 Waste Water Revenue Bonds	-	-	5,342,000	4,601,000	5,342,000	4,601,000
2014 I-Bank Loan	-	-	-	11,387,398	-	11,387,398
Total	$ 33,789,179	$ 34,365,661	$ 37,952,000	$ 47,563,398	$ 71,741,179	$ 81,929,059

During this past year, the City's economy continued to show signs of recovery: Measure P sales tax revenues and property values are increasing while the City's unemployment rate continues to decline. Unfortunately, the City's Pension Obligation Bond ("POBs") debt service and Contra Costa County Employee Retirement Association (CCCERA) liability sharply increased in FY 2014-15, putting a damper on the revenue upside. The City restored two new full-time equivalent ("FTE") positions that were eliminated during the great recession in an effort to restore vital City services. In addition, the City successfully renegotiated new contracts on expiring union contracts. These changes allowed the staff to respond to the Council's and management's goals of continuing to prioritize public safety and maintain responsive, high quality public services to the Pittsburg Community.

The City continues to work to provide top quality services to its citizens, while being fiscally conservative. This approach ensures staff continually monitor expenses, while exploring alternative revenue sources and the use of the Budget Stabilization Fund when necessary, on its way to a balanced General Fund by Fiscal year 2018-19.

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.

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

BASIC

FINANCIAL

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CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

GOVERNMENT-WIDE

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CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

City of Pittsburg
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (Note 2)	$ 44,182,634	$ 31,524,241	$ 75,706,875
Restricted cash and investments (Note 2)	2,742,453	15,529,182	18,271,635
Receivables:			
Accounts	6,048,830	4,211,614	10,260,444
Interest	188,710	-	188,710
Loans/notes (Note 3)	41,402,455	-	41,402,455
Internal balances (Note 1H)	(2,848,806)	2,848,806	-
Inventory	760,543	303,126	1,063,669
Prepaid items and other assets	49,831	102,196	152,027
Total current assets	92,526,650	54,519,165	147,045,815
Noncurrent assets:			
Capital assets (Note 6):			
Land and nondepreciable assets	49,752,217	11,163,006	60,915,223
Depreciable capital assets, net of accumulated depreciation	218,899,376	120,485,056	339,384,432
Total capital assets, net	268,651,593	131,648,062	400,299,655
Total Assets	361,178,243	186,167,227	547,345,470
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated decrease in fair value of hedging derivatives (Note 7)	-	5,258,967	5,258,967
Pension related (Note 11)	4,832,124	566,742	5,398,866
Total Deferred Outflow of Resources	4,832,124	5,825,709	10,657,833
LIABILITIES			
Current liabilities:			
Accounts payable	4,057,662	3,200,503	7,258,165
Salaries payable	1,034,704	-	1,034,704
Interest payable (Note 1J)	745,124	258,033	1,003,157
Refundable deposits	1,046,587	1,018,101	2,064,688
Taxes payable	7,374	177,940	185,314
Loans payable	155,893	-	155,893
Due to other agencies	12,281	-	12,281
Unearned revenue (Note 4)	1,099,490	940,179	2,039,669
Claims and judgment payable due within one year (Note 10)	249,052	-	249,052
Compensated absences - due within one year (Note 1M)	1,211,450	328,869	1,540,319
Long-term debt - due within one year (Note 7)	2,051,161	2,047,227	4,098,388
Total current liabilities	11,670,778	7,970,852	19,641,630
Noncurrent liabilities:			
Compensated absences - due in more than one year (Note 1M)	444,258	109,622	553,880
Derivative instrument (Note 7)	-	5,258,967	5,258,967
Net pension liability (Note 11)	36,880,405	3,404,617	40,285,022
OPEB liability (Note 12)	18,514,548	3,596,960	22,111,508
Long-term debt - due in more than one year (Note 7)	32,314,500	45,516,171	77,830,671
Total noncurrent liabilities	88,153,711	57,886,337	146,040,048
Total Liabilities	99,824,489	65,857,189	165,681,678
DEFERRED INFLOWS OF RESOURCES			
Pension related (Note 11)	7,696,094	940,276	8,636,370
Total Deferred Inflows of Resources	7,696,094	940,276	8,636,370
NET POSITION (Note 9)			
Net investment in capital assets	268,580,073	84,084,664	352,664,737
Restricted for:			
Capital projects	13,246,621	15,612,339	28,858,960
Debt service	3,546,247	4,036,363	7,582,610
Ibank loan reserve	-	813,000	813,000
Special purpose projects (Note 9D)	10,869,725	14,744,262	25,613,987
Facility fee reserve	-	4,136,554	4,136,554
Total restricted net position	27,662,593	39,342,518	67,005,111
Unrestricted	(37,752,882)	1,768,289	(35,984,593)
Total Net Position	$ 258,489,784	$ 125,195,471	$ 383,685,255

See accompanying notes to financial statements

City of Pittsburg
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	$ 6,088,705	$ 8,097,253	$ -	$ -	$ 2,008,548	$ -	$ 2,008,548
City Council	80,833	-	-	-	(80,833)	-	(80,833)
City Manager and City Clerk	641,990	601	-	-	(641,389)	-	(641,389)
City Attorney	544,195	30,000	-	-	(514,195)	-	(514,195)
Human Resources	909,284	21,361	-	-	(887,923)	-	(887,923)
Finance and services	2,829,332	179,351	-	-	(2,649,981)	-	(2,649,981)
Community development and services	21,998,387	4,685,299	12,094,406	48,709	(5,169,973)	-	(5,169,973)
Public safety	24,833,843	1,206,225	605,136	-	(23,022,482)	-	(23,022,482)
Public works	18,213,277	524,555	-	-	(17,688,722)	-	(17,688,722)
Interest on long-term debt	4,074,415	-	-	-	(4,074,415)	-	(4,074,415)
Total Governmental Activities	80,214,261	14,744,645	12,699,542	48,709	(52,721,365)	-	(52,721,365)
Business-type Activities:							
Water Utility	17,477,524	18,979,002	-	2,145,271	-	3,646,749	3,646,749
Sewer Utility	2,264,022	5,123,475	-	-	-	2,859,453	2,859,453
Marina	2,352,274	2,071,214	-	-	-	(281,060)	(281,060)
Pittsburg Power	6,670,282	6,919,807	-	-	-	249,525	249,525
Water Front Operations	750,765	863,297	-	-	-	112,532	112,532
Total Business-type Activities	29,514,867	33,956,795	-	2,145,271	-	6,587,199	6,587,199
Total	$ 109,729,128	$ 48,701,440	$ 12,699,542	$ 2,193,980	(52,721,365)	6,587,199	(46,134,166)
General revenues:							
Taxes:							
Property taxes					3,204,965	-	3,204,965
Sales taxes					11,745,524	-	11,745,524
Franchise taxes					4,327,160	-	4,327,160
Motor vehicle (unrestricted)					4,169,031	-	4,169,031
Gas taxes					1,853,567	-	1,853,567
Other taxes					7,347,881	-	7,347,881
Investment earnings-unrestricted					539,473	440,462	979,935
Gain on sale of assets					-	63,754	63,754
Transfers (Note 5C)					2,677,386	(2,677,386)	-
Total General Revenues and Transfers					35,864,987	(2,173,170)	33,691,817
Change in Net Position					(16,856,378)	4,414,029	(12,442,349)
Net Position-Beginning of Year, as restated (Note 9E)					315,739,741	124,646,855	440,386,596
Prior period adjustments (Notes 9F)					(40,393,579)	(3,865,413)	(44,258,992)
Net Position-End of Year					$ 258,489,784	$ 125,195,471	$ 383,685,255

See accompanying notes to financial statements

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General 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. The General Fund includes the Budget Stabilization and Economic Development fund balances and activity.

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

Successor Agency Housing Special Revenue Fund was established to account for activities related to the assets assumed by the City as Housing Successor to the Pittsburg Redevelopment Agency for the housing activities of the former Redevelopment Agency.

City of Pittsburg
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Housing Authority (Section 8)	Successor Agency Housing
ASSETS			
Cash and investments (Note 2)	$ 17,550,142	$ 763,333	$ 843,108
Restricted cash and investments (Note 2)	-	-	-
Receivables:			
Accounts	4,306,924	50,702	-
Interest	188,710	-	-
Loans and notes (Note 3)	3,435,416	-	33,053,410
Due from other funds (Note 5A)	452,668	-	-
Inventory	96,933	1,374	-
Prepaid items and other assets	21,464	-	-
Advances to other funds (Note 5B)	163,865	-	-
Total Assets	$ 26,216,122	$ 815,409	$ 33,896,518
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 3,214,808	$ 12,798	$ 4,061
Salaries payable	1,034,557	-	-
Taxes payable	7,374	-	-
Refundable deposits	909,282	3,605	-
Loans payable	-	-	-
Due to other agencies	-	-	-
Due to other funds (Note 5A)	-	-	-
Advances from other funds (Note 5B)	1,416,788	48,236	-
Total Liabilities	6,582,809	64,639	4,061
Deferred Inflows of Resources:			
Unavailable revenue (Note 4B)	1,577,058	133,688	33,053,410
Total Liabilities and Deferred Inflows of Resources	8,159,867	198,327	33,057,471
Fund Balances (Deficit) (Note 9):			
Nonspendable	2,904,078	1,374	-
Restricted	-	615,708	839,047
Committed	-	-	-
Assigned	538,194	-	-
Unassigned	14,613,983	-	-
Total fund balances (deficits)	18,056,255	617,082	839,047
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 26,216,122	$ 815,409	$ 33,896,518

See accompanying notes to basic financial statements

Other Governmental Funds	Total Governmental Funds
$ 20,928,022	$ 40,084,605
2,742,453	2,742,453
1,127,847	5,485,473
-	188,710
4,913,629	41,402,455
-	452,668
283,371	381,678
6,615	28,079
3,303,957	3,467,822
$ 33,305,894	$ 94,233,943
$ 564,990	$ 3,796,657
-	1,034,557
-	7,374
133,700	1,046,587
155,893	155,893
12,281	12,281
2,581	2,581
4,806,010	6,271,034
5,675,455	12,326,964
4,976,518	39,740,674
10,651,973	52,067,638
289,986	3,195,438
19,926,735	21,381,490
2,875,776	2,875,776
47,972	586,166
(486,548)	14,127,435
22,653,921	42,166,305
$ 33,305,894	$ 94,233,943

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

City of Pittsburg
Reconciliation of the
Governmental Funds Balance Sheet
with the Statement of Net Position
June 30, 2015

Total fund balances reported on the Governmental Funds Balance Sheet	$	42,166,305
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:		
CAPITAL ASSETS		
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.		267,009,516
LONG TERM ASSETS AND LIABILITIES		
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Governmental Funds:		
Long-term debt		(34,294,141)
Interest payable		(745,124)
Compensated absences		(1,594,605)
OPEB obligation		(18,514,548)
Net pension liability		(39,744,375)
ACCRUAL OF NON-CURRENT ITEMS		
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as assets or liabilities in the Governmental Funds:		
Prepaid item and other asset		(648)
Unavailable revenue		38,641,184
ALLOCATION OF INTERNAL SERVICE FUND NET POSITION		
Internal Service Funds are not Governmental Funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual Governmental Funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items on the Statement of Net Position.		
Cash and investments		4,098,029
Accounts receivable		563,357
Inventory		378,865
Prepaid/other assets		22,400
Capital assets		1,642,077
Accounts payable		(261,005)
Salaries payable		(147)
Due to other funds		(450,087)
Compensated absences		(61,103)
Advance from other funds		(45,594)
Claims and judgments payable		(249,052)
Capital lease		(71,520)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	258,489,784

See accompanying notes to financial statements

City of Pittsburg
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2015

	General Fund	Housing Authority (Section 8)	Successor Agency Housing
REVENUES:			
Property tax	$ 3,204,965	$ -	$ -
Sales tax	11,745,524	-	-
Franchise tax	4,171,756	-	-
Other taxes	5,662,960	-	-
Intergovernmental revenues	1,344,024	11,570,487	-
Permits, licenses, and fees	981,810	-	-
Fines and forfeitures	172,374	-	-
Special assessments	-	-	-
Service fees	3,426,535	1,126,341	-
Use of money and property	257,699	6,863	64,271
Other revenues	1,829,070	130,134	277,788
Total Revenues	32,796,717	12,833,825	342,059
EXPENDITURES:			
Current:			
General government	4,364,158	-	-
City Council	80,833	-	-
City Manager and City Clerk	524,063	-	-
City Attorney	543,898	-	-
Human resources	815,515	-	-
Finance and services	2,423,502	-	-
Community development and services	5,627,635	13,162,720	270,632
Public safety	21,484,994	-	-
Public works - administration	85,968	-	-
Public works - streets	2,036,911	-	-
Public works - parks	100,214	-	-
Capital outlay and improvements	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	38,087,691	13,162,720	270,632
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,290,974)	(328,895)	71,427
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of capital assets	1,591	-	-
Transfers in (Note 5C)	3,981,449	16,392	-
Transfers out (Note 5C)	(1,249,481)	(11,714)	-
Total Other Financing Sources (uses)	2,733,559	4,678	-
NET CHANGE IN FUND BALANCES	(2,557,415)	(324,217)	71,427
FUND BALANCES (Note 9):			
Beginning of year, as restated (Note 9E)	20,613,670	941,299	767,620
End of year	$ 18,056,255	$ 617,082	$ 839,047

See accompanying notes to basic financial statements

Other Governmental Funds	Total Governmental Funds
$ -	$ 3,204,965
-	11,745,524
155,404	4,327,160
4,335,349	9,998,309
1,220,122	14,134,633
653,304	1,635,114
-	172,374
3,372,170	3,372,170
5,430,786	9,983,662
213,624	542,457
790,482	3,027,474
16,171,241	62,143,842
36,032	4,400,190
-	80,833
9,991	534,054
-	543,898
37,828	853,343
79,925	2,503,427
3,225,427	22,286,414
1,664,495	23,149,489
540,492	626,460
5,706,414	7,743,325
-	100,214
3,473,512	3,473,512
589,147	589,147
2,890,463	2,890,463
18,253,726	69,774,769
(2,082,485)	(7,630,927)
2,500	4,091
2,548,808	6,546,649
(3,237,368)	(4,498,563)
(686,060)	2,052,177
(2,768,545)	(5,578,750)
25,422,466	47,745,055
$ 22,653,921	$ 42,166,305

City of Pittsburg
Reconciliation of the
Net Change in Fund Balances-Total Governmental Funds
with the Statement of Activities
For the year ended June 30, 2015

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ (5,578,750)
Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
The capital additions from the following departments are therefore added back to fund balance:	
Capital outlay	3,473,512
Amounts charged to Community Services department	101,136
Amounts charged to Public Works department	210,245
Depreciation expense is deducted from the fund balance (Depreciation expense is net of Internal Service Fund depreciation $584,621 which has already been allocated to serviced funds.)	(11,153,856)
Retirements of capital assets are deducted from the fund balance	(97,506)
LONG TERM DEBT AND PAYMENTS	
Repayment of debt principal is added back to fund balance	589,147
Accreted interest	(1,199,924)
ACCRUAL OF NON-CURRENT ITEMS	
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Prepaid item and other asset	(648)
Interest payable	15,972
Deferred revenue	(502,401)
Compensated absences	320,774
OPEB obligation	(2,528,640)
Net pension liability, deferred inflows and deferred outflows	649,204
ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY	
Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.	
Change in Net Position - All Internal Service Funds	(1,154,643)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (16,856,378)

See accompanying notes to financial statements

PROPRIETARY FUND FINANCIAL STATEMENTS

The enterprise funds account for activities that are financed and operated in a manner similar to private business enterprises. The City Council has determined that the costs of providing the following services to the public be recovered primarily through user charges.

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.

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 expenditures from operation and maintenance.

Pittsburg Power Fund - This fund was created by the Joint Powers Agreement between the City of Pittsburg and the Redevelopment Agency to develop revenue streams, to manage different activities for power related projects, capital improvement projects, and bond issuance process. This fund also accounts for expenditures incurred in maintenance of the facilities, in distributing gas and electricity to the industries, schools, business, and residents of Mare Island, in Vallejo, and to account for revenues collected from services to customers.

Water Front Operations Fund - This fund was created for the collection of rents and other trust revenues from the tidelands granted by the Contra Costa County Local Agency Formation Commission within Pittsburg's city limits. The City shall submit a plan indicating details of intended development, preservation, or other use of the trust lands. Any use of the trust lands shall be consistent with the plan as approved by the Commission.

City of Pittsburg
Statement of Net Position
Proprietary Funds
June 30, 2015

	Major Enterprise Funds		
	Water Utility	Sewer Utility	Marina
ASSETS			
Current assets:			
Cash and investments (Note 2)	$ 16,260,624	$ 8,534,407	$ 943,973
Restricted cash and investments (Note 2)	15,426,959	-	-
Receivables:			
Accounts	2,445,001	667,454	20,083
Inventory	153,783	39,823	9,149
Prepaid items and other assets	-	-	-
Total current assets	34,286,367	9,241,684	973,205
Noncurrent assets:			
Advance to other funds (Note 5B)	1,671,998	400,904	-
Capital assets (Note 6):			
Land and nondepreciable assets	8,258,946	445,988	-
Depreciable assets, net	71,192,410	28,288,374	14,018,005
Total noncurrent assets	81,123,354	29,135,266	14,018,005
Total Assets	115,409,721	38,376,950	14,991,210
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated decrease in fair value of hedging derivatives (Note 7)	5,258,967	-	-
Pension related (Note 11)	295,692	73,923	49,282
Total Deferred Outflow of Resources	5,554,659	73,923	49,282
LIABILITIES			
Current liabilities:			
Accounts payable	2,676,912	19,573	56,831
Salaries payable	-	-	-
Refundable deposits	804,370	5,000	84,209
Taxes payable	-	-	49,524
Accrued interest payable	252,090	5,943	-
Due to other funds (Note 5A)	-	-	-
Unearned revenue (Note 4)	3,411	-	-
Compensated absences payable - due within one year (Note 1M)	153,636	36,835	48,364
Claims and judgments payable - due within one year (Note 10C)	-	-	-
Long-term debt - due within one year (Note 7)	1,310,227	737,000	-
Total current liabilities	5,200,646	804,351	238,928
Noncurrent liabilities:			
Advance from other funds (Note 5B)	-	-	-
Compensated absences payable - due in more than one year (Note 1M)	51,211	12,279	16,121
Derivative instrument (Note 7)	5,258,967	-	-
Net pension liability (Note 11)	1,776,322	444,081	296,053
OPEB liability (Note 12)	1,726,540	431,635	431,635
Long-term debt - due in more than one year (Note 7)	41,652,171	3,864,000	-
Total noncurrent liabilities	50,465,211	4,751,995	743,809
Total Liabilities	55,665,857	5,556,346	982,737
DEFERRED INFLOWS OF RESOURCES			
Pension related (Note 11)	490,580	122,645	81,763
Total Deferred Inflow of Resources	490,580	122,645	81,763
NET POSITION (Note 9)			
Net investment in capital assets	36,488,958	24,133,362	14,018,005
Restricted for:			
Capital projects	10,921,020	3,502,709	105,669
Debt service	3,230,899	805,464	-
Ibank loan reserve	813,000	-	-
Special purpose	14,613,959	-	-
Facility fees	3,964,134	172,420	-
Unrestricted	(5,224,027)	4,157,927	(147,682)
Total Net Position	$ 64,807,943	$ 32,771,882	$ 13,975,992

See accompanying notes to basic financial statements

Major Enterprise Funds		Total	Governmental Activities
Pittsburg Power	Water Front Operations	Enterprise Funds	Internal Service Funds
$ 5,504,848	$ 280,389	$ 31,524,241	$ 4,098,029
102,223	-	15,529,182	-
1,074,617	4,459	4,211,614	563,357
100,371	-	303,126	378,865
71,582	30,614	102,196	22,400
6,853,641	315,462	51,670,359	5,062,651
926,181	-	2,999,083	-
2,298,096	159,976	11,163,006	-
6,977,844	8,423	120,485,056	1,642,077
10,202,121	168,399	134,647,145	1,642,077
17,055,762	483,861	186,317,504	6,704,728
-	-	5,258,967	-
123,205	24,640	566,742	-
123,205	24,640	5,825,709	-
403,644	43,543	3,200,503	261,005
-	-	-	147
56,286	68,236	1,018,101	-
128,416	-	177,940	-
-	-	258,033	-
-	-	-	450,087
783,699	153,069	940,179	-
73,603	16,431	328,869	-
-	-	-	249,052
-	-	2,047,227	35,263
1,445,648	281,279	7,970,852	995,554
-	150,277	150,277	45,594
24,534	5,477	109,622	61,103
-	-	5,258,967	-
740,134	148,027	3,404,617	-
1,007,150	-	3,596,960	-
-	-	45,516,171	36,257
1,771,818	303,781	58,036,614	142,954
3,217,466	585,060	66,007,466	1,138,508
204,408	40,880	940,276	-
204,408	40,880	940,276	-
9,275,940	168,399	84,084,664	1,570,557
1,082,941	-	15,612,339	-
-	-	4,036,363	-
-	-	813,000	-
102,223	28,080	14,744,262	-
-	-	4,136,554	-
3,295,989	(313,918)	1,768,289	3,995,663
$ 13,757,093	$ (117,439)	$ 125,195,471	$ 5,566,220

City of Pittsburg
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Major Enterprise Funds		
	Water Utility	Sewer Utility	Marina
OPERATING REVENUES:			
Charges for services	$ 17,302,315	$ 4,919,896	$ 1,262,308
Meter fees	60,160	-	-
Other fees	222,036	-	50
Facility reserve fees	905,740	101,602	-
Rent and concessions	-	-	79,650
Gas and oil sales	-	-	718,717
Other operating revenues	488,751	101,977	10,489
Total Operating Revenues	18,979,002	5,123,475	2,071,214
OPERATING EXPENSES:			
Salaries and wages	2,441,663	560,916	424,733
Department supplies	6,182,289	55,045	600,441
Rentals	9,856	672	14,862
Utilities	667,251	6,976	146,362
Maintenance and operations	2,117,518	159,588	180,078
Depreciation (Note 6)	1,589,239	793,906	516,439
Insurance premiums	-	-	-
Insurance deductible	67,992	19,404	9,930
Fringe benefits	1,652,988	440,856	322,568
Other operating expenses	1,037,864	144,673	136,861
Total Operating Expenses	15,766,660	2,182,036	2,352,274
OPERATING INCOME (LOSS)	3,212,342	2,941,439	(281,060)
NONOPERATING REVENUES (EXPENSES):			
Investment earnings	173,547	74,651	8,426
Interest and fiscal charges	(1,710,864)	(81,986)	-
Gain (loss) on disposal of assets	-	-	-
Total Nonoperating Revenues (Expenses)	(1,537,317)	(7,335)	8,426
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,675,025	2,934,104	(272,634)
CONTRIBUTIONS AND TRANSFERS:			
Capital contributions	2,145,271	-	-
Transfers in (Note 5C)	78,700	-	-
Transfers out (Note 5C)	(1,237,166)	(715,009)	(21,126)
Total Contributions and Transfers	986,805	(715,009)	(21,126)
Change in Net Position	2,661,830	2,219,095	(293,760)
NET POSITION:			
Beginning of Year	64,162,850	31,056,971	14,605,875
Prior period adjustments (Notes 9E & 9F)	(2,016,737)	(504,184)	(336,123)
End of Year	$ 64,807,943	$ 32,771,882	$ 13,975,992

See accompanying notes to basic financial statements

Major Enterprise Funds			Governmental Activities
Pittsburg Power	Water Front Operations	Total Enterprise Funds	Internal Service Funds
$ 5,975,383	$ -	$ 29,459,902	$ 8,079,920
-	-	60,160	-
659,308	-	881,394	-
-	-	1,007,342	-
211,557	832,783	1,123,990	-
-	-	718,717	-
73,559	30,514	705,290	152,656
6,919,807	863,297	33,956,795	8,232,576
1,244,785	200,136	4,872,233	577,199
2,047,273	4,264	8,889,312	780,905
24,892	2,084	52,366	41,671
17,761	-	838,350	301,493
889,249	30,762	3,377,195	1,491,688
481,468	-	3,381,052	541,574
562,529	-	562,529	808,779
27,462	5,034	129,822	163,226
794,847	175,732	3,386,991	5,249,171
580,016	332,476	2,231,890	70,569
6,670,282	750,488	27,721,740	10,026,275
249,525	112,809	6,235,055	(1,793,699)
180,534	3,304	440,462	(2,984)
-	(277)	(1,793,127)	-
63,754	-	63,754	12,740
244,288	3,027	(1,288,911)	9,756
493,813	115,836	4,946,144	(1,783,943)
-	-	2,145,271	-
50,000	-	128,700	741,755
(832,785)	-	(2,806,086)	(112,455)
(782,785)	-	(532,115)	629,300
(288,972)	115,836	4,414,029	(1,154,643)
14,886,372	(65,213)	124,646,855	6,720,863
(840,307)	(168,062)	(3,865,413)	
$ 13,757,093	$ (117,439)	$ 125,195,471	$ 5,566,220

City of Pittsburg
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Major Enterprise Funds		
	Water Utility	Sewer Utility	Marina
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 18,980,070	$ 5,070,196	$ 2,059,960
Cash payments to suppliers of goods and services	(8,102,858)	(543,110)	(1,099,460)
Cash payments to or on behalf of employees for services	(4,138,120)	(1,013,188)	(750,683)
Other operating revenues	488,751	101,977	10,489
Net cash provided (used) by operating activities	7,227,843	3,615,875	220,306
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund receipts	1,064,001	-	-
Interfund payments	-	(400,904)	-
Transfers in	78,700	-	-
Transfers out	(1,237,166)	(715,009)	(21,126)
Net cash provided (used) by noncapital financing activities	(94,465)	(1,115,913)	(21,126)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on long-term debt	10,352,398	(741,000)	-
Interest and fiscal charges paid on long-term debt	(1,492,804)	(81,831)	-
Capital lease obligations	-	-	-
Proceeds from sale of capital assets	-	-	-
Capital contributions	2,145,271	-	-
Acquisition of capital assets	(3,998,918)	(155,665)	(97,504)
Net cash provided (used) by capital and related financing activities	7,005,947	(978,496)	(97,504)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	173,547	74,651	8,426
Net cash provided (used) by investing activities	173,547	74,651	8,426
Net increase (decrease) in cash and cash equivalents	14,312,872	1,596,117	110,102
CASH AND CASH EQUIVALENTS:			
Beginning of Year	17,374,711	6,938,290	833,871
End of Year	$ 31,687,583	$ 8,534,407	$ 943,973
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ 3,212,342	$ 2,941,439	$ (281,060)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,589,239	793,906	516,439
Changes in operating assets and liabilities:			
Accounts receivable	489,819	48,698	(765)
Inventory	-	-	-
Prepaid items	-	-	-
Accounts payable	1,837,142	(156,752)	9,146
Salaries and wages payable	-	-	-
Refundable deposits	142,770	-	169
Taxes payable	-	-	(20,241)
Unearned revenue	-	-	-
Compensated absences	2,058	(35)	4,207
Due to retirement system	(45,527)	(11,381)	(7,589)
OPEB obligation	-	-	-
Insurance claims payable	-	-	-
Net cash provided (used) by operating activities	$ 7,227,843	$ 3,615,875	$ 220,306

See accompanying notes to basic financial statements

Major Enterprise Funds			Governmental Activities
Pittsburg Power	Water Front Operations	Total Enterprise Funds	Internal Service Funds
$ 6,618,834	$ 859,860	$ 33,588,920	$ 7,992,297
(4,028,172)	(313,962)	(14,087,562)	(5,824,526)
(2,053,603)	(357,755)	(8,313,349)	(3,696,629)
73,559	30,514	705,290	152,656
610,618	218,657	11,893,299	(1,376,202)
-	150,277	1,214,278	-
(551,181)	-	(952,085)	(26,603)
50,000	-	128,700	-
(832,785)	-	(2,806,086)	629,300
(1,333,966)	150,277	(2,415,193)	602,697
-	-	9,611,398	-
-	(277)	(1,574,912)	-
-	-	-	(34,295)
63,754	-	63,754	12,740
-	-	2,145,271	-
(931,116)	(168,399)	(5,351,602)	(618,137)
(867,362)	(168,676)	4,893,909	(639,692)
180,534	3,304	440,462	(2,984)
180,534	3,304	440,462	(2,984)
(1,410,176)	203,562	14,812,477	(1,416,181)
7,017,247	76,827	32,240,946	5,514,210
$ 5,607,071	$ 280,389	$ 47,053,423	$ 4,098,029
$ 249,525	$ 112,809	$ 6,235,055	$ (1,793,699)
481,468	-	3,381,052	541,574
(239,202)	(791)	297,759	(537,710)
-	-	-	-
1,570	21,151	22,721	-
68,555	17,322	1,775,413	(92,285)
-	-	-	3,253
7,187	43,336	193,462	-
45,268	-	25,027	-
10,218	6,717	16,935	450,087
4,999	21,908	33,137	(1,409)
(18,970)	(3,795)	(87,262)	-
-	-	-	-
-	-	-	53,987
$ 610,618	$ 218,657	$ 11,893,299	$ (1,376,202)

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

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.

Miscellaneous Employee Retirement System – This fund was established to account for the activities of the Miscellaneous Employees' Retirement System of 1962.

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, 2015

ASSETS	Successor Agency to the Redevelopment Agency Private-Purpose Trust	MERS Pension Trust Fund	Agency Funds
Cash and investments (Note 2)	$ 922,714	$ -	$ 3,839,997
Cash and investments held by fiscal agent (Note 2)	101,664,704	-	2,933,792
Assessment receivable	-	-	2,191,330
Accounts receivable	17,200	-	-
Inventory	16,821	-	-
Prepaid items and other assets	225,933	-	-
Loans receivable (Notes 14A)	11,008,711	-	-
Capital Assets (Note 14B):			
Land and construction in progress	22,017,046	-	-
Depreciable capital assets, net	1,720,755	-	-
Total assets	137,593,884	-	8,965,119
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated decrease in fair value of hedging derivatives (Note 14C)	16,010,220	-	-
Total Deferred Outflow of Resources	16,010,220	-	-
LIABILITIES			
Accounts payable	186,943	-	997,343
Interest payable	4,694,740	-	-
Refundable deposits	114,170	-	-
Deferred assessments	-	-	2,191,330
Due to other parties	-	-	6,780
Due to other governments	794,420	-	-
Due to bond-holders	-	-	5,769,666
Compensated absences payable:			
Due within one year	14,463	-	-
Due within more than one year	6,198	-	-
Long-term obligations (Note 14C):			
Derivative instrument	16,010,220	-	-
Due in one year	16,505,575	-	-
Due in more than one year	345,604,023	-	-
Total Liabilities	383,930,752	-	$ 8,965,119
NET POSITION			
Held in Trust for Private Purpose	$ (230,326,648)	$ -	

See accompanying notes to financial statements

City of Pittsburg
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

	Successor Agency to the Redevelopment Agency Private-Purpose Trust	MERS Pension Trust Fund
ADDITIONS		
Property tax	$ 40,387,530	$ -
Use of money and property	1,013,151	-
Employer Contributions	-	1,772
Other revenues	847,996	-
Total Additions	42,248,677	1,772
DEDUCTIONS		
General administration	1,719,862	-
Benefit Payments	-	5,274
Depreciation expense	43,542	-
Interest and fiscal charges	20,481,866	-
Total Deductions	22,245,270	5,274
Change in Net Position	20,003,407	(3,502)
NET POSITION HELD IN TRUST		
Beginning of Year, as restated (Note 1P)	(250,330,055)	3,502
End of Year	$ (230,326,648)	$ -

See accompanying notes to financial statements

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

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, 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.

Pittsburg 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. No separate financial report is issued by PACF.

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, Economic Development and California Theatre balances are combined and reported under the General Fund. Details are as follows:

Fund	Balances
General Fund	$ 9,844,234
Budget Stabilization	7,897,005
Economic Development	315,016
Total	$18,056,255

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

Pittsburg Power Fund - This fund was created by the Joint Powers Agreement between the City of Pittsburg and the former Redevelopment Agency to develop revenue streams, to manage different activities for power related projects, capital improvement projects, and bond issuance process. This fund also accounts for expenditures incurred in maintenance of the facilities, in distributing gas and electricity to the industries, schools, business, and residents of Mare Island, in Vallejo, and to account for revenues collected from services to customers.

Water Front Operations Fund - This fund was created for the collection of rents and other trust revenues from the tidelands granted by the Contra Costa County Local Agency Formation Commission within Pittsburg's city limits. The City shall submit a plan indicating details of intended development, preservation, or other use of the trust lands. Any use of the trust lands shall be consistent with the plan as approved by the Commission.

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 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.

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

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, a pension 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

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

Miscellaneous Employee Retirement System – This fund was established to account for the activities of the Miscellaneous Employees' Retirement System of 1962.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

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.

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. Contributed assets are valued at their estimated fair value on the date contributed.

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. Compensated absences for governmental activities are liquidated primarily by the General Fund.

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 Activities	Total
Beginning Balance	$ 1,977,891	$ 405,354	$ 2,383,245
Additions/Payments, net	(322,183)	33,137	(289,046)
Ending Balance	$ 1,655,708	$ 438,491	$ 2,094,199
Current Portion	$ 1,211,450	$ 328,869	$ 1,540,319

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet reports 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, and pension-related adjustments.

In addition to liabilities, the statement of net position or balance sheet reports 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 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 in the governmental funds balance sheet. The governmental funds report unavailable revenues from loans. The City has reported deferred inflows of resources in the Statement of Net Position and proprietary fund statements for pension-related adjustments. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

P. New, Reclassified and Renamed Funds

During fiscal year ended June 30, 2015, the City created the Miscellaneous Employee Retirement System Fiduciary Fund, reclassified the Golf Course Enterprise Fund as a Special Revenue Fund (which is discussed further in Note 9), and changed the name of the Energy Efficiency & Conservation (EECBG) Special Revenue Fund to the California Energy Conservation Program Special Revenue Fund.

Q. Implementation of Governmental Accounting Standards Board Statement (GASB)

The City has implemented the requirements of the following GASB Pronouncements:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27.* This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB No. 68.* This Statement addresses an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of government's beginning net pension liability.

The implementation of these pronouncements required an adjustment to beginning net position as discussed in Note 9.

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.

NOTE 2 - CASH AND INVESTMENTS (Continued)

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	Business-Type Activities	Total	Fiduciary Funds	Total
Cash and investments	$ 44,182,634	$ 31,524,241	$ 75,706,875	$ 4,762,711	$ 80,469,586
Restricted cash and investments	2,742,453	15,529,182	18,271,635	104,598,496	122,870,131
investments	$ 46,925,087	$ 47,053,423	$ 93,978,510	$ 109,361,207	$ 203,339,717

NOTE 2 - CASH AND INVESTMENTS (Continued)

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	none	none
Bankers' Acceptances	180 days	A1/P1	40%	5%
State and Local Obligations	5 years	"A-"	30%	5%
Commercial Paper	270 days	A1/P1/F1	25%	5%
Negotiable Certificates of Deposit	5 years	Aa/AA	30%	5%
Certificates of Deposits	1 year	"A"	30%	5%
Repurchase Agreements	90 days	"A"	15%	5%
Medium-Term Notes	5 years	"A"	30%	5%
Asset-Backed Securities	5 years	"AA"	20%	5%
Money Market Funds	n/a	3 highest ratings	20%	none
Local Agency Investment Fund (LAIF)	n/a	none	$50 million	none
California Asset Management Program (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, 2015, 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, 2015, the City had $10,015,178 invested in LAIF, which had invested 2.08% of the pool investment funds in Structured Notes and Medium-term Asset-Backed Securities. The LAIF fair value factor of 1.000375979 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, 2015, these investments matured in an average of 239 days.

C. 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+/P1
Commercial Paper	270 days	A1/P1/F1
Money Market Fund	n/a	3 highest ratings
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	1 year	none
Guaranteed Investment Agreements	n/a	none
Repurchase Agreements	90 days	A
Local Agency Investment Fund (LAIF)	n/a	none
California Asset Management Program (CAMP)	n/a	none

D. 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.

NOTE 2 - CASH AND INVESTMENTS (Continued)

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.

	Investment Maturities (in years)		
Investment Type	Less than 1 year	1 - 5 years	Total
U.S. Treasury & Federal Obligations	$ 30,764,362	$ 56,373,391	$ 87,137,753
Medium-Term Notes	6,048,930	6,383,937	12,432,867
Local Agency Investment Fund	10,015,178	-	10,015,178
Municipal Bonds	877,065	-	877,065
Guaranteed Investment Agreements	-	2,179,279	2,179,279
CAMP	3,288,962	-	3,288,962
Money Market Funds	66,289,527	-	66,289,527
Non-negotiable Certificates of Deposit	102,223	-	102,223
Total Investments	$ 117,386,247	$ 64,936,607	182,322,854
Cash in banks and on hand			9,629,465
Cash available at I-Bank			11,387,398
Total Cash and Investments			$ 203,339,717

Money Market Funds are available for withdrawal on demand and at June 30, 2015 matured in an average of 26 days.

NOTE 2 - CASH AND INVESTMENTS (Continued)

E. 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, 2015 for each investment type as provided by Standard and Poor's investment rating system.

	Fair Value	AAAm	AA+	AAA	AA-	A+	A	Not Rated
U.S. Treasury & Agency Obligations	$ 87,137,753	$ -	$ 87,137,753	$ -	$ -	$ -	$ -	$ -
Medium-Term Notes	12,432,867	-	3,578,629	-	3,416,470	3,435,956	2,001,812	-
CAMP	3,288,962	3,288,962	-	-	-	-	-	-
Money Market Funds	66,289,527	51,249,958	-	-	-	-	-	15,039,569
Municipal Bonds	877,065	-	-	-	877,065	-	-	-
Guaranteed Investment Agreements	2,179,279	-	-	2,179,279	-	-	-	-
Local Agency Investment Fund	10,015,178	-	-	-	-	-	-	10,015,178
Non-negotiable Certificates of Deposit	102,223	-	-	-	-	-	-	102,223
Total Investments	182,322,854	$ 54,538,920	$ 90,716,382	$ 2,179,279	$ 4,293,535	$ 3,435,956	$ 2,001,812	$ 25,156,970
Cash in banks and on hand	9,629,465							
Cash available with I-Bank	11,387,398							
Total Cash and Investments	$ 203,339,717							

F. 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
Government-Wide:		
Federal National Mortgage Association	Securities of U.S. Government	$ 62,703,620
Federal Home Loan Bank	Securities of U.S. Government	13,495,238

NOTE 3 - LOANS AND NOTES RECEIVABLES

As of June 30, 2015, loans and notes receivable consisted of the following:

Description	Total Balance at June 30, 2015
Governmental Funds:	
HUD Community Development Block Grant	$ 326,484
CalHome Program Loans	558,186
Rehabilitation and Construction Loans	1,500,840
9th Street Associates (Santa Fe Commons Housing Development)	1,705,412
Century Plaza Corporation	720,463
Residential Loans on Vidrio	2,621,816
Other Assistance Loan	93,137
Fairfield Belmont, L.P. Loan	4,650,889
Steadfast Marina Heights L.P.	1,400,000
Mariner Walk Loan	180,000
Vista Del Mar Loans	300,000
Mercy Housing California Loan	4,480,492
Domus Development LLC	7,986,586
Low Income Families Loans	917,440
Presidio Village Senior Housing	674,408
Palm Plaza Group, LLC	291,200
Palm Plaza Development	376,000
Resources for Community Development Loan	6,792,296
Domus Development LLC Loan	5,004,099
PACF Loans	822,707
Total Governmental Funds - Loans and Notes Receivable	$ 41,402,455

A. HUD Community Development Block Grant (CDBG) Loans

The HUD CDBG Special Revenue fund had a loans receivable balance of $326,484 as of June 30, 2015, which consisted of $140,893 in CDBG entitlement loans and $185,591 in First Time Homebuyer loans.

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, 2015 was $558,186.

NOTE 3 - LOANS AND NOTES RECEIVABLES (Continued)

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 $1,500,840 as of June 30, 2015.

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 2011-2012, the City provided 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, 2015 was $1,705,412.

- During fiscal year 2010-2011, the City approved a loan to Nana's Place for tenant improvements at 51 Marina Boulevard. During fiscal year 2014-2015, this loan was written off as the business terminated.

- During fiscal year 2010-2011, the City approved a loan to La Veranda Café, Inc., for improvements at 711 and 755 Railroad Ave. During fiscal year 2014-2015, this loan was written off, due to ownership change.

- During fiscal year 2009-2010, the City approved a rehabilitation loan to a Pittsburg resident for the property at 48 Dolphin Drive. The loan bears interest of 0% and is fully forgivable in 5 years if the home remains as the buyer's primary residence. During fiscal year 2014-2015 the loan was fully forgiven.

NOTE 3 - LOANS AND NOTES RECEIVABLES (Continued)

E. Other Loans

During fiscal year 2013-14, the City of Pittsburg approved a loan to Century Plaza Corporation for anchor tenant retention and remodeling of the Century Plaza. The total approved loan amount was $1,300,000 and will be disbursed in five years. Loan bears 2% annual interest and is due and payable on July 1, 2023. Century Plaza Corporation will receive a loan repayment credit effective July 1, 2019 if it is in compliance with the terms stipulated by the loan agreement. The accrued interest will be forgiven along with the loan credit. The outstanding amount as of June 30, 2015 was $720,463.

During fiscal year 2010-2011, the City of Pittsburg financed several residential loans to the homebuyers of Vidrio Condominium. The outstanding amount as of June 30, 2015 was $2,621,816.

During fiscal year 2014-15, the City of Pittsburg approved a loan of up to $150,000 for the properties at 444 and 446 Railroad Avenue. The loan bears interest of 3% per annum. Payment is deferred until September 1, 2018 at which point monthly payments of principal and interest will be due for a term of 3 years. The outstanding amount as of June 30, 2015 was $93,137.

F. Housing Successor Agency Loans

During fiscal year 2004-2005, the former Redevelopment Agency Low-Moderate Income Housing II Special Revenue Fund loaned 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, 2015 was $4,650,889.

During fiscal year 2004-2005, the former Redevelopment Agency Low-Moderate Income Housing II Special Revenue Fund loaned 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, 2015 was $1,400,000.

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, 2015 was $180,000 and $300,000 for the property owners.

NOTE 3 - LOANS AND NOTES RECEIVABLES (Continued)

During fiscal year 2005-2006, the former Redevelopment Agency Low-Moderate Income Housing II Special Revenue Fund loaned 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, 2015 was $4,480,492.

In Fiscal Year 2005-2006, the former Redevelopment Agency entered into 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, 2015 was $7,986,586.

During fiscal year 2006-2007 and 2007-2008, the former Redevelopment Agency Low-Moderate Income Housing II Special Revenue Fund loaned 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, 2015 was $917,440.

During fiscal year 2006-2007, the former Redevelopment Agency Low-Moderate Income Housing II Special Revenue Fund loaned 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, 2015 was $674,408.

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, 2015 was $291,200 for Palm Plaza Group, LLC and $376,000 for Palm Plaza Development, respectively, totaling $667,200.

NOTE 3 - LOANS AND NOTES RECEIVABLES (Continued)

During fiscal year 2006-2007, the former Redevelopment Agency Low-Moderate Income Housing II Special Revenue Fund loaned 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, 2015 was $6,792,296.

During fiscal year 2007-2008, the former Redevelopment Agency Low-Moderate Income Housing II Special Revenue Fund loaned 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, 2015 was $5,004,099.

G. Pittsburg Arts and Community Foundation (PACF) Loans

During fiscal year 2010-2011, the PACF assumed a construction loan and lease due from a Pittsburg resident. The loan will be repaid through lease payments on 159 4th Street, with a balloon payment due on December 1, 2023. During fiscal year 2011-2012, PACF assumed an NSP Home Buyer assistance program loan that was issued to a Pittsburg resident. Loan payments are deferred for 10 years, expiring on March 24, 2020, and will be forgiven if certain terms are met. The outstanding amounts of these loans as of June 30, 2015 were $798,285 and $24,422, respectively, totaling $822,707.

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, 2015, unearned revenues in the Government-Wide Financial Statements consisted of unearned developer, donation, and grant revenues of $1,099,490 in Governmental Activities and $940,179 in Business-Type Activities.

B. Fund Financial Statements

At June 30, 2015, 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	Non-Major Governmental Funds	Total Governmental Funds
Unearned developer/ donation revenue	$ 23,514	$ -	$ -	$ -	$ 23,514
Unearned service revenue	739,944	133,688	-	202,344	1,075,976
Sub-total	763,458	133,688	-	202,344	1,099,490
Loans receivable	813,600	-	33,053,410	4,774,174	38,641,184
Total	$ 1,577,058	$ 133,688	$ 33,053,410	$ 4,976,518	$ 39,740,674

	Business-Type			
	Water	Pittsburg Power	Water Front Operations	Total
Unearned developer/ donation revenue	$ -	$ 493,248	$ -	$ 493,248
Unearned service revenue	3,411	290,451	153,069	446,931
	$ 3,411	$ 783,699	$ 153,069	$ 940,179

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 FROM FUND:	DUE TO FUND:	AMOUNT
Non-Major Governmental Funds:		
Special Revenue Funds:		
Miscellaneous Grants	General Fund	$ 2,395
Local Law Enforcement Block Grant	General Fund	186
Other Post Employment Benefit Internal Service Fund	General Fund	450,087
	Due to General Fund	$ 452,668

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

B. Interfund Advances

At June 30, 2015, the following funds had advances that were not expected to be repaid within the next year:

FROM FUND:	TO FUND :	AMOUNT
GOVERNMENTAL FUND		
General Fund	Park Maintenance CFD 2007-1 Special Revenue Fund	$ 163,865
Regional Traffic Mitigation Capital Projects Fund	Railroad Avenue Specific Plan Area Special Revenue Fund	3,303,957
ENTERPRISE FUNDS		
Water Utility	General Fund	1,416,788
	Special Revenue Funds:	
Water Utility	Housing Authority (Section 8)	48,236
Water Utility	Lighting & Landscape	78,966
Water Utility	Storm Water Utility (NPDES)	26,914
Water Utility	HUD Community Development Block Grant	7,718
Water Utility	San Marco CFD 2004-1	29,042
Water Utility	Vista Del Mar CFD 2005-2	3,024
Water Utility	Public Safety Services CFD 2005-1	13,324
Water Utility	Park Maintenance CFD 2007-1	2,392
	Internal Service Funds:	
Water Utility	Fleet Maintenance	22,006
Water Utility	Building Maintenance	15,848
Water Utility	Information/Communication Services	7,740
	Sub-total: Advance from Water Utility	1,671,998
Sewer Utility	Park Dedication Capital Improvement Fund	400,904
Pittsburg Power	Golf Course Special Revenue Fund	375,000
Pittsburg Power	Park Dedication Capital Improvement Fund	400,904
Pittsburg Power	Waterfront Operations Enterprise Fund	150,277
	Sub-total: Advance from Pittsburg Power	926,181
	Total: Advances from Proprietary Fund	2,999,083
	TOTAL ADVANCES	$ 6,466,905

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

During fiscal year 2006-2007, the General Fund advanced $150,000 to the Park Maintenance CFD 2007-1 Special Revenue Fund to help to eliminate the deficit fund balance. Interest is accrued annually at the LAIF rate. The balance as of June 30, 2015 was $163,865.

During fiscal year 2014-2015, the Regional Traffic Mitigation Fund advanced $3,300,000 to the City of Pittsburg Community Facilities District 2014-1 (CFD 2-14-1) Fund to help fund the construction of the eBART Pittsburg Center Station Project. The advance is to be repaid to the Regional Traffic Mitigation Fund by June 30, 2044 and bears simple interest at the average State Local Agency Investment Fund (LAIF) interest rate. The repayment began in fiscal year 2015 with annual payment in amount up to the accrued interest due, and the current balance as of June 30, 2015 was $3,303,957.

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. The repayment began in fiscal year 2012 – 2013 with an interest only payment, and the current balance as of June 30, 2015 was $1,671,998.

During fiscal year 2002-2003, the Pittsburg Power Enterprise Fund advanced $375,000 to the Golf Course Special Revenue 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. The current balance as of June 30, 2015 was $375,000.

During fiscal year 2014-2015, the Sewer Operations Fund and Pittsburg Power Fund advanced $400,000 and $400,000, for a total of $800,000 to the Park Dedication Fee Fund to help fund the Old Town Park Project. The advance is to be repaid no later than June 30, 2025 and bears simple interest at the average annual State Local Agency Investment Fund (LAIF) interest rate. The Sewer Operations Fund will be repaid first and the Pittsburg Power Fund will be repaid after the Sewer Operations Fund has been fully repaid. The repayment began in fiscal year 2015 with annual payment in amount up to the accrued interest due, and the current balance as of June 30, 2015 was $801,808.

During fiscal year 2014-2015, the Pittsburg Power Enterprise Fund advanced $150,000 to the Water Development and Operations Fund for the completion of the construction of non-motorized watercraft launch ramp project and to help maintain a positive fund balance. The advance is to be repaid within three years beginning fiscal year 2016-2017 and ending in 2018-2019, incorporating an interest payback using the average annual State Local Agency Investment Fund (LAIF) interest rate. The balance as of June 30, 2015 was $150,277.

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

C. Interfund Transfers

At June 30, 2015, 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 from Budget Stabilization Fund to cover a one-time stipend expenses.
C. Transfers to cover Citywide Lighting & Landscaping, Park Maintenance and Golf Course operating expenses.
D. Transfers to fund Citywide Pavement projects.
E. Transfers to fund road maintenance projects and accounts for program income in CDBG.
F. Transfers to the Water Utility Enterprise Fund to subsidize senior discount.
G. Transfers to cover Future Build program.
H. Transfers to fund unfunded OPEB liabilities and locker room remodeling.
I. Transfers to fund capital project.

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

FROM FUND:	TO FUND:	AMOUNT	
Non-Major Governmental Funds		$ 1,659,009	
Water Utility		839,176	
Sewer Utility		635,156	
Pittsburg Power		766,500	
Internal Service Funds		81,608	
	General Fund	3,981,449	A
General Fund	Housing Authority (Section 8)	16,392	B
General Fund		686,596	C
Water Utility		280,000	D
Sewer Utility		50,000	I
Non-Major Governmental Funds		1,532,212	E
	Non-Major Governmental Funds	2,548,808	
	Sub-total: Total Governmental Funds	6,546,649	
General Fund	Water Utility	78,700	F
General Fund	Pittsburg Power	50,000	G
General Fund	Internal Service Funds	417,793	H
Housing Authority (Section 8)	Internal Service Funds	11,714	H
Non-Major Governmental Funds	Internal Service Funds	46,147	H
Water Utility	Internal Service Funds	117,990	H
Sewer Utility	Internal Service Funds	29,853	H
Marina	Internal Service Funds	21,126	H
Pittsburg Power	Internal Service Funds	66,285	H
Internal Service Fund	Internal Service Funds	30,847	H
	Sub-total: Total Proprietary Funds	870,455	
	TOTAL TRANSFERS	$ 7,417,104	

NOTE 6 - CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2015, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	$ 33,838,944	$ 1,143,506	$ 34,982,450
Construction in progress	15,913,273	10,019,500	25,932,773
Total non-depreciable assets	49,752,217	11,163,006	60,915,223
Depreciable assets:			
Buildings and improvements	90,165,660	23,564,814	113,730,474
Machinery and equipment	14,194,183	9,293,425	23,487,608
Infrastructure	290,360,275	141,595,224	431,955,499
Total depreciable assets	394,720,118	174,453,463	569,173,581
Less accumulated depreciation:			
Buildings and improvements	(31,775,182)	(8,397,143)	(40,172,325)
Machinery and equipment	(11,653,861)	(2,782,050)	(14,435,911)
Infrastructure	(132,391,699)	(42,789,214)	(175,180,913)
Total accumulated depreciation	(175,820,742)	(53,968,407)	(229,789,149)
Total net depreciable assets	218,899,376	120,485,056	339,384,432
Total capital assets	$ 268,651,593	$ 131,648,062	$ 400,299,655

NOTE 6 - CAPITAL ASSETS (Continued)

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

	Balance at July 31, 2014 (as restated)	Additions	Deletions & Transfers	Reclassifications	Balance at June 30, 2015
Non-depreciable assets:					
Land	$ 33,838,944	$ -	$ -	$ -	$ 33,838,944
Construction in progress	25,194,054	3,298,675	(97,506)	(12,481,950)	15,913,273
Total	59,032,998	3,298,675	(97,506)	(12,481,950)	49,752,217
Depreciable assets:					
Buildings and improvements	84,087,590	-	-	6,078,070	90,165,660
Machinery and equipment	13,478,648	945,656	(230,121)		14,194,183
Infrastructure	283,948,421	7,974	-	6,403,880	290,360,275
Total	381,514,659	953,630	(230,121)	12,481,950	394,720,118
Less accumulated depreciation:					
Buildings and improvements	(27,828,353)	(3,946,829)	-	-	(31,775,182)
Machinery and equipment	(11,122,414)	(910,088)	378,641	-	(11,653,861)
Infrastructure	(125,553,186)	(6,838,513)	-	-	(132,391,699)
Total	(164,503,953)	(11,695,430)	378,641	-	(175,820,742)
Total depreciable assets, net	217,010,706	(10,741,800)	148,520	12,481,950	218,899,376
Total capital assets, net	$ 276,043,704	$ (7,443,125)	$ 51,014	$ -	$ 268,651,593

NOTE 6 - CAPITAL ASSETS (Continued)

Governmental activities depreciation expense for capital assets for the year ended June 30, 2015 is as follows:

General government	$	1,380,721
City Manager and City Clerk		45,922
City Attorney		6,185
Human Resources		5,685
Finance and services		107,937
Community development and services		148,373
Public Safety		511,756
Public Works		9,488,851
Total depreciation expense	$	11,695,430

NOTE 6 - CAPITAL ASSETS (Continued)

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

	Balance at July 1, 2014 (as restated)	Additions & Transfers	Deletions	Reclassifications	Balance at June 30, 2015
Non-depreciable assets:					
Land	$ 1,143,506	$ -	$ -	$ -	$ 1,143,506
Construction in progress	20,659,398	4,933,157	-	(15,573,055)	10,019,500
Total	21,802,904	4,933,157	-	(15,573,055)	11,163,006
Depreciable assets:					
Buildings and improvements	21,655,571	7,176	-	1,902,067	23,564,814
Machinery and equipment	6,383,937	94,462	-	2,815,026	9,293,425
Infrastructure	130,422,455	316,807	-	10,855,962	141,595,224
Total	158,461,963	418,445	-	15,573,055	174,453,463
Less accumulated depreciation:					
Buildings and improvements	(15,477,307)	(496,852)	-	7,577,016	(8,397,143)
Machinery and equipment	(2,301,432)	(480,618)	-	-	(2,782,050)
Infrastructure	(32,808,616)	(2,403,582)	-	(7,577,016)	(42,789,214)
Total	(50,587,355)	(3,381,052)	-	-	(53,968,407)
Total depreciable assets, net	107,874,608	(2,962,607)	-	15,573,055	120,485,056
Total capital assets, net	$ 129,677,512	$ 1,970,550	$ -	$ -	$ 131,648,062

NOTE 6 - CAPITAL ASSETS (Continued)

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2015 are as follows:

Water Utility	$	1,589,239
Sewer Utility		793,906
Marina		516,439
Pittsburg Power		481,468
Total	$	3,381,052

As discussed in Note 9, the Golf Course fund was recategorized from an Enterprise Fund to a Special Revenue, therefore, its assets were transferred from Business-Type activities to Governmental activities.

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, 2015:

Description	Original Issue Amount	Beginning Balance July 1, 2014 (as restated)	Additions	Retirements	Ending Balance June 30, 2015	Amounts Due Within One Year	Amounts Due in More Than One Year
Governmental Activities:							
2006 Pension Obligation Bonds	$ 39,566,056	$ 33,157,051	$ 1,199,924	$ 530,000	$ 33,826,975	$1,955,000	$ 31,871,975
CEC Energy Conservation Loan	571,097	526,313	-	59,147	467,166	60,898	406,268
Capital Lease - VOIP	176,450	105,815	-	34,295	71,520	35,263	36,257
Total Governmental Activities		$ 33,789,179	$ 1,199,924	$ 623,442	$ 34,365,661	$2,051,161	$ 32,314,500

NOTE 7 - LONG TERM DEBT (Continued)

Series 2006 Pension Obligation Bonds

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 $81,060,394. For the current year, principal and interest paid were $2,032,886 and city-wide revenues were $60,697,330.

The Bonds unaccreted discount and the current year accretion totaled $24,343,025 and $1,199,924, respectively at June 30, 2015. The Bonds do not pay periodic interest. Interest on the Bonds will accrete in value at the rates between 5.85% and 6.12%. Repayment of the accreted principal will commence July 1, 2015. Final repayment will be July 1, 2031.

The annual debt service requirements to mature the Series 2006 Pension Obligation Bonds outstanding at June 30, 2015, were as follows:

Year Ending June 30,	Principal (1)	Interest	Total
2016	$ 1,955,000	$ 1,479,171	$ 3,434,171
2017	2,020,000	1,461,241	3,481,241
2018	2,090,000	1,440,995	3,530,995
2019	2,160,000	1,418,272	3,578,272
2020	2,240,000	1,392,911	3,632,911
2021-2025	12,680,000	6,479,469	19,159,469
2026-2030	14,025,000	5,493,449	19,518,449
2031-2035	16,875,000	3,603,013	20,478,013
2036	4,125,000	121,873	4,246,873
Total	$ 58,170,000	$ 22,890,394	$ 81,060,394

(1) Includes unaccreted discount in the total amount of $24,343,025.

NOTE 7 - LONG TERM DEBT (Continued)

CEC Energy Conservation Loan

On May 31, 2012, the City obtained a State of California Energy Resources Conservation and Development Commission loan from the California Energy Commission (CEC), in the amount of $571,097, bearing an interest rate of 3.00% to convert all decorative lamp fixtures from High Pressure Sodium (HPS) to Light Emitted Diode (LED), including the installation of 621 LED lamps on 610 poles. The loan is repayable from general funds from savings in energy costs, and interest and principal payments are payable semiannually on June 22 and December 22, commencing December 22, 2013.

During fiscal year ended June 30, 2015, the City reclassified this loan, previously reported as "Due to other agencies" in the California Energy Conservation Program Special Revenue fund, as long-term debt in the Governmental Activities. (See Note 9 for more information regarding the restatement.) As of June 30, 2015, the outstanding principal balance on the loan was $467,166.

The annual debt service requirements to mature the loan outstanding at June 30, 2015 were as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 60,898	$ 13,899	$ 74,797
2017	62,775	11,722	74,497
2018	64,672	9,825	74,497
2019	66,627	7,870	74,497
2020	68,626	5,871	74,497
2021-2022	143,568	5,427	148,995
Total	$ 467,166	$ 54,614	$ 521,780

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, 2015, the outstanding principal balance on the lease was $71,520.

The annual debt service requirements to mature the lease outstanding at June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Totals
2016	$ 35,263	$ 2,016	$ 37,279
2017	36,257	1,021	37,278
Totals	$ 71,520	$ 3,037	$ 74,557

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, 2015:

Description	Original Issue Amount	Beginning Balance July 1, 2014	Additions	Retirements	Ending Balance June 30, 2015	Amounts Due Within One Year	Amounts Due in More Than One Year
2008A Water Revenue Refunding Bonds	$ 38,395,000	$ 32,610,000	$ -	$ 1,035,000	$ 31,575,000	$ 1,090,000	$ 30,485,000
2014 Waste Water Revenue Refunding Bonds	5,342,000	5,342,000	-	741,000	4,601,000	737,000	3,864,000
2014 California Infrastructure and Economic Development Bank Loan	11,387,398	-	11,387,398	-	11,387,398	220,227	11,167,171
		$ 37,952,000	$ 11,387,398	$ 1,776,000	$ 47,563,398	$ 2,047,227	$ 45,516,171

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 rates, 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, 2015, $31,575,000 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 $44,850,180. For the current year, principal and interest paid were $1,106,943 and Water System net operating revenues were $3,212,342.

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 prior 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.

NOTE 7 - LONG TERM DEBT (Continued)

The annual debt service requirements to mature the 2008 Bonds outstanding at June 30, 2015, were as follows:

Year Ending June 30,	Principal	Interest	Remarketing & LOC Fees	Total
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	1,215,000	1,013,148	317,130	2,545,278
2020	1,265,000	986,391	304,205	2,555,596
2021-2025	7,075,000	4,132,514	1,292,922	12,500,436
2026-2030	8,425,000	2,749,808	865,433	12,040,241
2031-2035	10,200,000	1,110,200	352,326	11,662,526
Total	$ 31,575,000	$ 13,275,810	$ 4,161,592	$ 49,012,402

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, 2015 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 / S&P/ Fitch	A3/ A- / A
Total Value	($5,258,967)

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.

NOTE 7 - LONG TERM DEBT (Continued)

Fair value. The City's swap had a negative fair value of $4,254,995 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.

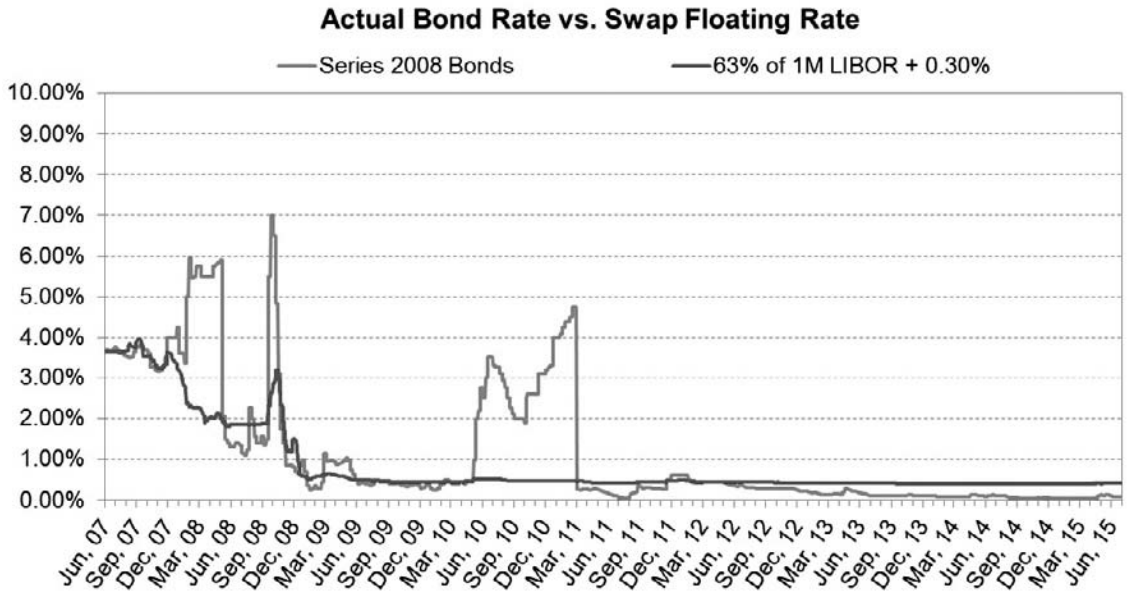
Credit risk. As of June 30, 2015, the City was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, if interest rates rise and the fair value of the swap were to become positive, the City would be exposed to credit risk in the amount of the fair value 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 A3/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.

NOTE 7 - LONG TERM DEBT (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 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.

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 7 - LONG TERM DEBT (Continued)

2014 Waste Water Revenue Refunding Bonds (Bank of the West Private Placement)

The City of Pittsburg Financing Authority previously issued $11,950,000 of Wastewater Revenue Refunding Bonds, Series 2004 pursuant to a Trust Agreement, a Master Installment Sale Agreement and a First Supplemental Installment Sale Agreement; all dated March 1, 2004. The bonds bore interest rates from 2.00%-4.25%.

To refinance the 2004 Bonds, the Financing Authority, with the City, entered into an installment sale agreement to provide funds in an aggregate principal amount of $5,342,000. The financing was placed privately with Bank of the West. A portion of the proceeds of the Financing was deposited into an irrevocable escrow for full redemption of the 2004 Bonds. The installment sales payments bear an interest rate of 1.55% per annum with interest payments made semi-annually on June 1 and December 1 commencing December 1, 2014 through June 1, 2021. The installments are payable solely from Net Wastewater Revenues. Annual principal and interest payments are expected to require less than 15% percent of net revenues. The total principal and interest remaining to be paid is $4,835,817. For the current year, principal and interest paid were $815,537 and wastewater net revenues were $2,941,439.

The annual debt service requirements to mature the loan outstanding at June 30, 2015 were as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 737,000	$ 68,464	$ 805,464
2017	753,000	56,970	809,970
2018	761,000	45,268	806,268
2019	772,000	33,434	805,434
2020	782,000	21,429	803,429
2021	796,000	9,252	805,252
Total	$ 4,601,000	$ 234,817	$ 4,835,817

NOTE 7 - LONG TERM DEBT (Continued)

2014 California Infrastructure and Economic Development Bank Installment Sale Agreement

On November 17, 2014, the City of Pittsburg entered into an installment sale agreement (agreement) with the California Infrastructure and Economic Development Bank for financing the costs of modifications to the Pittsburg Water Treatment Plant and installation of approximately 9,100 feet of transmission line and other related costs. The principal amount provided under the agreement is $11,387,398 payable over a term of 30 years. Principal payments are made annually on August 1, commencing August 1, 2015 through August 1, 2044. The installment sales payments bear an interest rate of 3.51% per annum with interest payments made semi-annually on February 1 and August 1, commencing February 1, 2015 through August 1, 2044. The installments are payable from Water Charge Revenues. During fiscal year ended June 30, 2015, no principal was paid and interest paid was $82,160, and water charge revenues were $18,979,002.

The annual debt service requirements to mature the outstanding balance at June 30, 2015, were as follows:

Year Ending June 30,	Principal	Interest	Annual Fee	Total
2016	$ 220,227	$ 395,833	$ 34,162	$ 650,222
2017	227,957	387,967	33,502	649,426
2018	235,958	379,825	32,818	648,601
2019	244,240	371,398	32,110	647,748
2020	252,812	362,675	31,377	646,864
2021-2025	1,403,563	1,671,424	144,962	3,219,949
2026-2030	1,667,799	1,402,551	122,378	3,192,728
2031-2035	1,981,778	1,083,061	95,542	3,160,381
2036-2040	2,354,868	703,423	63,654	3,121,945
2041-2045	2,798,196	252,315	25,763	3,076,274
Total	$ 11,387,398	$ 7,010,472	$ 616,268	$ 19,014,138

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, 2015, was as follows:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
2001-03 Century Plaza A.D. Bonds	$ 3,540,000	$ -	$ 110,000	$ 3,430,000
2005 Vista Del Mar A.D. Bonds	10,365,000	-	10,365,000	-
2011 Pittsburg IFA Bonds	15,910,000	-	1,020,000	14,890,000
2015 Vista Del Mar A.D. Refunding Bonds	-	9,655,000	-	9,655,000
Total	$ 29,815,000	$ 9,655,000	$ 11,495,000	$ 27,975,000

NOTE 8 - SPECIAL ASSESSMENT DISTRICT DEBT WITHOUT CITY COMMITMENT (Continued)

2001-03 Century Plaza Assessment District Bonds – 2001-03 Limited Obligation Improvement Assessment District Bonds (Century Plaza Bonds) outstanding at June 30, 2015, amounted to $3,430,000. 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. The outstanding balance at June 30, 2015 amounted to $3,430,000.

2005 Vista Del Mar Assessment District Bonds – In October 2005, the City of Pittsburg issued $12,115,000 in 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 were used to finance certain public infrastructure improvements within the City's Community Facilities District No. 2005-2. In June 2015, the bonds were refunded in full and defeased by the issuance of the 2015 Vista Del Mar Assessment District Special Tax Refunding Bonds.

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, 2015 amounted to $14,890,000.

2015 Vista Del Mar Assessment District Special Tax Refunding Bonds – In June 2015, the City refunded and defeased the 2005 Vista Del Mar Assessment District Bonds. The 2015 Vista Del Mar Bonds bear interest rates between 2.00% and 5.00% with interest payments made semi-annually on March 1 and September 1. The outstanding balance at June 30, 2015, amounted to $9,655,000.

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.

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

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.

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 Senior Executive Team members for items below $75,000) and may be changed at the discretion of the City Council or its designee.

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.

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

To comply with GASB 54 requirements, the Budget Stabilization, Economic Development and California Theatre activities are consolidated within the General Fund. The following table provides details of the General Fund's fund balance at June 30, 2015:

Fund/Activity	Nonspendable	Assigned	Unassigned	Total
General	$ 2,904,078	$ 223,178	$ 6,716,978	$ 9,844,234
Budget stabilization	-	-	7,897,005	7,897,005
Economic development	-	315,016	-	315,016
Total	$ 2,904,078	$ 538,194	$ 14,613,983	$ 18,056,255

Budget Stabilization Arrangement

City Council adopted a Resolution establishing a Budget Stabilization Fund 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. As of June 30, 2015, the Budget Stabilization, which is reported within the unassigned fund balance of the General Fund, had a balance of $7,897,005.

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2015, are listed below:

		Special Revenue			
Fund Balance Classifications	General Fund	Housing Authority Section 8	Successor Agency Housing	Other Governmental Funds	Total
Nonspendables:					
Items not in spendable form:					
Deposits for Land	$ 15,000	$ -	$ -	$ -	$ 15,000
Loans & Notes Receivable	2,621,816	-	-	-	2,621,816
Interfund Advances	163,865	-	-	-	163,865
Prepaid	6,464	-	-	6,614	13,078
Inventory	96,933	1,374	-	283,372	381,679
Total Nonspendable Fund	2,904,078	1,374	-	289,986	3,195,438
Restricted for:					
Special Revenue	-	-	-	5,644,078	5,644,078
Debt Service	-	-	-	2,699,024	2,699,024
Redevelopment Low Income	-	615,708	839,047	490,757	1,945,512
Capital Projects	-	-	-	11,092,876	11,092,876
Total Restricted Fund Balances		615,708	839,047	19,926,735	21,381,490
Committed to:					
Capital Improvement	-	-	-	1,504,235	1,504,235
Field Replacement	-	-	-	985,481	985,481
Public Education	-	-	-	386,060	386,060
Total Committed Fund Balances				2,875,776	2,875,776
Assigned to:					
Capital Projects					
Encumbrances	252,233	-	-	29,729	281,962
Reserved for Police Buys	1,220	-	-	-	1,220
Reserved for Leisure Service	6,656	-	-	-	6,656
Payroll Imprest Fund Balance	22,798	-	-	-	22,798
For Economic Development	255,287	-	-	-	255,287
Public Safety	-	-	-	18,243	18,243
Total Assigned Fund Balances	538,194	-	-	47,972	586,166
Unassigned:					
General fund	6,716,978	-	-	-	6,716,978
Stabilization Arrangements	7,897,005	-	-	-	7,897,005
Other governmental fund deficit	-	-	-	(486,548)	(486,548)
Total Unassigned Fund Balances	14,613,983	-	-	(486,548)	14,127,435
Total Fund Balances	$ 18,056,255	$ 617,082	$ 839,047	$ 22,653,921	$ 42,166,305

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

C. Deficit Fund Balance/Net Position

At June 30, 2015, the following funds had deficit fund balances:

Fund	Amount	
Special Revenue Funds:		
Public Safety Services CFD 2005-1	$ 6,119	(a)
Park Maintenance CFD 2007-1	114,175	(a)
Golf Course	366,254	(b)
Enterprise Funds:		
Water Front Operations	117,439	(c)

(a) The deficits will be reduced with future years' assessment revenues.
(b) The deficit is caused by the recategorization of the Golf Course from an Enterprise Fund to a Special Revenue fund, as capital assets are no longer recorded within the fund, and will be reduced with future revenues.
(c) The deficit will be reduced with future revenues.

D. Restricted Net Position for Special Projects and Programs

At June 30, 2015, the City has the following restricted net position for special projects and programs approved by Resolution 15-13112:

General Fund	$ 28,100
Measure C Fund	2,324,352
E-Bart CFD Fund	3,484,043
Gas Tax Fund	139,663
NPDES Fund	90,240
Local Traffic Mitigation Fund	671,037
Park Dedication Fund	1,571,978
City Capital Improvement Project Fund	498,209
Kirker Creek Drainage Fund	212,380
Community Capital Improvement Fund	1,247,997
Regional Traffic Mitigation Fund	599,460
Golf Course Fund	2,266
	$ 10,869,725

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

E. Restatement of Fund Balance and Net Position

In fiscal year 2015, the City recategorized its Golf Course Fund from an enterprise fund to a special revenue fund. The City also reclassified the California Energy Commission (CEC) loan as long-term debt (see Note 6). As a result, July 1, 2014 balances were restated as follows:

	Fund Level			Entity-Wide		
Classifications	Golf Course Enterprise	California Energy Conservation Program Special Revenue	Governmental Funds	Governmental Activities	Business-type Activities	Total Activities
Net Position/Fund Balance:						
Balances as previously reported	$ (36,077)	$ (487,907)	$ 47,587,790	$ 315,775,818	$ 124,610,778	$ 440,386,596
Increase (Decrease) in Net Position/Fund Balance						
Capital Assets	(332,970)			332,970	(332,970)	-
Restricted for Capital Projects	(74,487)		74,487	74,487	(74,487)	-
Unassigned		526,312	526,312			-
Unrestricted Net Position	443,534		(443,534)	(443,534)	443,534	-
Total Recategorizations	36,077	526,312	157,265	(36,077)	36,077	-
Net Position/Fund Balance:						
As restated	$ -	$ 38,405	$ 47,745,055	$ 315,739,741	$ 124,646,855	$ 440,386,596

F. Prior Period Adjustment Due to Implementation of GASB Pronouncements

For the fiscal year ended June 30, 2015, the City implemented the provisions of GASB No. 68 and 71 – *Accounting and Financial Reporting for Pensions.* Accordingly, beginning net positions of the Governmental Activities and Business Activities was reduced by $40,393,579 and $3,865,413, respectively. The reductions reflect the recording of net pension liability, deferred inflows of resources and deferred outflows of resources as required under the new GASBs.

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.

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	Fiscal Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
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
2014	128,885	88,503	(22,323)	195,065
2015	195,065	202,195	(148,208)	249,052

NOTE 10 - RISK MANAGEMENT (Continued)

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
Employment Liability	50,000	2,000,000
Cyber Liability	50,000	2,000,000
Public Entity Pollution Liability	100,000	1,000,000
Government Crime Coverage	10,000	1,000,000

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

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. General Information about the Pension Plans – Miscellaneous

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous		
Hire date	Prior to July 10, 2011	On or after July 10, 2011	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	62	62
Monthly benefits, as a % of eligible compensation	1.426% to 2.366%	1.092% to 2.272%	1 to 2%
Required employee contribution rates	7%	7%	6.25%
Required employer contribution rates	13.517%	13.517%	13.517%

Employees Covered – At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	102
Inactive employees entitled to but not yet receiving benefits	139
Active employees	154
Total	395

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous (1)
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (2)
Investment Rate of Return	7.5% (3)
Mortality	Derived using CalPers Membership Data for all Funds (4)

(1) Actuarial assumptions are the same for all benefit tiers (Classic, Tier II, and PEPRA)
(2) Depending on age, service and type of employment
(3) Net of pension plan investment expenses, including inflation

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

C. *Changes in Net Pension Liability*

The changes in the Net Pension Liability for each Plan follows:

Miscellaneous Plans:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	$ 70,559,887	$ 51,531,626	$ 19,028,261
Changes in the year:			
Service cost	1,857,954	-	1,857,954
Interest on the total pension liability	5,258,464	-	5,258,464
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	-	-
Contribution - employee (paid by employer)	-	1,519,402	(1,519,402)
Contribution - employee	-	873,360	(873,360)
Net investment income	-	8,949,231	(8,949,231)
Administrative expenses	-	-	-
Benefit payments, including refunds of employee contributions	(2,752,016)	(2,752,016)	-
Net changes	4,364,402	8,589,977	(4,225,575)
Balance at June 30, 2014	$ 74,924,289	$ 60,121,603	$ 14,802,686

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		Miscellaneous
1% Decrease		6.50%
Net Pension Liability	$	25,592,416
Current Discount Rate		7.50%
Net Pension Liability	$	14,802,686
1% Increase		8.50%
Net Pension Liability	$	5,932,701

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

D. <u>Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions</u>

For the year ended June 30, 2015, the City recognized pension expense of $2,084,707. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,464,100	$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	(4,088,163)
Total	$ 2,464,100	$ (4,088,163)

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

$2,464,100 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2016	$ (1,022,041)
2017	(1,022,041)
2018	(1,022,041)
2019	(1,022,040)

E. ***General Information about the Pension Plans – Safety***

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the Local Government's separate Safety (police and fire) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Safety		
Hire date	Prior to July 10, 2011	On or after July 10, 2011	On or after January 1, 2013
Benefit formula	3% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	50
Monthly benefits, as a % of eligible compensation	3%	2.7%	2.7%
Required employee contribution rates	9%	11.5%	11.5%
Required employer contribution rates	30.014%	21.367%	11.5%

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Safety
Contributions - employer	$ 2,924,602
Contributions - employee (paid by employer)	203,123

F. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Tier I	$ 14,164,846
Tier II	3,367
Tier III	1,770
Total Net Pension Liability	$ 14,169,983

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

	Safety		
	Tier I	Tier II	Tier III
Proportion - June 30, 2013	0.39204%	0.00009%	0.00005%
Proportion - June 30, 2014	0.37763%	0.00009%	0.00005%
Change - Increase (Decrease)	-0.01441%	0.00000%	0.00000%

For the year ended June 30, 2015, the City recognized pension expense of $1,668,052. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,924,602	$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(4,278,385)
Net differences between projected and actual earnings on plan investments	10,164	(269,822)
Total	$ 2,934,766	$ (4,548,207)

$2,924,602 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Safety			
Year Ended June 30	Tier I	Tier II	Tier III	Total
2016	$ (1,151,328)	$ (14,500)	$ 3,496	$ (1,162,332)
2017	(1,151,328)	(14,500)	3,496	(1,162,332)
2018	(1,134,903)	(11,652)	2,770	(1,143,785)
2019	(1,069,208)	(254)	(132)	(1,069,594)
2020	-	-	-	-

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	All Safety Plans
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Projected Salary Increase	Depending on age, service and type of employment
Investment Rate of Return	7.5% (1)
Mortality	Derived using CalPers Membership Data for all Funds (2)

(1) Net of pension plan investment expenses, including inflation

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS' website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Tier I	Tier II	Tier III	Total
1% Decrease	6.50%	6.50%	6.50%	6.50%
Net Pension Liability	$ 24,375,866	$ 5,795	$ 3,045	$ 24,384,706
Current Discount Rate	7.50%	7.50%	7.50%	7.50%
Net Pension Liability	$ 14,164,846	$ 3,367	$ 1,770	$ 14,169,983
1% Increase	8.50%	8.50%	8.50%	8.50%
Net Pension Liability	$ 5,751,407	$ 1,368	$ 719	$ 5,753,494

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

G. 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.

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

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.

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 2013-14, 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.

In December of 2013 CCCERA sent a triennial update of the City Of Pittsburg's pension liability with CCCERA. The liability increased to $11,312,353 resulting in 14 annual payments of $1,306,656 at an interest rate of 7.25% per annum.

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

H. Miscellaneous Employees' Retirement System of 1962

The Miscellaneous Employees' Retirement System of 1962 of the City of Pittsburg, California (MERS), a single-employer defined benefit plan, was established effective July 1, 1962 for employees who entered the City's service on or after July 1, 1962, or who transferred from the Retirement System of 1948. The Plan is a government pension plan and is not subject to the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The City and employees both contributed to the establishment of a reserve for the purpose of paying an annuity at age sixty-five of one-one hundred fortieth of the final compensation for each year of service after entry into the system. The Plan is a terminated plan and as such, all participants are fully vested.

As of June 30, 2015 and 2014, there was only one retired participant remaining in the plan who is receiving periodic benefits.

The funded status of the Plan as of June 30, 2014, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
June 30, 2014	$ 3,502	$ 15,768	$ 12,266	22.2%	N/A	N/A

The Schedule of Funding Progress, presented as required supplementary information ("RSI") following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of Plan assets are increasing or decreasing over time relative to the AAL for benefits. Additionally, the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

The most recent actuarial valuation for the Plan was performed as of June 30, 2014. A 3.0% increase in the cost of living adjustment (COLA) was recommended for the current year.

Assumptions and methods used for the valuation were as follows:

Inflation	3.00%
Interest rate	0 - 4.25%
Mortality Table	RP-2000 Projected with MP 2014

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.

On December 24, 2013, the City established an agreement with the California Public Employees' Retirement System (CalPERS) to set aside funds and deposit into the California Employer's Retiree Benefit Trust (CERBT) fund to accumulate, and distribute assets for the exclusive benefit of retirees and their beneficiaries. Plan assets are irrevocable and may not be used for any purpose other than funding post-retirement health care. The CERBT fund is an agent multiple employer plan and in order to ensure that the CERBT fund remains compliant with all reporting requirements, the CalPERS is responsible for publishing aggregate GASB 43 compliance Financial Statements, Notes, and Required Supplementary Information (RSI). The information may be found on CalPERS website at www.calpers.ca.gov.

Funding Policy. There is not statutory requirement for the City to prefund its OPEB obligation. The City has currently chosen to prefund OPEB. There are no employee contributions.

For fiscal year 2014-2015, the City paid $3,158,819 for retiree healthcare plan benefits, including $1,067,606 in premium payments for retirees, $269,458 for implied subsidies and $1,821,755 for contributions to CERBT fund.

For fiscal year 2014-2015 the City received reimbursements from CERBT fund totaling $1,067,606 for premium payments for retirees.

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 employees. 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 18, 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	$ 5,079,000
Interest on net OPEB obligation	994,000
Adjustment to annual required contribution	(1,455,000)
Annual OPEB cost (expense)	4,618,000
Payments made on current retiree premiums	(1,065,633)
Contributions to CERBT	(1,821,755)
Reimbursments from CERBT	1,067,606
Implied subsidy payments	(269,578)
Increase in net OPEB obligation	2,528,640
Net OPEB obligation - beginning of year	19,582,868
Net OPEB obligation - end of year	$ 22,111,508

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, 2013	$ 5,314,000	23.3%	$ 17,538,328
June 30, 2014	4,532,000	23.0%	19,582,868
June 30, 2015	4,618,000	23.1%	22,111,508

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2013, 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 June 30, 2010 and will be amortized as a level dollar amortization over a 27 year period from June 30, 2013.

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, 2015, 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.

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

C. Construction Commitments

As of June 30, 2015 the City has construction commitments to various capital projects as shown in the table below:

Project		Amount
Main W Leland (WTP to SW Hills)	$	4,466,000
eBart Pittsburg Center Station		3,484,043
2010/11 Sewer Replacement Program		2,620,900
Water Treatment Plant Sludge Handling Facility		1,963,788
Multimodal Transit Station Access Impr 2013-19		1,500,964
Rossmoor Well Replacement		1,205,719
Ambrose Park Master Plan & Improvements (2008-21)		1,106,980
2013/14 Water Main/Service/Valve Repl Program		974,474
2013/14 WTP Capital Repairs & Improvements		749,256
Loveridge Road Waterline Project		717,025
Seismic Retrofit Bridge		690,115
James Donlon Extension Project		599,460
Citywide Storm Drain Improvements (2009-01)		578,712
2014/15 CCTV/Inspection/Sewer Replacement		500,000
School Area Safety Improvements 2013-18		477,839
Mare Island Residential Units - Gas Electric Meters		396,896
California Ave Widening - Phase I (North Side) (2007-05)		380,735
Old Town Park		305,486
IE Facility Relocation Project		300,272
Railroad Ave Improvements (Linscheid to Hwy 4)		286,959
Water Main - Buchanan Road		283,764
Railroad Ave Pavement Rehab (2009-28)		239,247
Railroad Ave. Storm Drainage Improvements (2009-10)		212,380
Traffic Signal Install - 4 Locations		202,759
Railroad Ave. Building Improvements		198,625
Sidewalk Repair Project		189,989
San Marco/Santa Teresa Signal		160,853
Water Main/Service/Valve Replacement Project		160,350
2009/10 Citywide Sewer Rehab/Water & Sewer Conversion		152,968
West Leland Reservoir Demolition		144,586
2015/16 Citywide Pavement Management		134,663
Highway 4 Trunk Line Relief (2007-09)		133,113
Capital Reinvestment Projects		113,349
Mare Island Residential Units - Development Refund		106,356
South Island RA Switch Removal		105,277
Total of Construction Commitments < $100,000		1,552,527
Total Construction Commitments	$	27,396,429

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 $11,008,711 as of June 30, 2015. 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, 2015 was $314,126.

- 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, 2015 was $4,545,226.

- The remaining loans receivable of $6,149,359 as of June 30, 2015 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, 2014	Additions	Balance at June 30, 2015
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	(155,197)	(43,542)	(198,739)
Net capital assets being depreciated	1,764,297	(43,542)	1,720,755
Total capital assets, net	$ 23,781,343	$ (43,542)	$ 23,737,801

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, 2015 are as follows:

Description	Original Issue Amount	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Amounts Due Within One Year	Amounts Due in More Than One Year
Tax Allocation Bonds:							
1999 RDA Bonds	$30,106,357	$ 27,935,871	$ 3,026,365	$ -	$ 30,962,236	$ -	$ 30,962,236
2002A RDA Refunding Bonds	59,970,000	9,710,000	-	4,730,000	4,980,000	4,980,000	-
2004A RDA Housing Set-Aside Bonds	18,270,000	15,390,000	-	395,000	14,995,000	415,000	14,580,000
2004A RDA Subordinated Bonds	117,615,000	109,695,000	-	4,170,000	105,525,000	4,330,000	101,195,000
2006A RDA Housing Set-Aside Bonds	11,020,000	9,550,000	-	220,000	9,330,000	230,000	9,100,000
2006B RDA Subordinated Bonds	36,840,000	29,965,000	-	3,655,000	26,310,000	3,840,000	22,470,000
2006C RDA Subordinated Refunding Bonds	46,660,000	45,225,000	-	170,000	45,055,000	175,000	44,880,000
2008A RDA Subordinated Refunding Bonds	61,660,856	60,510,856	-	15,000	60,495,856	40,000	60,455,856
2014 RDA Tax Allocation Refunding Bonds	67,445,000	67,445,000	-	-	67,445,000	2,645,000	64,800,000
Sub-total		375,426,727	3,026,365	13,355,000	365,098,092	16,655,000	348,443,092
Unamortized Premium		2,652,539	-	2,652,539	-	-	-
Deferred amount on refunding on 2006C RDA		(3,137,919)	-	(149,425)	(2,988,494)	(149,425)	(2,839,069)
Total Successor Agency Debt		$374,941,347	$ 3,026,365	$ 15,858,114	$ 362,109,598	$ 16,505,575	$ 345,604,023

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, 2015 amounted to $95,795,000. 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 $95,795,000. For FY 2014-15, there were no principal and interest payments. 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 June 2014, the City issued the 2014 Successor Agency to the Redevelopment Agency of the City of Pittsburg Bonds which partially refunded $6,110,000 of currently outstanding Current Interest Bonds of the 1999 bonds.

The Bonds unaccreted discount and the current year accretion totaled $64,832,764 and $3,026,365, respectively at June 30, 2015. The Bonds do not pay periodic interest. Interest on the Bonds will accrete in value at the rates between 6.10% and 6.20%. Repayment of the accreted principal will commence August 1, 2019. Final repayment will be August 1, 2030.

The annual debt service requirements to mature the Capital Appreciation Bond portion of the 1999 RDA Bonds outstanding at June 30, 2015, were as follows:

Year Ending June 30,	Principal (1)	Interest	Totals
2016	$ -	$ -	$ -
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	5,150,000	-	5,150,000
2021-2025	36,560,000	-	36,560,000
2026-2030	44,940,000	-	44,940,000
2031-2031	9,145,000	-	9,145,000
Totals	$ 95,795,000	$ -	$ 95,795,000

(1) Includes unaccreted discount in the total amount of $64,832,764.

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, 2015 amounted to $4,980,000. 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 $5,110,725. For FY 2014-15, principal and interest paid were $5,115,613. 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, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 4,980,000	$ 130,725	$ 5,110,725
Total	$ 4,980,000	$ 130,725	$ 5,110,725

2003 Series A Redevelopment Agency Tax Allocation Bonds

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 issuance of Redevelopment Agency 2008A Subordinate Tax Allocation Refunding Bonds paid a partial early payment of $4,365,000 in 2008 to principal. In June 2014, the City issued the 2014 Successor Agency to the Redevelopment Agency of the City of Pittsburg Bonds which refunded the outstanding principal balance of the 2003A bonds. The unamortized bond premium associated with the 2003A RDA Bonds was fully amortized as of June 30, 2015.

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

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, 2015 amounted to $14,995,000. 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.

The total principal and interest remaining to be paid on the bonds is $25,107,286. For FY 2014-15, principal and interest paid were $1,229,542. 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, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	485,000	744,136	1,229,136
2020	510,000	717,370	1,227,370
2021-2025	2,995,000	3,130,478	6,125,478
2026-2030	3,910,000	2,190,859	6,100,859
2031-2035	5,125,000	935,590	6,060,590
2036	655,000	18,406	673,406
Total	$ 14,995,000	$ 10,112,286	$ 25,107,286

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

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, 2015 amounted to $105,525,000. 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 $174,799,511. For FY 2014-15, total principal and interest paid were $4,211,205.

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 2013-14, the LOC fee increased by $853,955. Because Tax Increment growth has been relatively stagnant, the LOC providers agreed to defer charging the increased LOC fee until December 29, 2014. Despite the fact that Fitch upgraded the underlying rating on the bonds to BB+ on December 8, 2014, the LOC fee stays at 2.75%.

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

The annual debt service requirements on the 2004A Bonds outstanding at June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Remarketing & LOC Fees	Total
2016	$ 4,330,000	$ 3,629,828	$ 2,987,636	$ 10,947,464
2017	4,495,000	3,471,765	2,850,030	10,816,795
2018	4,660,000	3,307,845	2,715,458	10,683,303
2019	4,835,000	3,137,804	2,575,860	10,548,664
2020	5,025,000	2,961,153	2,437,203	10,423,356
2021-2025	26,660,000	12,002,541	9,857,535	48,520,076
2026-2030	27,065,000	7,280,819	5,979,671	40,325,490
2031-2035	25,915,000	2,217,371	1,821,007	29,953,378
2036	2,540,000	22,536	18,449	2,580,985
Total	$ 105,525,000	$ 38,031,662	$ 31,242,849	$ 174,799,511

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.

Terms. The terms, including the counterparty credit ratings of the outstanding swap, as of June 30, 2015 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	Series 2004A Tax Allocation Bonds
City Pays	3.5490%
City Receives	63% of USD-LIBOR + 0.35%
Maturity Date	9/1/2035
Initial Notional	$117,615,000.00
Bank Counterparty	Piper Jaffray Financial Products Inc. with a Guarantee from Morgan Stanley Capital Services
Credit Rating by Moody's / S&P/ Fitch	A3/ A- / A
Total Value	($16,010,220)

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.

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

Fair value. The Agency's swap had a negative fair value as of June 30, 2015 of $16,010,220 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.

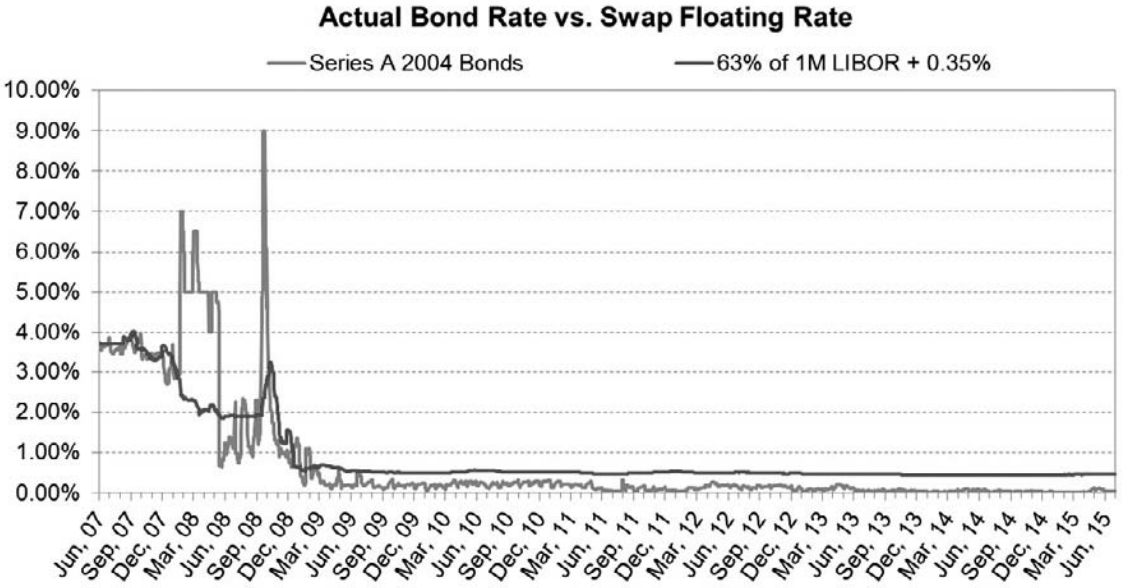
Credit risk. As of June 30, 2015, the Agency was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, if interest rates rise and the fair value of the swap were to become positive, the Agency would be exposed to credit risk in the amount of the fair 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.

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.

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, 2015 amounted to $9,330,000. 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 $15,897,439. For FY 2014-15, principal and interest paid were $719,170. 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, 2015, were as follows:

June 30,	Principal	Interest	Total
2016	$ 230,000	$ 487,662	$ 717,662
2017	240,000	475,641	715,641
2018	255,000	462,855	717,855
2019	265,000	449,296	714,296
2020	280,000	435,085	715,085
2021-2025	1,640,000	1,931,207	3,571,207
2026-2030	2,125,000	1,434,901	3,559,901
2031-2035	2,755,000	790,147	3,545,147
2036- 2037	1,540,000	100,645	1,640,645
Total	$ 9,330,000	$ 6,567,439	$ 15,897,439

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, 2015 amounted to $26,310,000. 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 $30,627,598. For FY 2014-15, principal and interest paid were $5,112,664. 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, 2015, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	4,475,000	622,797	5,097,797
2020	4,700,000	383,559	5,083,559
2021	5,005,000	130,506	5,135,506
Total	$ 26,310,000	$ 4,317,598	$ 30,627,598

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, 2015 amounted to $45,055,000. 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 $78,772,433. For FY 2014-15, total principal and interest paid were $2,120,733. 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, 2015, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	195,000	1,921,240	2,116,240
2020	205,000	1,913,586	2,118,586
2021-2025	1,150,000	9,436,424	10,586,424
2026-2030	1,410,000	9,170,156	10,580,156
2031-2035	41,550,000	5,468,034	47,018,034
Total	45,055,000	$ 33,717,433	$ 78,772,433
Deferred amount on refunding	(2,988,494)		
Total	$ 42,066,506		

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, 2015 amounted to $60,495,856. 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 $101,109,305. For FY 2014-15, total principal and interest paid were $3,927,925. 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, 2015 were as follows:

Year Ending June 30,	Principal	Interest	Total
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	120,000	3,898,756	4,018,756
2020	150,000	3,890,806	4,040,806
2021-2025	26,965,000	16,170,192	43,135,192
2026-2030	33,065,856	4,928,582	37,994,438
Total	$ 60,495,856	$ 40,613,449	$ 101,109,305

NOTE 14 – SUCCESSOR AGENCY ACTIVITIES (Continued)

2014 Refunding Bonds

2014 Series Successor Agency to the Redevelopment Agency Subordinate Tax Allocation Refunding Bonds (2014 STAB Bonds) outstanding at June 30, 2015 amounted to $67,445,000. The 2014 STAB Bonds bear interest at rates between 4.00% and 5.00% with interest payments made semi-annually on February 1 and August 1. The 2014 STAB Bonds mature annually from 2016 to 2030 on August 1 in amounts ranging from $2,645,000 to $6,335,000. Proceeds from the 2014 STAB Bonds were used to refund $74,049,000 of the Agency's 2003A RDA Bonds, partially refund the 1999 RDA Bonds, and to pay costs of issuance incurred in connection with the issuance, sales and delivery of 2014 STAB Bonds. 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 $87,034,750. 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 Bond. The Refunding of the 2003A bonds resulted in a net present value savings of $7,532,075 of the refunded bonds.

The annual debt service requirements to mature the Series 2014 Bonds outstanding at June 30, 2015 were as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 2,645,000	$ 3,203,300	$ 5,848,300
2017	7,960,000	2,991,200	10,951,200
2018	9,145,000	2,603,375	11,748,375
2019	8,735,000	2,156,375	10,891,375
2020	5,755,000	1,794,125	7,549,125
2021-2025	20,210,000	5,211,250	25,421,250
2026-2030	12,995,000	1,630,125	14,625,125
Total	$ 67,445,000	$ 19,589,750	$ 87,034,750

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 amounts, if any, of transfers or expenditures may be disallowed. The State Controller's Office conducted a review of 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 issued an opinion on July 30, 2015 requesting two parcels be transferred back to the Successor Agency from the City. The City has decided to transfer the two parcels in question back to the Successor Agency in November 2015.

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

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CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

1. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Public hearings are conducted at the City to obtain public comments. The City Council annually adopts the budget for the ensuing fiscal year prior to July 1st.

2. Budgets for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds are adopted on a basis consistent with GAAP.

3. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2015, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.

4. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and re-appropriated amounts for prior year encumbrances. The City Manager must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.

5. Appropriations lapse at the end of the fiscal year and then are re-budgeted for the coming year. Beginning with the FY 2014-2015 budget, capital project appropriations will be continuing appropriations until the project is completed.

1. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

Under encumbrance accounting, purchase orders, contracts, and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Since encumbrances do not yet constitute expenditures or liabilities, encumbrances outstanding at year-end are reported as reservations of fund balances.

The following funds had expenditures in excess of appropriation:

General Fund	$	993,030	(a)
Successor Agency Housing		81,911	(b)
Lighting & Landscape (Oak Hills Assessment District) Special Revenue Fund		3,562	(c)
CalHome Program Special Revenue Fund		18	(d)
Assets Seizure Special Revenue Fund		41,887	(e)
Public, Education and Government Fees Special Revenue Fund		15,245	(f)
Pension Obligations Debt Service Fund		693,040	(g)

(a) Excess was due to the accrual of a one-time repayment to the Board of Equalization for the overpayment of Siemen taxes. The actual payment will be made in fiscal year 2015-16.
(b) The excess was due to an entry for professional fees rendered in lieu of Common Area revenue.
(c) The excess was due to higher expenditures in part-time employees.
(d) The excess was due to a one-time unexpected County fee expenditure.
(e) The current year expenditures were based upon available fund balance accumulated over time for the police department.
(f) The excess was due to an expenditure incurred from an open purchase order.
(g) The excess was due to the expenditures being budgeted in prior years, but paid in the current year.

City of Pittsburg
General Fund
Schedule of Revenues and Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Property tax	$ 2,712,987	$ 2,712,987	$ 3,204,965	$ 491,978
Sales tax	10,647,906	10,647,906	11,745,524	1,097,618
Franchise tax	4,029,224	4,029,224	4,171,756	142,532
Other taxes	5,317,749	5,317,749	5,662,960	345,211
Intergovernmental revenues	1,501,802	1,501,802	1,344,024	(157,778)
Permits, licenses, and fees	721,650	721,650	981,810	260,160
Fines and forfeitures	154,600	154,600	172,374	17,774
Service fees	3,436,507	3,436,507	3,426,535	(9,972)
Use of money and property	305,850	305,850	257,699	(48,151)
Other revenues	1,916,969	1,932,052	1,829,070	(102,982)
Total revenues	30,745,244	30,760,327	32,796,717	2,036,390
EXPENDITURES:				
Current:				
General government	2,715,713	2,818,213	4,364,158	(1,545,945)
City Council	77,227	80,558	80,833	(275)
City Manager and City Clerk	569,496	602,209	524,063	78,146
City Attorney	508,985	508,641	543,898	(35,257)
Human resources	691,039	755,185	815,515	(60,330)
Finance and services	2,555,561	2,572,783	2,423,502	149,281
Community development and services	5,494,224	5,706,538	5,627,635	78,903
Public safety	21,676,214	21,677,617	21,484,994	192,623
Public works - administration	101,504	90,804	85,968	4,836
Public works - streets	2,167,918	2,193,176	2,036,911	156,265
Public works - parks	89,281	88,937	100,214	(11,277)
Total expenditures	36,647,162	37,094,661	38,087,691	(993,030)
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	-	-	1,591	(1,591)
Transfers in	7,182,936	7,482,983	3,981,449	3,501,534
Transfers (out)	(4,137,175)	(4,640,518)	(1,249,481)	(3,391,037)
Total other financing sources (uses)	3,045,761	2,842,465	2,733,559	108,906
NET CHANGE IN FUND BALANCE	$ (2,856,157)	$ (3,491,869)	(2,557,415)	$ 934,454
FUND BALANCE:				
Beginning of year			20,613,670	
End of year			$ 18,056,255	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Housing Authority (Section 8) - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Intergovernmental revenues	$ 11,980,056	$ 11,980,056	$ 11,570,487	$ (409,569)
Service fee	1,198,997	1,198,997	1,126,341	(72,656)
Use of money and property	-	-	6,863	6,863
Other revenues	104,625	104,625	130,134	25,509
Total revenues	13,283,678	13,283,678	12,833,825	(449,853)
EXPENDITURES:				
Community development and services	13,299,222	13,305,770	13,162,720	143,050
Interest and fiscal charges	30,982	30,982	-	30,982
Total expenditures	13,330,204	13,336,752	13,162,720	174,032
OTHER FINANCING SOURCES (USES)				
Transfers in	-	15,235	16,392	(1,157)
Transfers (out)	(11,714)	(11,714)	(11,714)	-
Total other financing sources (uses)	(11,714)	3,521	4,678	-
NET CHANGE IN FUND BALANCE	$ (58,240)	$ (49,553)	(324,217)	$ (274,664)
FUND BALANCE:				
Beginning of year			941,299	
End of year			$ 617,082	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Successor Agency Housing

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 3,670	$ 3,670	$ 64,271	$ 60,601
Other revenues	158,012	158,012	277,788	119,776
Total revenues	161,682	161,682	342,059	180,377
EXPENDITURES:				
Community development and services	187,912	188,721	270,632	(81,911)
Total expenditures	187,912	188,721	270,632	(81,911)
NET CHANGE IN FUND BALANCE	$ (26,230)	$ (27,039)	71,427	$ 98,466
FUND BALANCE:				
Beginning of year			767,620	
End of year			$ 839,047	

CITY OF PITTSBURG, AGENT MULTIPLE EMPLOYER PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
As of fiscal year ending June 30, 2015
Last 10 Years*

		2015
Total Pension Liability		
Service Cost	$	1,857,954
Differences between expected and actual experience		5,258,464
Changes in assumptions		-
Changes in benefits		-
Benefit payments, including refunds of employee contributions		(2,752,016)
Net change in total pension liability		4,364,402
Total pension liability - beginning		70,559,887
Total pension liability - ending (a)	$	74,924,289
Plan fiduciary net position		
Contributions - employer	$	1,519,402
Contributions - employee		873,360
Net investment income		8,949,231
Benefit payments, including refunds of employee contributions		(2,752,016)
Net change in plan fiduciary net position		8,589,977
Plan fiduciary net position - beginning		51,531,626
Plan fiduciary net position - ending (b)	$	60,121,603
Net pension liability - ending (a)-(b)	$	14,802,686
Plan fiduciary net position as a percentage of the total pension liability		80.24%
Covered - employee payroll	$	11,526,481
Net pension liability as percentage of covered-employee payroll		128.42%

Notes to Schedule:

Benefit changes. In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions. In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF PITTSBURG, AGENT MULTIPLE EMPLOYER PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
As of fiscal year ending June 30, 2015
Last 10 Years*

		2015
Actuarially determined contribution	$	2,464,100
Contributions in relation to the actuarially determined contributions		2,464,100
Contribution deficiency (excess)	$	-
Covered-employee payroll	$	11,526,481
Contributions as a percentage of covered-employee payroll		21.38%

Notes to Schedule

Valuation date:	June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50 Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF PITTSBURG, A COST-SHARING DEFINED PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
As of fiscal year ending June 30, 2015
Last 10 Years*

	Safety Plans		
	Tier I	Tier II	Tier III
	2015	2015	2015
Plan's Proportion of the Net Pension Liability/Asset	0.22764%	0.00005%	0.00003%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$14,164,846	$3,367	$1,770
Plan's Covered-Employee Payroll	$6,592,918	$355,962	$137,946
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered-Employee Payroll	214.85%	0.95%	1.28%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	81.42%	81.42%	81.41%
Plan's Proportionate Share of Aggregate Employer Contributions	$1,757,180	$418	$219

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF PITTSBURG, A COST-SHARING DEFINED PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
As of fiscal year ending June 30, 2015
Last 10 Years*

	Safety Plans		
	Tier I	Tier II	Tier III
	2015	2015	2015
Actuarially determined contribution	$ 1,831,268	$ 82,813	$ 46,970
Contributions in relation to the actuarially determined contributions	(1,831,268)	(82,813)	(46,970)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 6,592,918	$ 355,962	$ 137,946
Contributions as a percentage of covered-employee payroll	27.78%	23.26%	34.05%

Notes to Schedule

Valuation date:	June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.5%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 yrs. Tier I, 55 yrs. Tier II, 62 yrs. Tier III
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF PITTSBURG
OTHER POST-EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS
As of fiscal year ending June 30, 2015
Last Three Actuarial Valuations

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%

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Small Cities Grants Fund - This fund was established to account for direct grants received for housing and rental rehabilitation programs, which are program income and used to supplement housing rehabilitation costs.

Gas Tax Fund - This fund represents the Highway Users Tax apportionments from the State of California for street and road purposes under the provisions of Streets and Highways Code Maintenance.

Traffic Congestion Relief Fund - In prior years Traffic Congestion Relief funds were segregated within the Gas Tax Fund. This fund was set up to account for Traffic Congestion Relief Funds separately from the main Gas Tax Revenue Fund.

Measure C Tax Fund - This fund receives 18% of the collected half-cent sales tax, which is based on the population and road mileage, to fund regional transportation and transit related projects.

Lighting and Landscape Fund - Receipts of the assessments from residential and commercial properties are used by this fund to provide maintenance of street lighting, street trees, landscape, curbs, gutters and sidewalks within the City.

Lighting and Landscape Oak Hills Fund - Receipts of the special assessments from residential and commercial properties, in the Oak Hill area, are used by this fund to provide maintenance of street lighting, street trees, landscape, curbs, gutters and sidewalks.

Miscellaneous Grants Fund - This fund receives various small grants to administer the police, recreation, and public services.

Assets Seizure Fund -This fund was established to administer the seized assets from criminal activities.

Marina Vista Field Replacement Fund - This fund accounts for the collection of rents (maximum of $60,000 annually) from the Athletic Fields rentals of the Marina Vista School fields as set forth in the Construction and Use Agreement for the contingent turf replacement of the fields.

Local Law Enforcement Block Grant Fund - This fund accounts for the funds provided by Department of Justice to supplement local crime prevention and public safety efforts.

Southwest Pittsburg GHAD II Fund - Southwest Pittsburg Geological Hazard Abatement fund was created to account for the maintenance district of which responsibilities are restricted to mitigation/abatement of geologic landslide and erosion hazards. The fund receives revenues from assessments levied on the properties located on the hillside areas for its operation costs.

NON-MAJOR GOVERNMENTAL FUNDS, Continued

SPECIAL REVENUE FUNDS, Continued:

Storm Water Utility (NPDES) Fund - This fund accounts for property assessments collected by the County of Contra Costa on behalf of the City to provide funding for National Pollutant Discharge Elimination System (NPDES) and general drainage maintenance activities within the Pittsburg Storm Water Utility Area to reduce pollutants.

HUD Community Development Block Grant Fund - Receives annual entitlement from Department of HUD to finance public services, housing activities, economic development projects, public facility projects, program planning and administration.

NSP Neighborhood Stabilization Program Fund - This fund accounts for the funding by the California Department of Housing and Community Development for purchases and redevelopment of foreclosed homes, the purchase and rehabilitation of abandoned or foreclosed homes, the demolition of blighted structures, and the redevelopment of demolished or vacant property within the City.

CalHome Program Fund - This fund was established to account for the funding from the California Department of Housing and Community Development for mortgage assistance and owner-occupied housing rehabilitation loans.

California Energy Conservation Program - This fund is funded by the Energy Efficiency and Conservation Block Grant to enable the City to pursue the City's LED streetlight retrofit, to develop and implement projects to improve energy efficiency and reduce energy use and fossil fuel emissions within the City.

San Marco CFD 2004-01 Fund - The receipts of this fund provide funding for the increased demand of police services in the San Marco subdivision of the Community Facilities District.

Solid Waste Fund - This fund has been established to finance City activities associated with AB 939 compliance such as the annual reporting of recycling programs, hazardous waste collection and the coordination of public education programs. In addition this fund finances the City's solid waste facility Local Enforcement Program (LEA) for permitting, inspection and enforcement of State regulations governing operational, closed and illegal landfills and refuse processing facilities. These revenues will also provide for litter abatement and other similar services to mitigate the impact on the City of Pittsburg associated with hosting the Material Recovery and Transfer Station (MRTS) which services the entire region. The Solid Waste Fund revenues are generated by a $1.50 surcharge on each ton of solid waste received at the Material Recovery and Transfer Station.

NON-MAJOR GOVERNMENTAL FUNDS, Continued

SPECIAL REVENUE FUNDS, Continued:

Vista Del Mar CFD 2005-2 Fund - The receipts of the fund provided funding for financing increasing demands for police services in and for the Vista Del Mar CFD 2005-2.

Public Safety Services CFD 2005-1 Fund - The receipts of this fund provide funding for financing increasing demands for public safety services within this Community Facilities District.

Park Maintenance CFD 2007-1 Fund - The receipts of this fund provide funding for financing increasing demands for park maintenance services within this Community Facilities District.

Pittsburg Arts & Community Foundation – This fund was created for 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.

Hillview Jr. High Athletic Field **–** This fund was established to account for Grants received from Measure WW for financing, construction and joint use of an athletic field at Hillview Junior High School with Pittsburg Unified School District.

Public, Education and Government Fees (PEG) **–** The City is given authority from California Public Utilities Code to levy State Franchise Holder. The revenue of this fund supports Public Education and Government (PEG) channel facilities.

Railroad Avenue Specific Area Plan **–** This fund was created to account for the funding and financing of facilities according to the Railroad Avenue Specific Plan.

Golf Course Fund - This fund was established to account for revenues and expenditures associated with providing golfing facilities and services to our community.

DEBT SERVICE FUND:

Pension Obligations Fund accounts for the accumulation of resources for payment of principal, interest and related costs of the Pension Obligation Bonds long-term debt and for payments to the Contra Costa County Employees' Retirement Association for unfunded accrued pension obligations.

NON-MAJOR GOVERNMENTAL FUNDS, Continued

CAPITAL PROJECTS FUNDS:

Inclusionary Housing Fund - This fund was established to account for fees paid by developers in the form of "in-lieu" fees that would be used for the construction of affordable housing.

Traffic Impact Fair Share Fund - This fund was established to account for developer fees as a condition of development to mitigate future traffic impacts.

Proposition 1B Local Street & Road Improvement Fund - This fund was established to account for the State support to improve local transportation projects, to relieve congestion, improve air quality, and enhance the safety and security of the transportation system.

Kirker Creek Drainage Fees Fund - This fund was established to account for the drainage fees collected from developers to finance drainage improvement projects.

Traffic Mitigation Fund - Fees collected from developers are used by this fund to finance the capital improvement projects that mitigate the traffic impact.

Capital Improvement Fund – This fund accounts for most capital improvement projects in the City that have various funding sources. Revenues received from various sources are used for related project costs.

Park Dedication Fund - This fund was established to account for the fees collected from developers and used for design, development, construction of new park projects and the rehabilitation of existing parks.

Regional Traffic Mitigation Fund – This fund was established to account for the fees collected from new development in the City to support the regional transportation improvement projects through the Pittsburg Regional Transportation Development Impact Mitigation Fee ("PRTDIM") program.

Infrastructure Repair & Replacement – This fund was established to fund repair and capital improvement projects related to the City's infrastructure including streets, roads, parking lots and storm drains.

Community Capital Improvement - This fund was established to administer the Cooperative and Repayment Agreement between the 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 the Agency's planning and administrative costs for redevelopment activities in the established redevelopment project areas.

Bailey Road Maintenance – This fund was created to account for surcharges collected from Keller Canyon Landfill Company to fund repair and maintenance of Bailey Road from Highway 4 to the Landfill entrance.

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

City of Pittsburg

Combining Balance Sheet

Non-Major Governmental Funds

June 30, 2015

	Special Revenue			
	Small Cities Grants	Gas Tax	Traffic Congestion Relief	Measure C Tax Fund
ASSETS				
Cash and investments	$ 3,198	$ 1,195,769	$ -	$ 322,018
Restricted cash and investments	-	-	-	-
Receivables:				
Accounts	-	176,910	-	136,956
Loans/notes	1,500,840	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Advance to other funds	-	-	-	-
Total Assets	$ 1,504,038	$ 1,372,679	$ -	$ 458,974
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ 22,256	$ -	$ 15,402
Refundable deposits	-	-	-	-
Loans payable - current	15,000	-	-	-
Due to other agencies	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total Liabilities	15,000	22,256	-	15,402
Deferred inflows of resources:				
Unearned revenue	1,485,840	-	-	
Total Deferred Inflows of Resources	1,485,840	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	3,198	1,350,423	-	443,572
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (deficit)	3,198	1,350,423	-	443,572
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,504,038	$ 1,372,679	$ -	$ 458,974

Special Revenue							
Lighting & Landscape	Lighting & Landscape Oak Hills	Miscellaneous Grants	Assets Seizure	Marina Vista Field Replacement	Local Law Enforcement Block Grant	Southwest Pittsburg GHAD II
$ 235,257	$ 7,011	$ 99,807	$ 73,947	$ 196,745	$ 35,668	$ 2,800,913
-	-	-	-	-	-	-
-	-	56,188	2,500	-	185	9,149
-	-	-	-	-	-	-
43,411	-	69,709	15,874	-	31,848	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 278,668	$ 7,011	$ 225,704	$ 92,321	$ 196,745	$ 67,701	$ 2,810,062
$ 85,920	$ 1,569	$ 3,193	$ -	$ -	$ 9,854	$ 205
-	-	-	58,204	-	-	(4,213)
-	-	-	-	-	-	-
-	-	12,281	-	-	-	-
-	-	2,395	-	-	186	-
78,966	-	-	-	-	-	-
164,886	1,569	17,869	58,204	-	10,040	(4,008)
-	-	138,126	-	-	25,813	-
-	-	138,126	-	-	25,813	-
43,411	-	69,709	15,874	-	31,848	-
70,371	5,442	-	-	-	-	2,814,070
-	-	-	-	196,745	-	-
-	-	-	18,243	-	-	-
-	-	-	-	-	-	-
113,782	5,442	69,709	34,117	196,745	31,848	2,814,070
$ 278,668	$ 7,011	$ 225,704	$ 92,321	$ 196,745	$ 67,701	$ 2,810,062

(Continued)

City of Pittsburg

Combining Balance Sheet

Non-Major Governmental Funds

June 30, 2015

	Special Revenue			
	Storm Water Utility (NPDES)	HUD Community Development Block Grant	NSP Neighborhood Stabilization Program	CalHome Program
ASSETS				
Cash and investments	$ 323,110	$ 19,179	$ 43,323	$ 33,487
Restricted cash and investments	-	-	-	-
Receivables:				
Accounts	16,509	118,265	-	-
Loans/notes	-	326,484	1,705,412	558,186
Inventory	1,829	-	-	-
Prepaid items	-	-	-	-
Advance to other funds	-	-	-	-
Total Assets	$ 341,448	$ 463,928	$ 1,748,735	$ 591,673
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 5,146	$ 100,613	$ -	$ -
Refundable deposits	-	-	-	-
Loans payable - current	-	140,893	-	-
Due to other agencies	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	26,914	7,718	-	-
Total liabilities	32,060	249,224	-	-
Deferred inflows of resources:				
Unearned revenue	-	185,591	1,705,412	558,186
Total Deferred Inflows of Resources	-	185,591	1,705,412	558,186
Fund Balances:				
Nonspendable	1,829	-	-	-
Restricted	277,830	29,113	43,323	33,487
Committed	-	-	-	-
Assigned	29,729	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficit)	309,388	29,113	43,323	33,487
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 341,448	$ 463,928	$ 1,748,735	$ 591,673

Special Revenue						
California Energy Conservation Program	San Marco CFD 2004-01	Solid Waste	Vista Del Mar CFD 2005-2	Public Safety Services CFD 2005-1	Park Maintenance CFD 2007-1	Pittsburg Arts & Community Foundation
$ 38,408	$ 172,828	$ 172,881	$ 17,329	$ 7,205	$ 26,063	$ 448,950
-	-	-	-	-	-	-
-	-	119,192	-	-	26,058	45,419
-	-	-	-	-	-	822,707
-	-	1,448	-	-	-	118,366
-	-	-	-	-	-	6,615
-	-	-	-	-	-	-
$ 38,408	$ 172,828	$ 293,521	$ 17,329	$ 7,205	$ 52,121	$ 1,442,057
$ -	$ -	$ 31,193	$ -	$ -	$ 39	$ 12,421
-	-	-	-	-	-	31,500
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	29,042	-	3,024	13,324	166,257	-
-	29,042	31,193	3,024	13,324	166,296	43,921
-	-	-	-	-	-	846,635
-	-	-	-	-	-	846,635
-	-	1,448	-	-	-	124,981
38,408	143,786	260,880	14,305	-	-	426,520
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(6,119)	(114,175)	-
38,408	143,786	262,328	14,305	(6,119)	(114,175)	551,501
$ 38,408	$ 172,828	$ 293,521	$ 17,329	$ 7,205	$ 52,121	$ 1,442,057

(Continued)

City of Pittsburg

Combining Balance Sheet

Non-Major Governmental Funds

June 30, 2015

	Special Revenue			
	Hillview Jr. High Athletic Field	Public, Education and Government Fees (PEG)	Railroad Avenue Specific Area Plan	Golf Course
ASSETS				
Cash and investments	$ 140,113	$ 344,777	$3,484,874	$ 10,897
Restricted cash and investments	-	-	-	-
Receivables:				
Accounts	-	41,282	-	1,372
Loans/notes	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Advance to other funds	-	-	-	-
Total Assets	$ 140,113	$ 386,059	$ 3,484,874	$ 12,269
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ 810	$ 2,608
Refundable deposits	-	-	-	-
Loans payable - current	-	-	-	-
Due to other agencies	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	3,303,957	375,000
Total Liabilities	-	-	3,304,767	377,608
Deferred inflows of resources:				
Unearned revenue	-	-	-	915
Total Deferred Inflows of Resources	-	-	-	915
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	180,107	-
Committed	140,113	386,059	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(366,254)
Total Fund Balances (deficit)	140,113	386,059	180,107	(366,254)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 140,113	$ 386,059	$ 3,484,874	12,269

Debt Service	Capital Projects					
Pension Obligations	Inclusionary Housing	Traffic Impact Fair Share	Proposition 1B Local ST Road Impr	Kirker Creek Drainage Fees	Traffic Mitigation	Capital Improvement
$ -	$ 381,635	$ 504,414	$ -	$ 770,162	$ 2,828,841	$ 357,618
2,699,024	-	-	-	-	-	-
-	-	-	-	99,647	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 2,699,024	$ 381,635	$ 504,414	$ -	$ 869,809	$ 2,828,841	$ 357,618
$ -	$ -	$ -	$ -	$ 200,846	$ 1,781	$21,372
-	-	-	-	-	-	48,209
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	200,846	1,781	69,581
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,699,024	381,635	504,414	-	668,963	2,827,060	-
-	-	-	-	-	-	288,037
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,699,024	381,635	504,414	-	668,963	2,827,060	288,037
$ 2,699,024	$ 381,635	$ 504,414	$ -	$ 869,809	$ 2,828,841	$ 357,618

(Continued)

City of Pittsburg

Combining Balance Sheet

Non-Major Governmental Funds

June 30, 2015

	Capital Projects			
	Park Dedication	Regional Traffic Mitigation	Infrastructure Repair & Replacement	Community Capital Improvement
ASSETS				
Cash and investments	$ 1,031,265	$ 2,346,247	$ 1,216,199	$ 605,639
Restricted cash and investments	-	-	-	43,429
Receivables:				
Accounts	140,732	-	-	65,542
Loans/notes	-	-	-	-
Inventory	886	-	-	-
Prepaid items	-	-	-	-
Advance to other funds	-	3,303,957	-	-
Total assets	$ 1,172,883	$ 5,650,204	$ 1,216,199	$ 714,610
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 13,775	$ -	$ -	$ 35,987
Refundable deposits	-	-	-	-
Loans payable - current	-	-	-	-
Due to other agencies	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	801,808	-	-	-
Total Liabilities	815,583	-	-	35,987
Deferred inflows of resources:				
Unearned revenue	-	-	-	30,000
Total Deferred Inflows of Resources	-	-	-	30,000
Fund Balances:				
Nonspendable	886	-	-	-
Restricted	356,414	5,650,204	-	-
Committed	-	-	1,216,199	648,623
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (deficit)	357,300	5,650,204	1,216,199	648,623
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,172,883	$ 5,650,204	$ 1,216,199	$ 714,610

Capital Projects	
Bailey Road Maintenance	Non-Major Governmental Funds
$ 632,245	$ 20,928,022
-	2,742,453
71,941	1,127,847
-	4,913,629
-	283,371
-	6,615
-	3,303,957
$ 704,186	$ 33,305,894
$ -	$ 564,990
-	133,700
-	155,893
-	12,281
-	2,581
-	4,806,010
-	5,675,455
-	4,976,518
-	4,976,518
-	289,986
704,186	19,926,735
-	2,875,776
-	47,972
-	(486,548)
704,186	22,653,921
$ 704,186	$ 33,305,894

City of Pittsburg
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2015

	Special Revenue			
	Small Cities Grants	Gas Tax	Traffic Congestion Relief	Measure C Tax Fund
REVENUES:				
Franchise tax	$ -	$ -	$ -	$ -
Other taxes	-	1,853,567	-	703,984
Intergovernmental revenues	-	-	-	11,956
Licenses, permits, and fees	-	-	-	-
Special assessments	-	-	-	-
Service fees	-	200	-	85
Use of money and property	919	10,442	49	5,116
Other revenues	82,137	-	-	125,000
Total Revenues	83,056	1,864,209	49	846,141
EXPENDITURES:				
Current:				
General government	-	-	-	-
City Manager and City Clerk	-	-	-	-
Human resources	-	-	-	-
Finance and services	-	-	-	-
Community services	18	-	-	438,297
Public safety	-	-	-	-
Public works - administration	-	-	-	-
Public works - streets	-	1,489,092	17,116	-
Capital outlay and improvements	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	18	1,489,092	17,116	438,297
REVENUES OVER (UNDER) EXPENDITURES	83,038	375,117	(17,067)	407,844
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	348,685	17,116	-
Transfers out	(125,835)	(1,052,560)	(5,305)	(710,088)
Total other financing sources (uses)	(125,835)	(703,875)	11,811	(710,088)
Net change in fund balances	(42,797)	(328,758)	(5,256)	(302,244)
FUND BALANCES (DEFICITS):				
Beginning of Year, as restated	45,995	1,679,181	5,256	745,816
End of Year	$ 3,198	$ 1,350,423	$ -	$ 443,572

Special Revenue						
Lighting & Landscape	Lighting & Landscape Oak Hills	Miscellaneous Grants	Assets Seizure	Marina Vista Field Replacement	Local Law Enforcement Block Grant	Southwest Pittsburg GHAD II
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	692,042
-	-	255,526	-	-	63,702	-
-	-	-	-	-	-	-
2,784,294	33,959	-	-	-	-	-
-	-	-	-	23,730	-	-
1,317	282	1,167	604	1,735	276	24,377
10,000	-	5,000	12,884	-	-	18,904
2,795,611	34,241	261,693	13,488	25,465	63,978	735,323
36,032	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	17,848	-	-	-	-
-	-	-	-	-	-	-
-	-	10,248	-	-	37,008	399,161
-	-	233,597	41,887	-	26,970	-
-	-	-	-	-	-	-
3,484,521	66,492	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,520,553	66,492	261,693	41,887	-	63,978	399,161
(724,942)	(32,251)	-	(28,399)	25,465	-	336,162
-	-	-	2,500	-	-	-
725,986	10,000	-	-	-	-	-
(93,336)	-	-	-	-	-	(6,430)
632,650	10,000	-	2,500	-	-	(6,430)
(92,292)	(22,251)	-	(25,899)	25,465	-	329,732
206,074	27,693	69,709	60,016	171,280	31,848	2,484,338
$ 113,782	$ 5,442	$ 69,709	$ 34,117	$ 196,745	$ 31,848	$ 2,814,070

(Continued)

City of Pittsburg
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2015

	Special Revenue			
	Storm Water Utility (NPDES)	HUD Community Development Block Grant	NSP Neighborhood Stabilization Program	CalHome Program
REVENUES:				
Franchise tax	$ -	$ -	$ -	$ -
Other taxes	664,240	-	-	-
Intergovernmental revenues	-	456,280	-	-
Licenses, permits, and fees	-	-	-	-
Special assessments	-	-	-	-
Service fees	-	-	-	-
Use of money and property	1,943	1,811	402	312
Other revenues	5,155	31,230	-	-
Total Revenues	671,338	489,321	402	312
EXPENDITURES:				
Current:				
General government	-	-	-	-
City Manager and City Clerk	-	-	-	-
Human resources	-	-	-	-
Finance and services	-	-	-	-
Community services	-	597,111	-	18
Public safety	-	-	-	-
Public works - administration	340,679	-	-	-
Public works - streets	565,118	-	-	-
Capital outlay and improvements	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	905,797	597,111	-	18
REVENUES OVER (UNDER) EXPENDITURES	(234,459)	(107,790)	402	294
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	100,000	125,835	-	-
Transfers out	(54,351)	(1,414)	-	-
Total other financing sources (uses)	45,649	124,421	-	-
Net change in fund balances	(188,810)	16,631	402	294
FUND BALANCES (DEFICITS):				
Beginning of Year, as restated	498,198	12,482	42,921	33,193
End of Year	$ 309,388	$ 29,113	$ 43,323	$ 33,487

Special Revenue						
California Energy Conservation Program	San Marco CFD 2004-01	Solid Waste	Vista Del Mar CFD 2005-2	Public Safety Services CFD 2005-1	Park Maintenance CFD 2007-1	Pittsburg Arts & Community Foundation
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	174,173	247,343	-	-
-	-	-	-	-	26,058	11,015
-	-	-	-	-	-	-
-	515,636	-	-	-	38,281	-
-	-	449,880	-	-	-	10,413
-	380	2,260	34	6	324	22,458
-	-	1,606	-	-	-	489,566
-	516,016	453,746	174,207	247,349	64,663	533,452
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	277,455	-	-	-	775,755
-	312,089	167,745	150,040	212,654	-	-
-	-	-	-	-	-	-
-	-	-	-	-	48,446	-
-	-	-	-	-	-	-
59,147	-	-	-	-	-	-
15,350	4,848	-	-	4,528	3,522	-
74,497	316,937	445,200	150,040	217,182	51,968	775,755
(74,497)	199,079	8,546	24,167	30,167	12,695	(242,303)
-	-	-	-	-	-	-
74,500	-	-	-	-	731	-
-	(6,722)	(101,980)	(865)	(3,228)	(266)	-
74,500	(6,722)	(101,980)	(865)	(3,228)	465	-
3	192,357	(93,434)	23,302	26,939	13,160	(242,303)
38,405	(48,571)	355,762	(8,997)	(33,058)	(127,335)	793,804
$ 38,408	$ 143,786	$ 262,328	$ 14,305	$ (6,119)	$ (114,175)	$ 551,501

(Continued)

City of Pittsburg
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2015

	Special Revenue			
	Hillview Jr. High Athletic Field	Public, Education and Government Fees (PEG)	Railroad Avenue Specific Area Plan	Golf Course
REVENUES:				
Franchise tax	$ -	$ 155,404	$ -	$ -
Other taxes	-	-	-	-
Intergovernmental revenues	-	-	-	-
Licenses, permits, and fees	-	-	-	-
Special assessments	-	-	-	-
Service fees	49,095	-	-	-
Use of money and property	1,207	2,859	-	-
Other revenues	-	-	-	-
Total Revenues	50,302	158,263	-	-
EXPENDITURES:				
Current:				
General government	-	-	-	-
City Manager and City Clerk	-	-	-	-
Human resources	-	-	-	-
Finance and services	-	-	-	-
Community services	-	139,245	32,332	160,428
Public safety	-	-	-	-
Public works - administration	-	-	-	-
Public works - streets	-	-	15,958	-
Capital outlay and improvements	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	3,957	-
Total Expenditures	-	139,245	52,247	160,428
REVENUES OVER (UNDER) EXPENDITURES	50,302	19,018	(52,247)	(160,428)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	233,184	163,221
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	233,184	163,221
Net change in fund balances	50,302	19,018	180,937	2,793
FUND BALANCES (DEFICITS):				
Beginning of Year, as restated	89,811	367,041	(830)	(369,047)
End of Year	$ 140,113	$ 386,059	$ 180,107	$ (366,254)

Debt Service	Capital Projects						
Pension Obligations	Inclusionary Housing	Traffic Impact Fair Share	Proposition 1B Local ST Road Imp	Kirker Creek Drainage Fees	Traffic Mitigation	Capital Improvement
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	99,647	202,298	-
-	-	-	-	-	-	-
4,896,595	-	-	-	360	-	-
246	3,542	4,682	19	9,858	25,676	3,852
-	-	-	-	-	-	-
4,896,841	3,542	4,682	19	109,865	227,974	3,852
-	-	-	-	-	-	-
9,991	-	-	-	-	-	-
19,980	-	-	-	-	-	-
79,925	-	-	-	-	-	-
169,841	-	-	-	-	20,475	-
519,513	-	-	-	-	-	-
199,813	-	-	-	-	-	-
-	-	-	-	-	-	19,671
-	-	-	-	670,715	68,237	89,551
530,000	-	-	-	-	-	-
2,856,450	-	-	-	-	-	-
4,385,513	-	-	-	670,715	88,712	109,222
511,328	3,542	4,682	19	(560,850)	139,262	(105,370)
-	-	-	-	-	-	-
-	-	-	-	-	-	89,550
-	-	-	(1,892)	(16,628)	-	(360,000)
-	-	-	(1,892)	(16,628)	-	(270,450)
511,328	3,542	4,682	(1,873)	(577,478)	139,262	(375,820)
2,187,696	378,093	499,732	1,873	1,246,441	2,687,798	663,857
$ 2,699,024	$ 381,635	$ 504,414	$ -	$ 668,963	$ 2,827,060	$ 288,037

(Continued)

City of Pittsburg
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2015

	Capital Projects			
	Park Dedication	Regional Traffic Mitigation	Infrastructure Repair & Replacement	Community Capital Improvement
REVENUES:				
Franchise tax	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-
Intergovernmental revenues	27,809	-	-	367,776
Licenses, permits, and fees	183,485	-	-	-
Special assessments	-	-	-	-
Service fees	428	-	-	-
Use of money and property	22,784	36,353	15,271	5,475
Other revenues	9,000	-	-	-
Total Revenues	243,506	36,353	15,271	373,251
EXPENDITURES:				
Current:				
General government	-	-	-	-
City Manager and City Clerk	-	-	-	-
Human resources	-	-	-	-
Finance and services	-	-	-	-
Community services	-	-	1,288	166,747
Public safety	-	-	-	-
Public works - administration	-	-	-	-
Public works - streets	-	-	-	-
Capital outlay and improvements	2,518,958	126,051	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	1,808	-	-	-
Total Expenditures	2,520,766	126,051	1,288	166,747
REVENUES OVER (UNDER) EXPENDITURES	(2,277,260)	(89,698)	13,983	206,504
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	660,000	-	-	-
Transfers out	-	(233,184)	(463,284)	-
Total other financing sources (uses)	660,000	(233,184)	(463,284)	-
Net change in fund balances	(1,617,260)	(322,882)	(449,301)	206,504
FUND BALANCES (DEFICITS):				
Beginning of Year, as restated	1,974,560	5,973,086	1,665,500	442,119
End of Year	$ 357,300	$ 5,650,204	$ 1,216,199	$ 648,623

Capital Projects	
Bailey Road Maintenance	Total Non-Major Governmental Funds
$ -	$ 155,404
-	4,335,349
-	1,220,122
167,874	653,304
-	3,372,170
-	5,430,786
5,586	213,624
-	790,482
173,460	16,171,241
-	36,032
-	9,991
-	37,828
-	79,925
-	3,225,427
-	1,664,495
-	540,492
-	5,706,414
-	3,473,512
-	589,147
-	2,890,463
-	18,253,726
173,460	(2,082,485)
-	2,500
-	2,548,808
-	(3,237,368)
-	(686,060)
173,460	(2,768,545)
530,726	25,422,466
$ 704,186	$ 22,653,921

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Small Cities Grants - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Use of money and property	$ 67	$ 67	$ 919	$ 852
Other revenues	-	-	82,137	82,137
Total revenues	67	67	83,056	82,989
EXPENDITURES				
Community development and services	-	-	18	(18)
Total Expenditures	-	-	18	(18)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(125,835)	(125,835)
Total other financing sources (uses)	-	-	(125,835)	(125,835)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 67	$ 67	(42,797)	$ (42,864)
FUND BALANCES (DEFICIT):				
Beginning of year			45,995	
End of year			$ 3,198	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Gas Tax - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Other Taxes	$ 1,692,500	$ 1,692,500	$ 1,853,567	$ 161,067
Intergovernmental Revenue	-	-	-	-
Service fees	-	-	200	200
Use of money and property	6,400	6,400	10,442	4,042
Total revenues	1,698,900	1,698,900	1,864,209	165,309
EXPENDITURES				
Public works - street	500,000	1,680,000	1,489,092	190,908
Total expenditures	500,000	1,680,000	1,489,092	190,908
OTHER FINANCING SOURCES (USES)				
Transfers in	-	480,000	348,685	(131,315)
Transfers out	(1,052,560)	(1,052,560)	(1,052,560)	-
Total other financing sources (uses)	(1,052,560)	(572,560)	(703,875)	(131,315)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 146,340	$ (553,660)	(328,758)	$ 224,902
FUND BALANCES:				
Beginning of year			1,679,181	
End of year			$ 1,350,423	

City of Pittsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Traffic Congestion Relief - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Use of money and property	$ 34	$ 34	$ 49	$ 15
Total revenues	34	34	49	15
EXPENDITURES				
Public works - streets	-	17,116	17,116	-
Total expenditures	-	17,116	17,116	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	17,116	17,116	-
Transfers out	-	-	(5,305)	(5,305)
Total other financing sources (uses)	-	17,116	11,811	(5,305)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 34	$ 34	(5,256)	$ (5,290)
FUND BALANCES:				
Beginning of year			5,256	
End of year			$ -	

City of Pittsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure C Tax Fund - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Other taxes	$ 723,000	$ 723,000	$ 703,984	$ (19,016)
Intergovernmental revenues	-	1,802,000	11,956	(1,790,044)
Use of money and property	2,500	2,500	5,116	2,616
Service fees	-	-	85	85
Other revenues	-	125,000	125,000	-
Total revenues	725,500	2,652,500	846,141	(1,806,359)
EXPENDITURES				
Community development and services	100,000	-	438,297	(438,297)
Capital outlay and improvement	-	2,754,125	-	2,754,125
Total expenditures	100,000	2,754,125	438,297	2,315,828
OTHER FINANCING SOURCES (USES)				
Transfers out	(674,287)	(766,403)	(710,088)	56,315
Total other financing sources (uses)	(674,287)	(766,403)	(710,088)	56,315
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (48,787)	$ (868,028)	(302,244)	$ 565,784
FUND BALANCES:				
Beginning of year			745,816	
End of year			$ 443,572	

City of Pittsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Lighting & Landscape - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Special assessments	$ 2,800,000	$ 2,800,000	$ 2,784,294	$ (15,706)
Use of money and property	3,600	3,600	1,317	(2,283)
Other revenues	-	-	10,000	10,000
Total revenues	2,803,600	2,803,600	2,795,611	(7,989)
EXPENDITURES				
General government	37,288	37,288	36,032	1,256
Public works - streets	3,603,739	3,625,899	3,484,521	141,378
Total expenditures	3,641,027	3,663,187	3,520,553	142,634
OTHER FINANCING SOURCES (USES)				
Transfers in	695,301	725,470	725,986	516
Transfers out	(93,336)	(93,336)	(93,336)	-
Total other financing sources (uses)	601,965	632,134	632,650	516
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (235,462)	$ (227,453)	(92,292)	$ 135,161
FUND BALANCES (DEFICIT):				
Beginning of year			206,074	
End of year			$ 113,782	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Lighting & Landscape (Oak Hills Assessment District) - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Special assessments	$ 33,959	$ 33,959	$ 33,959	$ -
Use of money and property	140	140	282	142
Total revenues	34,099	34,099	34,241	142
EXPENDITURES				
Public works - streets	62,930	62,930	66,492	(3,562)
Total expenditures	62,930	62,930	66,492	(3,562)
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	10,000	-
Total other financing sources (uses)	10,000	10,000	10,000	-
Total other financing sources (uses)	$ (18,831)	$ (18,831)	(22,251)	$ (3,420)
FUND BALANCES (DEFICIT):				
Beginning of year			27,693	
End of year			$ 5,442	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Miscellaneous Grants - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Intergovernmental	$ -	$ 306,138	$ 255,526	$ (50,612)
Use of money and property	1,400	2,359	1,167	(1,192)
Other revenues	-	-	5,000	5,000
Total revenues	1,400	308,497	261,693	(46,804)
EXPENDITURES				
Human resources	-	12,848	17,848	(5,000)
Community development and services	-	4,280	10,248	(5,968)
Public safety	-	449,282	233,597	215,685
Total expenditures	-	466,410	261,693	204,717
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 1,400	$ (157,913)	-	$ 157,913
FUND BALANCES:				
Beginning of year			69,709	
End of year			$ 69,709	

City of Pittsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Assets Seizure - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Use of money and property	$ 705	$ 705	$ 604	$ (101)
Other revenues	-	-	12,884	12,884
Total revenues	705	705	13,488	12,783
EXPENDITURES				
Public safety	-	-	41,887	(41,887)
Total expenditures	-	-	41,887	(41,887)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	2,500	2,500
Total other financing sources (uses)	-	-	2,500	2,500
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 705	$ 705	(25,899)	$ (26,604)
FUND BALANCES:				
Beginning of year			60,016	
End of year			$ 34,117	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Marina Vista Field Replacement - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Service fees	$ 32,000	$ 32,000	$ 23,730	$ (8,270)
Use of money and property	890	890	1,735	845
Total revenues	32,890	32,890	25,465	(7,425)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 32,890	$ 32,890	25,465	$ (7,425)
FUND BALANCES:				
Beginning of year			171,280	
End of year			$ 196,745	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Local Law Enforcement Block Grant - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Intergovernmental	$ -	$ 64,348	$ 63,702	$ (646)
Use of money and property	215	215	276	61
Total revenues	215	64,563	63,978	(585)
EXPENDITURES				
Community development and services	-	58,306	37,008	21,298
Public safety	14,115	64,215	26,970	37,245
Total expenditures	14,115	122,521	63,978	58,543
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (13,900)	$ (57,958)	-	$ 57,958
FUND BALANCES:				
Beginning of year			31,848	
End of year			$ 31,848	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Southwest Pittsburg GHAD II - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Other taxes	$ 625,000	$ 625,000	$ 692,042	$ 67,042
Use of money and property	14,200	14,200	24,377	10,177
Other revenues	-	-	18,904	18,904
Total revenues	639,200	639,200	735,323	96,123
EXPENDITURES				
Community development and services	450,855	461,568	399,161	62,407
Total expenditures	450,855	461,568	399,161	62,407
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,430)	(6,430)	(6,430)	-
Total other financing sources (uses)	(6,430)	(6,430)	(6,430)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 181,915	$ 171,202	329,732	$ 158,530
FUND BALANCES:				
Beginning of year			2,484,338	
End of year			$ 2,814,070	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Storm Water Utility (NPDES) - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Other taxes	$ 768,850	$ 768,850	$ 664,240	$ (104,610)
Use of money and property	1,420	1,420	1,943	523
Other revenue	-	-	5,155	5,155
Total revenues	770,270	770,270	671,338	(98,932)
EXPENDITURES				
Public works - Admin	458,605	489,534	340,679	148,855
Public works - Streets	523,431	734,841	565,118	169,723
Total expenditures	982,036	1,224,375	905,797	318,578
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Transfers out	(54,351)	(54,351)	(54,351)	-
Total other financing sources (uses)	45,649	45,649	45,649	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (166,117)	$ (408,456)	(188,810)	$ 219,646
FUND BALANCES:				
Beginning of year			498,198	
End of year			$ 309,388	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
HUD Community Development Block Grant - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Intergovernmental	$ 692,630	$ 717,630	$ 456,280	$ (261,350)
Service fees	-	-	-	-
Use of money and property	-	-	1,811	1,811
Other revenues	-	-	31,230	31,230
Total revenues	692,630	717,630	489,321	(228,309)
EXPENDITURES				
Community development and services	688,671	1,283,354	597,111	686,243
Interest and fiscal charges	3,741	3,741	-	3,741
Total expenditures	692,412	1,287,095	597,111	689,984
OTHER FINANCING (USES)				
Transfers in	-	-	125,835	125,835
Transfers (out)	(1,414)	(1,414)	(1,414)	-
Total other financing (uses)	(1,414)	(1,414)	124,421	125,835
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (1,196)	$ (570,879)	16,631	$ 587,510
FUND BALANCES:				
Beginning of year			12,482	
End of year			$ 29,113	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Neighborhood Stabilization Program - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Use of money and property	$ 240	$ 240	$ 402	$ 162
Total revenues	240	240	402	162
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 240	$ 240	402	$ 162
FUND BALANCES:				
Beginning of year			42,921	
End of year			$ 43,323	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

CalHome Program - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Use of money and property	$ 240	$ 240	$ 312	$ 72
Total revenues	240	240	312	72
EXPENDITURES				
Community development and services	-	-	18	(18)
Total expenditures	-	-	18	(18)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 240	$ 240	294	$ 54
FUND BALANCES:				
Beginning of year			33,193	
End of year			$ 33,487	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

California Energy Conservation Program - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
EXPENDITURES				
	$ 59,149	$ 59,149	$ 59,147	$ 2
Interest and fiscal charges	15,351	15,351	15,350	1
Total expenditures	74,500	74,500	74,497	3
OTHER FINANCING SOURCES				
Transfers in	74,500	74,500	74,500	-
Total other financing sources (uses)	74,500	74,500	74,500	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ -	$ -	3	$ 3
FUND BALANCES:				
Beginning of year, as restated			38,405	
End of year			$ 38,408	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

San Marco CFD 2004-01 - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Property tax	$ 474,342	$ 474,342	$ 515,636	$ 41,294
Use of money and property	640	640	380	(260)
Total revenues	474,982	474,982	516,016	41,034
EXPENDITURES				
General government	17,779	17,779	-	17,779
Public safety	435,074	435,780	312,089	123,691
Interest and fiscal charges	5,400	5,400	4,848	552
Total expenditures	458,253	458,959	316,937	142,022
OTHER FINANCING SOURCES				
Transfers out	(6,722)	(6,722)	(6,722)	-
Total other financing sources (uses)	(6,722)	(6,722)	(6,722)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 10,007	$ 9,301	192,357	$ 183,056
FUND BALANCES:				
Beginning of year			(48,571)	
End of year			$ 143,786	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Solid Waste - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Service fees	$ 455,000	$ 455,000	$ 449,880	$ (5,120)
Use of money and property	1,200	1,200	2,260	1,060
Other revenues	1,100	1,100	1,606	506
Total revenues	457,300	457,300	453,746	(3,554)
EXPENDITURES				
Community development and services	319,512	329,082	277,455	51,627
Public safety	208,813	210,978	167,745	43,233
Total expenditures	528,325	540,060	445,200	94,860
OTHER FINANCING SOURCES				
Transfers out	(101,980)	(101,980)	(101,980)	-
Total other financing sources (uses)	(101,980)	(101,980)	(101,980)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (173,005)	$ (184,740)	(93,434)	$ 91,306
FUND BALANCES:				
Beginning of year			355,762	
End of year			$ 262,328	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Vista Del Mar CFD 2005-2 - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Other taxes	$ 164,643	$ 164,643	$ 174,173	$ 9,530
Use of money and property	180	180	34	(146)
Total revenues	164,823	164,823	174,207	9,384
EXPENDITURES				
Public safety	151,156	151,448	150,040	1,408
Interest and fiscal charges	6,000	6,000	-	6,000
Total expenditures	157,156	157,448	150,040	7,408
OTHER FINANCING SOURCES (USES)				
Transfers out	(865)	(865)	(865)	-
Total other financing sources (uses)	(865)	(865)	(865)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 6,802	$ 6,510	23,302	$ 16,792
FUND BALANCES:				
Beginning of year			(8,997)	
End of year			$ 14,305	

City of Pittsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Public Safety Service CFD 2005-1-Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Other taxes	$ 247,343	$ 247,343	$ 247,343	$ -
Use of money and property	180	180	6	(174)
Total revenues	247,523	247,523	247,349	(174)
EXPENDITURES				
Public safety	224,309	224,611	212,654	11,957
Interest and fiscal charges	4,500	4,500	4,528	(28)
Total expenditures	228,809	229,111	217,182	11,929
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,228)	(3,228)	(3,228)	-
Total other financing sources (uses)	(3,228)	(3,228)	(3,228)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 15,486	$ 15,184	26,939	$ 11,755
FUND BALANCES:				
Beginning of year			(33,058)	
End of year			$ (6,119)	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Park Maintenance CFD 2007-1 - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Intergovernmental	$ 28,000	$ 28,000	$ 26,058	$ (1,942)
Special assessments	32,785	32,785	38,281	5,496
Use of money and property	180	180	324	144
Total revenues	60,965	60,965	64,663	3,698
EXPENDITURES				
Public works	61,957	62,656	48,446	14,210
Interest and fiscal charges	3,200	3,200	3,522	(322)
Total expenditures	65,157	65,856	51,968	13,888
OTHER FINANCING SOURCES (USES)				
Transfers in	-	683	731	(48)
Transfers out	(266)	(266)	(266)	-
Total other financing sources (uses)	(266)	417	465	(48)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (4,458)	$ (4,474)	13,160	$ 17,634
FUND BALANCES:				
Beginning of year			(127,335)	
End of year			$ (114,175)	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Pittsburg Arts & Community Foundation - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Intergovernmental	$ 80,015	$ 80,015	$ 11,015	$ (69,000)
Service fees	-	-	10,413	10,413
Use of money and property	22,467	22,467	22,458	(9)
Other revenues	487,906	487,906	489,566	1,660
Total revenues	590,388	590,388	533,452	(56,936)
EXPENDITURES:				
Community development and services	805,743	805,743	775,755	29,988
Total expenditures	805,743	805,743	775,755	29,988
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (215,355)	$ (215,355)	(242,303)	$ (26,948)
FUND BALANCES:				
Beginning of year			793,804	
End of year			$ 551,501	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Hillview Jr. High Athletic Field - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Service fees	$ 25,000	$ 25,000	$ 49,095	$ 24,095
Use of money and property	420	420	1,207	787
Total revenues	25,420	25,420	50,302	24,882
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 25,420	$ 25,420	50,302	$ 24,882
FUND BALANCES:				
Beginning of year			89,811	
End of year			$ 140,113	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Public, Education and Government Fees - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Franchise Tax	$ 145,000	$ 145,000	$ 155,404	$ 10,404
Use of money and property	1,420	1,420	2,859	1,439
Other revenues	-	-	-	-
Total revenues	146,420	146,420	158,263	11,843
EXPENDITURES:				
Community services	124,000	124,000	139,245	(15,245)
Total expenditures	124,000	124,000	139,245	(15,245)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 22,420	$ 22,420	19,018	$ (3,402)
FUND BALANCES:				
Beginning of year			367,041	
End of year			$ 386,059	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Railroad Avenue Specific Area Plan - Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
EXPENDITURES:				
Community services	$ -	$ 33,184	$ 32,332	$ 852
Public works - streets	-	3,500,000	15,958	3,484,042
Interest and fiscal charges	-	-	3,957	(3,957)
Total expenditures	-	3,533,184	52,247	3,480,085
OTHER FINANCING SOURCES				
Transfers out	-	3,533,184	233,184	(3,300,000)
Total other financing sources (uses)	-	3,533,184	233,184	(3,300,000)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ -	$ 3,533,184	180,937	$ 3,480,085
FUND BALANCES:				
Beginning of year			(830)	
End of year			$ 180,107	

City of Pittsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Golf Course Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
EXPENDITURES:				
Public Works	$ 15,000	$ 165,487	$ 160,428	$ 5,059
Total expenditures	15,000	165,487	160,428	5,059
OTHER FINANCING SOURCES				
Transfers in	15,000	165,487	163,221	(2,266)
Total other financing sources (uses)	15,000	165,487	163,221	(2,266)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ -	$ -	2,793	$ 2,793
FUND BALANCES:				
Beginning of year			(369,047)	
End of year			$ (366,254)	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Pension Obligations - Debt Service Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Service fees	$ 4,079,491	$ 4,754,718	$ 4,896,595	$ 141,877
Use of money and property	2,500	2,500	246	(2,254)
Total revenues	4,081,991	4,757,218	4,896,841	139,623
EXPENDITURES				
General administration	-	-	999,063	(999,063)
Principal retirement	1,757,773	1,757,773	530,000	1,227,773
Interest and fiscal charges	2,321,717	2,321,717	2,856,450	(534,733)
Total expenditures	4,079,490	4,079,490	4,385,513	(306,023)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 2,501	$ 677,728	511,328	$ (166,400)
FUND BALANCES:				
Beginning of year			2,187,696	
End of year			$ 2,699,024	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Inclusionary Housing - Capital Projects Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Use of money and property	$ 2,250	$ 2,250	$ 3,542	$ 1,292
Total revenues	2,250	2,250	3,542	1,292
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 2,250	$ 2,250	3,542	$ 1,292
FUND BALANCES:				
Beginning of year			378,093	
End of year			$ 381,635	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Traffic Impact Fair Share - Capital Project Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Use of money and property	$ 2,960	$ 2,960	$ 4,682	$ 1,722
Total revenues	2,960	2,960	4,682	1,722
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 2,960	$ 2,960	4,682	$ 1,722
FUND BALANCES:				
Beginning of year			499,732	
End of year			$ 504,414	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Proposition 1B Local Street and Road Improvement - Capital Projects Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Use of money and property	$ 12	$ 12	$ 19	$ 7
Total revenues	12	12	19	7
OTHER FINANCING SOURCES				
Transfers out	-	-	(1,892)	(1,892)
Total other financing sources (uses)	-	-	(1,892)	(1,892)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 12	$ 12	(1,873)	$ (1,885)
FUND BALANCES:				
Beginning of year			1,873	
End of year			$ -	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Kirker Creek Drainage Fees - Capital Projects Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Permits, licenses, and fees	$ -	$ -	$ 99,647	$ 99,647
Service fees	-	-	360	360
Use of money and property	7,800	7,800	9,858	2,058
Total revenues	7,800	7,800	109,865	102,065
EXPENDITURES				
Capital outlay and improvements	-	883,096	670,715	212,381
Total expenditures	-	883,096	670,715	212,381
OTHER FINANCING SOURCES (USES)				
Transfers out	(16,628)	(16,628)	(16,628)	-
Total other financing sources (uses)	(16,628)	(16,628)	(16,628)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (8,828)	$ (891,924)	(577,478)	$ 314,446
FUND BALANCES:				
Beginning of year			1,246,441	
End of year			$ 668,963	

City of Pittsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Traffic Mitigation - Capital Projects Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Intergovernmental	$ -	$ 85	$ -	$ (85)
Permits, licenses, and fees	-	-	202,298	202,298
Use of money and property	16,500	16,500	25,676	9,176
Other revenues	-	99,015	-	(99,015)
Total revenues	16,500	115,600	227,974	112,374
EXPENDITURES				
Community services	20,605	21,021	20,475	(546)
Capital outlay and improvements	158,763	739,597	68,237	671,360
Total expenditures	179,368	760,618	88,712	670,814
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(75,000)	-	75,000
Total other financing sources (uses)	-	(75,000)	-	75,000
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (162,868)	$ (720,018)	139,262	$ 859,280
FUND BALANCES:				
Beginning of year			2,687,798	
End of year			$ 2,827,060	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Capital Improvement - Capital Projects Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Use of money and property	$ 3,600	$ 3,600	$ 3,852	$ 252
Total revenues	3,600	3,600	3,852	252
EXPENDITURES				
Public works - streets	-	301,938	19,671	282,267
Capital outlay and improvements	-	305,000	89,551	215,449
Total expenditures	-	606,938	109,222	497,716
OTHER FINANCING SOURCES (USES)				
Transfers in	-	305,000	89,550	(215,450)
Transfers out	-	(360,000)	(360,000)	-
Total other financing sources (uses)	-	(55,000)	(270,450)	(215,450)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 3,600	$ (658,338)	(375,820)	$ 282,518
FUND BALANCES:				
Beginning of year			663,857	
End of year			$ 288,037	

City of Pittsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Park Dedication - Capital Projects Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Intergovernmental	$ -	$ 1,178,429	$ 27,809	$ (1,150,620)
Permits, licenses and fees	-	-	183,485	183,485
Use of money and property	13,000	13,000	22,784	9,784
Service fees	-	-	428	428
Other revenues	-	9,000	9,000	-
Total revenues	13,000	1,200,429	243,506	(956,923)
EXPENDITURES				
Capital outlay and improvements	53,763	4,617,677	2,518,958	2,098,719
Interest and fiscal charges	-	-	1,808	(1,808)
Total expenditures	53,763	4,617,677	2,520,766	2,096,911
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,460,000	660,000	(800,000)
Total other financing sources (uses)	-	1,460,000	660,000	(800,000)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (40,763)	$ (1,957,248)	(1,617,260)	$ 339,988
FUND BALANCES:				
Beginning of year			1,974,560	
End of year			$ 357,300	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Regional Traffic Mitigation - Capital Projects Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Use of money and property	$ 35,900	$ 35,900	$ 36,353	$ 453
Total revenues	35,900	35,900	36,353	453
EXPENDITURES				
Capital outlay and improvements	-	725,512	126,051	599,461
Total expenditures	-	725,512	126,051	599,461
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(3,533,184)	(233,184)	3,300,000
Total other financing sources (uses)	-	(3,533,184)	(233,184)	3,300,000
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 35,900	$ (4,222,796)	(322,882)	$ 3,899,914
FUND BALANCES:				
Beginning of year			5,973,086	
End of year			$ 5,650,204	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Infrastructure Repair & Replacement - Capital Projects Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Use of money and property	$ 10,000	$ 10,000	$ 15,271	$ 5,271
Total revenues	10,000	10,000	15,271	5,271
EXPENDITURES				
Community services	-	-	1,288	(1,288)
Total expenditures	-	-	1,288	(1,288)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,261,000)	(463,284)	797,716
Total other financing sources (uses)	-	(1,261,000)	(463,284)	797,716
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 10,000	$ (1,251,000)	(449,301)	$ 801,699
FUND BALANCES:				
Beginning of year			1,665,500	
End of year			$ 1,216,199	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Community Capital Improvement - Capital Projects Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Intergovernmental	$ -	$ 999,985	$ 367,776	$ (632,209)
Use of money and property	-	-	5,475	5,475
Total revenues	-	999,985	373,251	(626,734)
EXPENDITURES				
Community services	-	1,571,161	166,747	1,404,414
Total expenditures	-	1,571,161	166,747	1,404,414
OTHER FINANCING SOURCES (USES)				
Transfers in	-	411,260	-	(411,260)
Total other financing sources (uses)	-	411,260	-	(411,260)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ -	$ (159,916)	206,504	$ 366,420
FUND BALANCES:				
Beginning of year			442,119	
End of year			$ 648,623	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Bailey Road Maintenance - Capital Projects Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Permits, licenses and fees	$ -	$ -	$ 167,874	$ 167,874
Use of money and property	-	-	5,586	5,586
Total revenues	-	-	173,460	173,460
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ -	$ -	173,460	$ 173,460
FUND BALANCES:				
Beginning of year			530,726	
End of year			$ 704,186	

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a reimbursement basis. There are five funds as follows:

Fleet 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.

Building Maintenance Fund - Used to account for the cost of maintaining all City governmental buildings.

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.

City of Pittsburg
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	Fleet Maintenance	Building Maintenance	Insurance
ASSETS			
Current assets:			
Cash and investments	$ 1,094,266	$ 704,261	$ 655,158
Receivables:			
Accounts	18,216	1,070	-
Inventory	38,558	15,725	-
Prepaid items	-	-	-
Total current assets	1,151,040	721,056	655,158
Noncurrent assets:			
Capital assets:			
Depreciable assets, net	1,321,951	174,031	-
Total noncurrent assets	1,321,951	174,031	-
Total Assets	2,472,991	895,087	655,158
LIABILITIES			
Current liabilities:			
Accounts payable	91,539	101,045	7,287
Salaries payable	-	-	-
Due to other funds	-	-	-
Claims and judgments payable - due within one year	-	-	249,052
Long-term-debt - due within one year	-	-	-
Advance from other funds	22,006	15,848	-
Total current liabilities	113,545	116,893	256,339
Noncurrent liabilities:			
Compensated absences - due in more than one year	24,026	32,294	-
Long-term-debt - due in more than one year	-	-	-
Total noncurrent liabilities	24,026	32,294	-
Total Liabilities	137,571	149,187	256,339
NET POSITION			
Net investment in capital assets	1,321,951	174,031	-
Unrestricted	1,013,469	571,869	398,819
Total Net Position	$ 2,335,420	$ 745,900	$ 398,819

Information / Communication Services	Fringe Benefits	Other Post Employment Benefits	Total
$ 791,760	$ 852,584	$ -	$ 4,098,029
3,875	244	539,952	563,357
324,582	-	-	378,865
-	22,400	-	22,400
1,120,217	875,228	539,952	5,062,651
146,095	-	-	1,642,077
146,095	-	-	1,642,077
1,266,312	875,228	539,952	6,704,728
12,536	48,598	-	261,005
-	147	-	147
-	-	450,087	450,087
-	-	-	249,052
35,263	-	-	35,263
7,740	-	-	45,594
55,539	48,745	450,087	1,041,148
4,783	-	-	61,103
36,257	-	-	36,257
41,040	-	-	97,360
96,579	48,745	450,087	1,138,508
74,575	-	-	1,570,557
1,095,158	826,483	89,865	3,995,663
$ 1,169,733	$ 826,483	$ 89,865	$ 5,566,220

City of Pittsburg
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2015

	Fleet Maintenance	Building Maintenance	Insurance
OPERATING REVENUES:			
Charges for services	$ 1,565,676	$ 1,314,276	$ 696,480
Other operating revenues	15,451	100,564	-
Total operating revenues	1,581,127	1,414,840	696,480
OPERATING EXPENSES:			
Salaries and wages	255,688	262,779	-
Department supplies	661,722	74,553	-
Rentals	40,509	1,162	-
Utilities	7,268	294,225	-
Maintenance and operations	113,829	728,801	-
Depreciation and amortization	421,073	47,734	-
Insurance premiums	8,670	156,714	643,395
Insurance deductible	6,912	6,252	148,208
Fringe benefits	199,626	222,480	-
Other operating expenses	13,296	8,445	-
Total operating expenses	1,728,593	1,803,145	791,603
OPERATING INCOME (LOSS)	(147,466)	(388,305)	(95,123)
NONOPERATING REVENUES (EXPENSES):			
Gain (loss) on sale of assets	12,740	-	-
Investment income	-	-	-
Total nonoperating revenues	12,740	-	-
INCOME (LOSS) BEFORE TRANSFERS	(134,726)	(388,305)	(95,123)
TRANSFERS:			
Transfers in	-	75,000	-
Transfers out	(15,883)	(10,639)	-
Transfers in (out)	(15,883)	64,361	-
Change in net position	(150,609)	(323,944)	(95,123)
NET POSITION:			
Beginning of year	2,486,029	1,069,844	493,942
End of year	$ 2,335,420	$ 745,900	$ 398,819

Information / Communication Services	Fringe Benefits	Other Post Employment Benefits	Total
$ 667,218	$ 1,338,504	$ 2,497,766	$ 8,079,920
36,641	-	-	152,656
703,859	1,338,504	2,497,766	8,232,576
58,732	-	-	577,199
44,630	-	-	780,905
-	-	-	41,671
-	-	-	301,493
625,164	14,534	9,360	1,491,688
72,767	-	-	541,574
-	-	-	808,779
1,854	-	-	163,226
45,362	1,622,870	3,158,833	5,249,171
3,804	45,120	(96)	70,569
852,313	1,682,524	3,168,097	10,026,275
(148,454)	(344,020)	(670,331)	(1,793,699)
-	-	-	12,740
(2,984)	-	-	(2,984)
(2,984)	-	-	9,756
(151,438)	(344,020)	(670,331)	(1,783,943)
-	-	666,755	741,755
(4,325)	(81,608)	-	(112,455)
(4,325)	(81,608)	666,755	629,300
(155,763)	(425,628)	(3,576)	(1,154,643)
1,325,496	1,252,111	93,441	6,720,863
$ 1,169,733	$ 826,483	$ 89,865	$ 5,566,220

City of Pittsburg
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015

	Fleet Maintenance	Building Maintenance	Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	$ 1,547,460	$ 1,315,054	$ 696,480
Cash payments to suppliers for goods and services	(814,799)	(1,234,972)	(745,075)
Cash payments to employees for services	(452,689)	(484,196)	-
Other operating revenues	15,451	100,564	-
Net cash provided (used) by operating activities	295,423	(303,550)	(48,595)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund payments	(13,697)	(9,176)	-
Transfers (out)	(15,883)	64,361	-
Net cash provided (used) by noncapital financing activities	(29,580)	55,185	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Payments made on capital lease	-	-	-
Proceeds from sale of capital assets	12,740	-	-
Net changes in capital assets	(598,531)	(6,003)	-
Net cash provided (used) by capital financing activities	(585,791)	(6,003)	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest revenue	-	-	-
Net cash provided (used) by investing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	(319,948)	(254,368)	(48,595)
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,414,214	958,629	703,753
End of year	$ 1,094,266	$ 704,261	$ 655,158
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ (147,466)	$ (388,305)	$ (95,123)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	421,073	47,734	-
Changes in operating assets and liabilities:			
Accounts receivable	(18,216)	778	-
Inventory	-	-	-
Prepaid items	-	-	-
Accounts payable	37,407	35,180	(7,459)
Salaries and wages payable	-	-	-
Unearned revenue	-	-	-
Compensated absences	2,625	1,063	-
Insurance claims payable	-	-	53,987
Net cash provided (used) by operating activities	$ 295,423	$ (303,550)	$ (48,595)

Information / Communication Services	Fringe Benefits	Other Post Employment Benefits	Total
$ 682,880	$ 1,338,328	$ 2,412,095	$ 7,992,297
(763,660)	(128,774)	(9,349)	(3,696,629)
(109,191)	(1,616,962)	(3,161,488)	(5,824,526)
36,641	-	-	152,656
(153,330)	(407,408)	(758,742)	(1,376,202)
(3,730)	-	-	(26,603)
(4,325)	(81,608)	666,755	629,300
(8,055)	(81,608)	666,755	602,697
(34,295)	-	-	(34,295)
-	-	-	12,740
(13,603)	-	-	(618,137)
(47,898)	-	-	(639,692)
(2,984)	-	-	(2,984)
(2,984)	-	-	(2,984)
(212,267)	(489,016)	(91,987)	(1,416,181)
1,004,027	1,341,600	91,987	5,514,210
$ 791,760	$ 852,584	$ -	$ 4,098,029
$ (148,454)	$ (344,020)	$ (670,331)	$ (1,793,699)
72,767	-	-	541,574
			0
15,662	(176)	(535,758)	(537,710)
-	-	-	-
-	-	-	-
(88,208)	(69,120)	(85)	(92,285)
-	5,908	(2,655)	3,253
-	-	450,087	450,087
(5,097)	-	-	(1,409)
-	-	-	53,987
$ (153,330)	$ (407,408)	$ (758,742)	$ (1,376,202)

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds:

Assessment Districts Agency Fund accounts for the collection of property taxes and the payments to bondholders.

Environmental Impact Agency Fund accounts for the collection of builders' fees to be used for related environmental improvement projects.

Other Impact Fees Agency Fund accounts for the collection of developer fees on behalf of the Contra Costa Fire Protection District (CCFPD), Contra Costa Water District (CCWD) and the East Contra Costa Regional Fee and Finance Authority (ECCRFF).

V***ista Del Mar & San Marco CFD's*** accounts for funds used to construct and acquire certain public improvements, consisting of roadway, water and other infrastructure improvements necessary for the development of property within the district, as well as park improvements.

City of Pittsburg
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

Assessment Districts Fund	Beginning Balance July 1, 2014	Additions	Deletions	Ending Balance June 30, 2015
Assets:				
Cash and investments	$ 2,833,603	$ 2,225,612	$ 2,148,458	$ 2,910,757
Cash and investments held by fiscal agent	1,943,225	1,771,870	1,682,667	2,032,428
Assessment receivable	2,204,521	-	13,191	2,191,330
Total assets	$ 6,981,349	$ 3,997,482	$ 3,844,316	$ 7,134,515
Liabilities:				
Accounts payable	$ 28,598	$ 46,253	$ 46,857	$ 27,994
Deferred assessment	2,204,521	-	13,191	2,191,330
Due to bondholders	4,748,230	7,171,258	7,004,297	4,915,191
Total liabilities	$ 6,981,349	$ 7,217,511	$ 7,064,345	$ 7,134,515
Environmental Impact Fund				
Assets:				
Cash and investments	$ 1,047	$ 10	$ -	$ 1,057
Total assets	$ 1,047	$ 10	$ -	$ 1,057
Liabilities:				
Due to bondholders	$ 1,047	$ 10	$ -	$ 1,057
Total liabilities	$ 1,047	$ 10	$ -	$ 1,057
Other Impact Fees Fund				
Assets:				
Cash and investments	$ 217,898	$ 2,887,095	$ 2,298,261	$ 806,732
Total assets	$ 217,898	$ 2,887,095	$ 2,298,261	$ 806,732
Liabilities:				
Accounts payable	$ 211,451	$ 2,846,347	$ 2,264,399	$ 793,399
Due to other parties	6,006	19,111	18,337	6,780
Due to bondholders	441	6,161	49	6,553
Total liabilities	$ 217,898	$ 2,871,619	$ 2,282,785	$ 806,732
Vista Del Mar & San Marco CFD's				
Assets:				
Cash and investments	$ 1,776,672	$ 2,047,163	$ 3,702,384	$ 121,451
Cash and investments held by fiscal agent	820,815	908,244	827,695	901,364
Total assets	$ 2,597,487	$ 2,955,407	$ 4,530,079	$ 1,022,815
Liabilities:				
Accounts payable	$ 133	$ 178,673	$ 2,856	$ 175,950
Due to bondholders	2,597,354	37,255,461	39,005,950	846,865
Total liabilities	$ 2,597,487	$ 37,434,134	$ 39,008,806	$ 1,022,815

City of Pittsburg
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

Total Agency Funds	Beginning Balance July 1, 2014	Additions	Deletions	Ending Balance June 30, 2015
Assets:				
Cash and investments	$ 4,829,220	$ 7,159,880	$ 8,149,103	$ 3,839,997
Cash and investments held by fiscal agent	2,764,040	2,680,114	2,510,362	2,933,792
Assessment receivable	2,204,521	-	13,191	2,191,330
Total assets	$ 9,797,781	$ 9,839,994	$ 10,672,656	$ 8,965,119
Liabilities:				
Accounts payable	$ 240,182	$ 3,071,273	$ 2,314,112	$ 997,343
Deferred assessment	2,204,521	-	13,191	2,191,330
Due to other parties	6,006	19,111	18,337	6,780
Due to bondholders	7,347,072	44,432,890	46,010,296	5,769,666
Total liabilities	$ 9,797,781	$ 47,523,274	$ 48,355,936	$ 8,965,119

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

STATISTICAL SECTION

This part of the City of Pittsburg's comprehensive annual financial report presents detailed information in a statistical format as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information is conveying about the City of Pittsburg's overall financial status.

The major points of emphasis are:

Financial Trends

These schedules contain trend information to help the CAFR reader understand how the City of Pittsburg's financial performance and economic status have changed over time.

Revenue Capacity

These schedules contain information to help the CAFR reader evaluate factors affecting the City of Pittsburg's ability to generate its property and sales taxes and other major revenues.

Debt Capacity

These schedules present information to help the CAFR reader assess the affordability of the City of Pittsburg's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indications to help the CAFR reader understand the environment within which the City of Pittsburg's financial activities occur.

Operating Information

These schedules contain information about the City of Pittsburg's operations and resources to help the CAFR reader understand how the City's financial information relates to the services the City provides and the activities it performs.

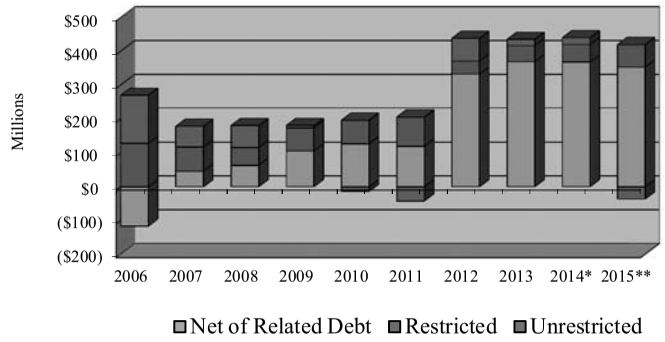
*Due to the State of California's adoption of ABx1 26 on June 28, 2011, and amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies as of January 31, 2012, there will be large variances between the fiscal years 2010-2011 and fiscal year 2011-2012 for some of the statistical references. The City of Pittsburg has assumed the responsibilities as the Successor Agency to administer all post actives for the former Pittsburg Redevelopment Agency.

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

CITY OF PITTSBURG
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)



	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015**
Governmental activities										
Net Investment in Capital Assets	($153,333,826)	$3,247,946	$18,733,410	$32,357,570	$59,908,182	$46,442,103	$252,487,708	$281,680,787	$275,604,919	$268,580,073
Restricted	124,840,230	58,131,686	28,890,295	46,826,571	51,627,971	63,967,311	14,746,589	25,904,321	31,094,899	27,662,593
Unrestricted	99,416,697	28,994,097	50,069,992	(5,009,852)	(38,861,513)	(62,825,341)	58,656,185	6,994,639	8,632,467	(37,752,882)
Total governmental activities net position	$70,923,101	$90,373,729	$97,693,697	$74,174,289	$72,674,640	$47,584,073	$325,890,482	$314,579,747	$315,332,285	$258,489,784
Business-type activities										
Net Investment in Capital Assets	$36,566,114	$42,643,385	$44,780,703	$73,704,658	$67,603,197	$73,188,754	$79,796,698	$87,252,264	$92,058,482	$84,084,664
Restricted	3,602,121	13,474,928	24,190,306	20,189,744	16,057,202	20,709,344	23,822,298	21,659,904	21,038,895	39,342,518
Unrestricted	41,341,654	30,681,028	12,931,446	11,345,116	25,075,506	20,765,153	8,802,052	11,726,531	11,513,401	1,768,289
Total business-type activities net position	$81,509,889	$86,799,341	$81,902,455	$105,239,518	$108,735,905	$114,663,251	$112,421,048	$120,638,699	$124,610,778	$125,195,471
Primary government										
Net Investment in Capital Assets	($116,767,712)	$45,891,331	$63,514,113	$106,062,228	$127,511,379	$119,630,857	$332,284,406	$368,933,051	$367,663,401	$352,664,737
Restricted	128,442,351	71,606,614	53,080,601	67,016,315	67,685,173	84,676,655	38,568,887	47,564,225	52,133,794	67,005,111
Unrestricted	140,758,351	59,675,125	63,001,438	6,335,264	(13,786,007)	(42,060,188)	67,458,237	18,721,170	20,145,868	(35,984,593)
Total primary government net position	$152,432,990	$177,173,070	$179,596,152	$179,413,807	$181,410,545	$162,247,324	$438,311,530	$435,218,446	$439,943,063	$383,685,255

* FY 2013-2014 Fund balances had been restated as a result of reclass of Golf Course Fund from Enterprise Fund to Special Revenue Fund. See FY 2014-15 Note 9E for details

** FY 2014-15, THE City adopted GASB 68 and 71. See FY 2014-15 Note 11 for details.

CITY OF PITTSBURG
Changes in Net Position
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,								
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses									
Governmental Activities:									
General Government	$14,254,413	$21,504,808	$11,842,142	$18,568,935	$14,788,317	$7,933,936	$6,684,607	$7,027,878	$10,232,271
Public Safety	16,949,031	19,147,330	37,075,329	20,844,081	20,111,317	22,929,002	20,955,624	22,683,125	24,833,843
Public Works	17,949,516	16,356,492	15,020,101	13,685,011	19,975,441	16,741,235	19,679,890	16,305,801	18,213,277
Community Development	25,815,463	31,332,797	37,032,108	22,565,100	25,958,714	26,418,644	23,214,430	18,705,444	21,998,387
Culture and Recreation	1,892,674	1,854,555	1,741,484	733,417	476,739	595,285	699,730	806,965	862,068
Interest on Long Term Debt	20,495,286	23,435,995	35,950,401	19,671,322	23,519,241	13,717,168	1,026,639	1,574,056	4,074,415
Total Governmental Activities Expenses	97,356,383	113,631,977	138,661,565	96,067,866	104,829,769	88,335,270	72,260,920	67,103,269	80,214,261
Business-Type Activities:									
Water	13,372,173	14,316,223	14,013,116	13,614,034	14,449,902	14,884,762	15,518,027	16,513,159	17,477,524
Wastewater	1,929,214	1,972,310	2,218,519	2,407,534	2,317,726	2,442,521	2,212,309	2,490,191	2,264,022
Marina	2,378,869	2,112,615	2,320,709	2,139,241	2,168,789	2,405,288	2,448,483	2,230,133	2,352,274
Pittsburg Power								5,659,707	6,670,282
Other-Non-Major Enterprise Funds	6,663,142	7,430,302	7,607,155	7,563,600	5,552,384	5,147,173	4,984,797	821,344	750,765
Total Business-Type Activities Expenses	24,343,398	25,831,450	26,159,499	25,724,409	24,488,801	24,879,744	25,163,616	27,714,534	29,514,867
Total Primary Government Expenses	$121,699,781	$139,463,427	$164,821,064	$121,792,275	$129,318,570	$113,215,014	$97,424,536	$94,817,803	$109,729,128
Program Revenues									
Governmental Activities:									
Charges for Services:									
General Government	$8,362,348	$114,718	$2,165,995	$6,451,351	$5,614,500	$6,852,057	$5,190,861	$4,736,292	$7,595,331
Public Safety	633,513	750,286	1,054,367	1,287,433	987,348	1,044,743	842,598	1,072,098	1,206,225
Public Works	4,077,620	2,930,076	1,186,331	5,733,983	2,755,943	3,596,128	4,356,858	905,135	524,555
Community Development	90,302	4,318,365	8,392,107	5,914,983	6,498,599	19,229,249	8,189,144	7,054,779	4,685,299
Culture and Recreation	533,114	419,320	198,873	212,184	257,627	420,047	685,418	762,357	733,235
Operating Grants and Contributions	19,357,391	18,175,592	15,252,456	14,022,072	16,926,790	12,661,954	12,104,023	13,133,883	12,699,542
Capital Grants and Contributions	948,905	5,243,189	2,193,823	1,119,989	929,465	3,997,403	314,203	979,706	48,709
Total Government Activities Program Revenues	34,003,193	31,951,546	30,443,952	34,741,995	33,970,272	47,801,581	31,683,105	28,644,250	27,492,896

CITY OF PITTSBURG
Changes in Net Position
(continued)
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,								
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-Type Activities:									
Charges for Services:									
Water	15,974,805	15,780,234	15,121,036	16,695,089	16,880,039	17,276,044	19,605,199	19,640,140	18,979,002
Wastewater	3,864,420	3,305,065	3,846,151	4,471,813	4,373,309	4,566,645	5,049,987	4,918,873	5,123,475
Marina	1,653,350	1,732,960	1,829,397	1,681,500	1,850,375	1,942,681	1,914,502	2,020,396	2,071,214
Pittsburg Power Co.*	-	-	-	-	-	-	-	5,913,071	6,919,807
WaterFront Operations**	-	-	-	-	-	-	-	-	863,297
Other-Non-Major Enterprise Funds***	6,242,843	7,369,613	7,965,358	6,915,483	10,513,007	5,966,340	6,204,779	519,498	-
Operating Grants and Contributions	-	-	-	-	-	-	-	40,000	-
Capital Grants and Contributions	197,903	331,649	18,110,472	591,456	309,021	205,675	2,019,849	748,904	2,145,271
Total Business-Type Activities Program Revenue	27,933,321	28,519,521	46,872,414	30,355,341	33,925,751	29,957,385	34,794,316	33,800,882	36,102,066
Total Primary Government Program Revenues	$61,936,514	$60,471,067	$77,316,366	$65,097,336	$67,896,023	$77,758,966	$66,477,421	$62,445,132	$63,594,962
Net (Expense)/Revenue									
Governmental Activities	($63,353,190)	($81,680,431)	($108,217,613)	($61,325,871)	($70,859,497)	($40,533,689)	($40,577,815)	($38,459,019)	($52,721,365)
Business-Type Activities	3,589,923	2,688,071	20,712,915	4,630,932	9,436,950	5,077,641	9,630,700	6,086,348	6,587,199
Total Primary Government Net Expense	($59,763,267)	($78,992,360)	($87,504,698)	($56,694,939)	($61,422,547)	($35,456,048)	($30,947,115)	($32,372,671)	($46,134,166)

*Pittsburg Power Co. was reported as Non-Major Enterprise Funds prior to FY 2013.

**Waterfront Operation was reported as Non-Major Enterprise Funds prior to FY 2014.

***Golf Course was reported as Non-Major Enterprise Funds prior to FY 2014 and had been reclassified to Special Revenue Fund in FY 2015.

CITY OF PITTSBURG
Changes in Net Position
(continued)
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,								
	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position									
Governmental Activities:									
Taxes:									
Property Taxes	$50,917,360	$51,782,902	$49,448,715	$39,995,052	$40,456,473	$23,507,704	$2,176,998	$2,613,321	$3,204,965
Sales Taxes	7,953,283	7,295,549	7,167,394	5,998,652	5,438,354	6,168,690	11,232,622	12,563,378	11,745,524
Motor Vehicle In-Lieu	6,042,275	4,871,681	4,714,411	4,019,459	3,936,649	4,470,104	3,727,494	3,795,560	4,169,031
Transient Occupancy Tax	149,393	172,734	185,120	256,226	279,852	361,238	447,537	503,265	645,115
Nonregulatory Franchise and Business	2,246,603	3,544,661	3,025,968	2,378,602	2,660,883	3,103,823	3,890,567	4,063,561	4,327,160
Interest Earnings	11,146,109	11,718,198	10,602,828	2,414,528	2,314,878	1,583,156	74,095	600,555	539,473
Other	2,134,499	940,352	1,166,245	3,309,593	7,375,344	6,822,671	8,252,592	13,172,704	8,556,333
Transfers	563,960	10,773,070	6,242,560	1,454,110	3,957,110	273,042,911	1,681,364	2,342,747	2,677,386
Gain (loss) on sale of assets	-	-	-	-	(18,539,878)	-	-	-	-
Total Government Activities	81,153,482	91,099,147	82,553,241	59,826,222	47,879,665	319,060,297	31,483,269	39,655,091	35,864,987
Business-Type Activities:									
Interest Earnings	2,263,490	1,961,224	1,093,600	321,967	447,506	400,199	268,315	129,786	440,462
Transfers	(563,960)	(8,688,861)	(6,242,560)	(1,454,110)	(3,957,110)	(7,720,043)	(1,681,364)	(2,342,747)	(2,677,386)
Gain (loss) on sale of assets	-	-	-	-	-	-	-	98,692	63,754
Total Business-Type Activities	1,699,530	(6,727,637)	(5,148,960)	(1,132,143)	(3,509,604)	(7,319,844)	(1,413,049)	(2,114,269)	(2,173,170)
Total Primary Government	$82,853,012	$84,371,510	$77,404,281	$58,694,079	$44,370,061	$311,740,453	$30,070,220	$37,540,822	$33,691,817
Change in Net Position									
Governmental Activities	$17,800,292	$9,418,716	($25,664,372)	($1,499,649)	($22,979,832)	$278,126,409	($9,094,546)	$1,196,072	($16,856,378)
Business-Type Activities	5,289,453	(4,039,566)	15,563,955	3,498,789	5,927,346	(2,242,203)	8,217,651	3,972,079	4,414,029
Total Primary Government	$23,089,745	$5,379,150	($10,100,417)	$1,999,140	($17,052,486)	$275,884,206	($876,895)	$5,168,151	($12,442,349)
Prior Period Adjustment (See Note 9F)	-	-	-	-	-	-	-	-	($44,258,992)
Total Primary Government after adjustment	$23,089,745	$5,379,150	($10,100,417)	$1,999,140	($17,052,486)	$275,884,206	($876,895)	$5,168,151	($56,701,341)

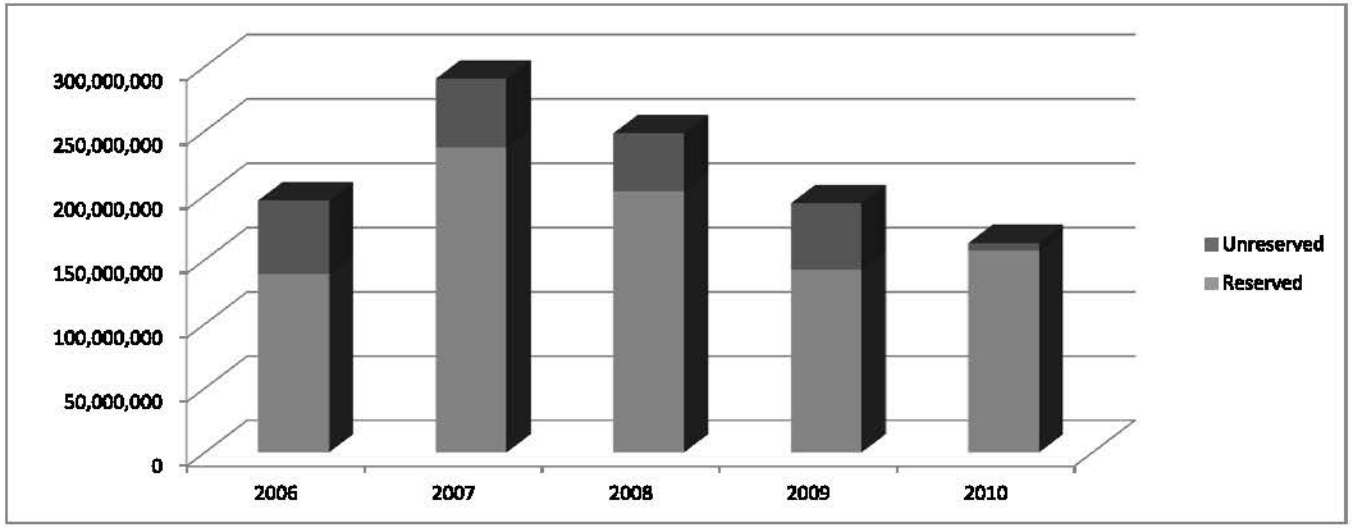
Due to the dissolution of Redevelopment Agency in Jan. 2012, trend information might be shrewd due to this one time event.
In FY 2014-15, implementation of GASB 68 & 71 resulted in prior period adjustments.

CITY OF PITTSBURG

Comprehensive Annual Financial Report

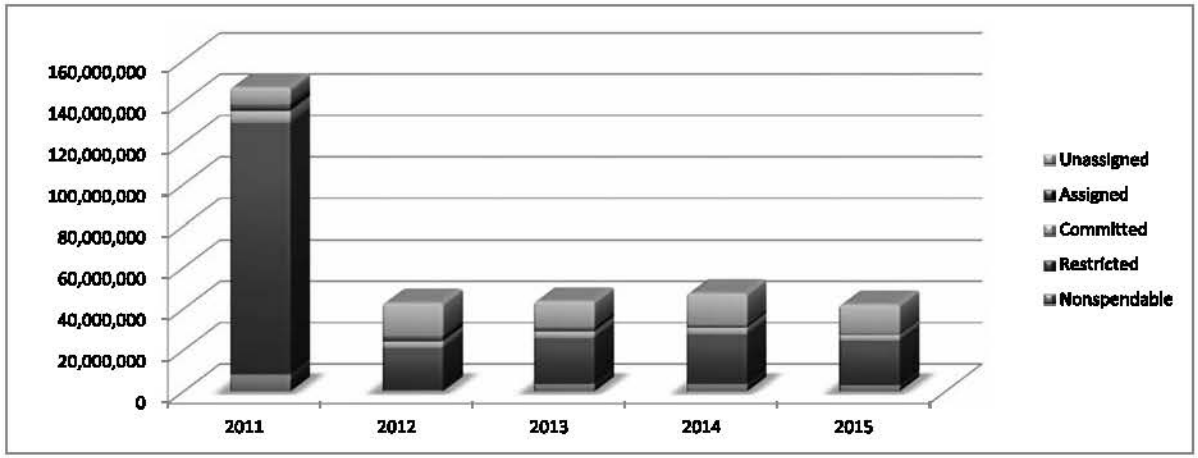
June 30, 2015

CITY OF PITTSBURG
Fund Balances of Governmental Funds
First Five Fiscal Years
(Modified Accrual Basis of Accounting)
(Pre GASB 54 Implementation)



	2006	2007	2008	2009	2010
General Fund					
Reserved	$ 372,186	$ 492,681	$ 208,767	$ 202,586	$ 215,249
Unreserved	8,183,807	9,566,686	10,793,012	6,428,850	6,798,062
Total General Fund	8,555,993	10,059,367	11,001,779	6,631,436	7,013,311
All Other Governmental Funds					
Reserved	138,881,219	236,888,018	203,272,346	142,074,124	156,737,984
Unreserved, designated	29,455,358	41,043,642	33,855,453	45,107,266	(777,130)
Unreserved, reported in:					
Special Revenue Funds	9,204,969	2,526,959	-	-	-
Capital Project Funds	10,007,934	-	-	-	-
Total all other governmental funds	187,549,480	280,458,619	237,127,799	187,181,390	155,960,854
Total Government Funds					
Reserved	139,253,405	237,380,699	203,481,113	142,276,710	156,953,233
Unreserved	56,852,068	53,137,287	44,648,465	51,536,116	6,020,932
Total Government Funds	$ 196,105,473	$ 290,517,986	$ 248,129,578	$ 193,812,826	$ 162,974,165

CITY OF PITTSBURG
Fund Balances of Governmental Funds
Last Five Fiscal Years
(Post GASB 54 FY2011 Implementation)



	Fiscal Year Ended June 30,				
	2011	2012	2013	2014	2015
General Fund					
Nonspendable	$ 280,573	$ 305,497	$ 3,054,208	$ 3,370,929	$ 2,904,078
Assigned	2,058,442	2,254,797	1,574,732	1,057,673	538,194
Unassigned	16,456,660	16,513,473	13,544,751	16,185,068	14,613,983
Total General Fund	18,795,675	19,073,767	18,173,691	20,613,670	18,056,255
All Other Governmental Funds					
Nonspendable	8,169,424	288,763	823,003	294,491	291,360
Restricted	121,278,118 *	20,415,122	21,970,943	23,930,077	21,381,490
Committed	5,847,490	3,317,275	3,228,348	3,399,608	2,875,776
Assigned	1,025,382	86,405	220,995	56,642	47,972
Unassigned	(8,180,337)	(271,836)	(677,255)	(706,698)	(486,548)
Total all other governmental funds	128,140,077	23,835,729	25,566,034	26,974,120	24,110,050
Total Government Funds					
Nonspendable	8,449,997	594,260	3,877,211	3,665,420	3,195,438
Restricted	121,278,118	20,415,122	21,970,943	23,930,077	21,381,490
Committed	5,847,490	3,317,275	3,228,348	3,399,608	2,875,776
Assigned	3,083,824	2,341,202	1,795,727	1,114,315	586,166
Unassigned	8,276,323	16,241,637	12,867,496	15,478,370	14,127,435
Total Fund Balances	$ 146,935,752 *	$ 42,909,496	$ 43,739,725	$ 47,587,790	$ 42,166,305

** See Note on Statistics Introduction Tab which explains the Jan 2012 RDA Dissolution by State of California*

For additional Detail on Fund Classifications, see Note 9 of Notes to Basic Financial Statements

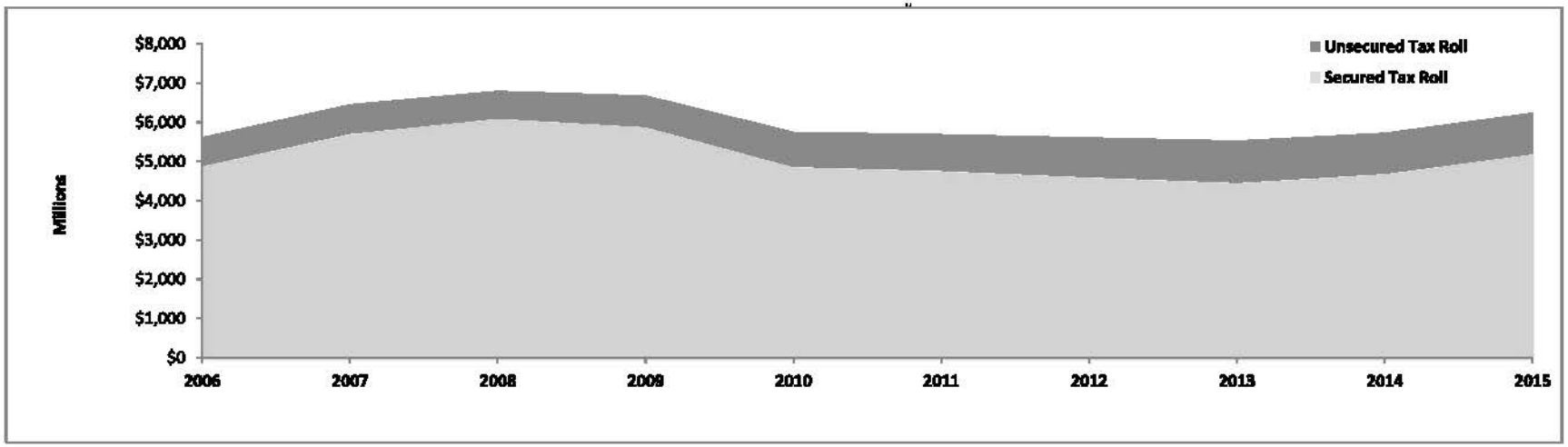
CITY OF PITTSBURG
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

{in thousands}

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	$ 55,803	$ 65,549	$ 65,453	$ 62,819	$ 54,174	$ 56,023	$ 40,582	$ 29,727	$ 31,968	$ 32,648
Licenses, permits and fees	2,016	8,620	2,091	599	1,145	2,120	2,794	3,633	1,888	1,635
Fines and forfeitures	170	249	880	670	185	175	187	168	187	172
Use of money and property	7,594	10,899	11,444	10,602	2,780	2,764	1,689	61	615	542
Intergovernmental revenues	21,896	21,277	25,119	23,692	21,089	23,118	27,584	17,627	16,060	14,135
Charges for services	3,692	5,584	4,810	5,705	4,879	6,205	4,071	7,333	7,400	9,984
Other	4,992	1,626	2,360	2,641	7,470	3,738	7,557	3,484	3,432	3,027
Total Revenues	96,163	113,804	112,157	106,728	91,722	94,143	84,464	62,033	61,550	62,143
Expenditures										
Current:										
General government	60,290	19,986	20,127	18,473	16,766	13,528	12,496	5,247	5,487	8,055
Public safety	15,900	16,572	18,141	18,819	19,334	19,253	19,536	19,580	20,842	23,149
Public works	7,472	10,998	8,889	8,295	8,394	11,947	6,609	5,849	7,371	8,469
Community development	18,724	24,232	37,243	33,465	23,809	38,541	29,535	27,909	22,388	22,286
Culture and recreation	1,773	1,893	1,855	1,741	733	476	595	477	700	862
Capital outlay	23,649	47,903	49,763	29,245	24,467	10,262	4,901	1,446	813	3,474
Debt service:	-	-	-	-	-	-	-	-	-	-
Principal repayment	4,790	4,960	7,550	9,311	8,269	9,667	11,485	375	450	589
Interest and fiscal charges	15,525	18,221	25,261	32,089	23,205	23,121	13,598	1,609	1,588	2,890
Total Expenditures	148,123	144,765	168,829	151,438	124,977	126,795	98,755	62,492	59,639	69,774
Excess (deficiency) of revenues over (under) expenditures	(51,960)	(30,961)	(56,672)	(44,710)	(33,255)	(32,652)	(14,291)	(459)	1,911	(7,631)
Other Financing Sources (Uses)										
Transfers in	47,720	75,014	94,537	87,911	111,605	68,170	45,327	7,235	5,084	6,547
Transfers (out)	(51,305)	(74,999)	(83,373)	(82,193)	(110,316)	(63,633)	(37,343)	(5,950)	(3,169)	(4,499)
Capital Contributions	3,208	(180)	(15)	-	-	-	-	-	-	-
Refunding tax allocation bonds	-	-	-	(79,665)	-	-	-	-	-	-
Payment to escrow Account	-	(44,218)	-	-	-	-	-	-	-	-
Tax allocation bonds issued	39,566	169,820	-	61,661	-	-	-	-	-	-
Bond Issuance Costs	(248)	(4,171)	(13)	-	-	-	-	-	-	-
Sale of capital assets	3,193	4,109	2,315	2,680	1,127	(18,553)	2,211	4	22	4
Total other financing sources (uses)	42,134	125,375	13,451	(9,606)	2,416	(14,016)	10,195	1,289	1,937	2,052
Net Change in fund balances before	$ (9,826)	$ 94,414	$ (43,221)	$ (54,316)	$ (30,839)	$ (46,668)	$ (4,096)	$ 830	$ 3,848	$ (5,579)
Extraordinary Items (Note 4)										
Assets Transferred to Housing Successor							$ (2,002)			
Liabilities Assumed by Successor Agency							(97,928)			
NET Change in Fund Balances							$ (104,026)			
Debt service as a percentage of noncapital expenditures	16.3%	23.6%	26.6%	29.2%	32.7%	31.9%	25.9%	3.3%	3.5%	5.2%

* Intergovernmental Revenues Re-classified to Program Income & Other Taxes
RDA no longer classified as Government fund due to dissolution in FY 2011-2012.

CITY OF PITTSBURG
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years



Fiscal Year	Secured Tax Roll: Land	Secured Tax Roll: Improvements	Secured Tax Roll: Personal Property	Unsecured Tax Roll	GROSS Tax Roll	LESS: Exemptions: HOPTR (1)	LESS: Exemptions: Others	NET Assessed Valuation (a)	Total Direct Tax Rate (b)
2006	$ 1,417,629,819	$ 3,461,480,941	$ 19,005,669	$ 717,030,128	$ 5,615,146,557	$ 68,931,232	$ 66,144,479	$ 5,480,070,846	0.73642
2007	1,755,807,325	3,935,984,909	25,561,424	735,525,554	6,452,879,212	67,070,432	111,498,185	6,274,310,595	0.73326
2008	2,079,929,185	3,998,818,379	27,034,992	692,059,619	6,797,842,175	66,662,966	129,436,694	6,601,742,515	0.74171
2009	1,886,619,969	3,977,346,545	29,871,943	782,213,672	6,676,052,129	66,141,210	138,181,611	6,471,729,308	0.74057
2010	1,355,858,246	3,488,509,274	35,030,993	868,770,588	5,748,169,101	65,495,515	148,448,271	5,534,225,315	0.73534
2011	1,271,652,002	3,468,075,002	32,556,725	921,168,099	5,693,451,828	64,704,851	174,568,314	5,454,178,663	0.73265
2012	1,199,342,285	3,380,327,868	29,398,082	1,000,793,072	5,609,861,307	62,930,462	163,259,839	5,383,671,006	0.73307
2013	1,154,280,061	3,284,318,842	29,454,784	1,058,290,739	5,526,344,426	61,050,228	167,858,949	5,297,435,249	0.72809
2014	1,244,373,590	3,426,800,074	29,431,527	1,030,705,786	5,731,310,977	58,985,158	184,163,403	5,488,162,416	0.17411
2015	1,431,988,767	3,744,776,351	29,751,906	1,033,971,545	6,240,488,569	57,725,918	187,268,875	5,995,493,776	0.17497

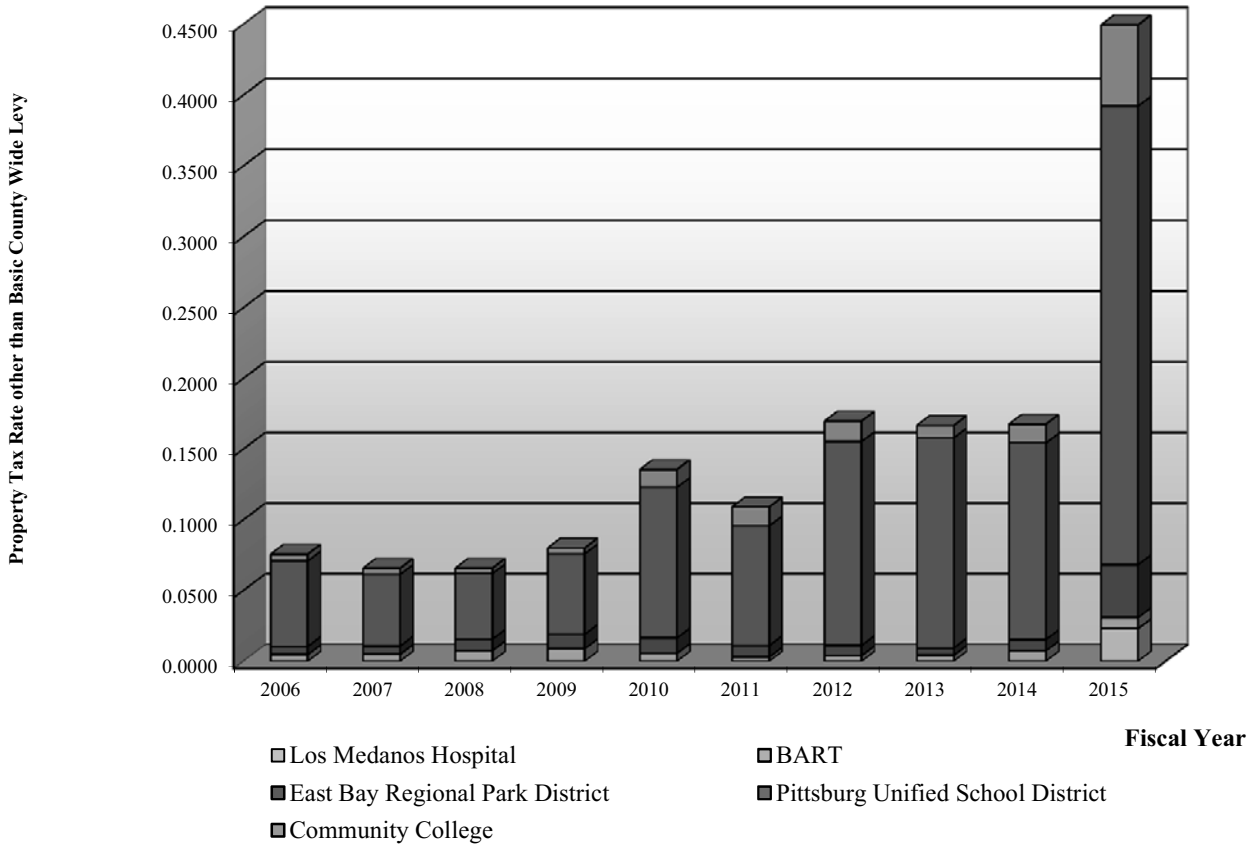
(1) Homeowners' Property Tax Relief

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. Beginning in 2013/14 the total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Source: Contra Costa County Auditor Controller Office Certificate of Assessed Valuations

CITY OF PITTSBURG
Property Tax Rates
All Overlapping Governments
Last Ten Fiscal Years



Fiscal Year	Basic County Wide Levy	Pittsburg Direct Rate*	Los Medanos Hospital	Bay Area Rapid Transit	East Bay Regional Park District	Pittsburg Unified School District	Community College	Total
2006	1.0000	0.73642	0.0000	0.0048	0.0057	0.0606	0.0047	1.8074
2007	1.0000	0.73326	0.0000	0.0050	0.0057	0.0508	0.0043	1.7941
2008	1.0000	0.74171	0.0000	0.0076	0.0080	0.0465	0.0038	1.8000
2009	1.0000	0.74057	0.0000	0.0090	0.0100	0.0571	0.0040	1.8117
2010	1.0000	0.73534	0.0000	0.0057	0.0108	0.1066	0.0126	1.8653
2011	1.0000	0.73265	0.0000	0.0031	0.0080	0.0848	0.0133	1.8388
2012	1.0000	0.73307	0.0000	0.0041	0.0071	0.1443	0.0144	1.8989
2013	1.0000	0.72809	0.0000	0.0043	0.0051	0.1487	0.0087	1.8906
2014	1.0000	0.17411	0.0000	0.0075	0.0078	0.1391	0.0133	1.3343
2015	1.0000	0.17497	0.0231	0.0079	0.0373	0.3241	0.0572	1.6167

* Pittsburg Direct Rate = the weighted average of City's Share of 1% levy & Redevelopment Rate
Source: Contra Costa County Assessors Office & Hdl Coren & Cone

CITY OF PITTSBURG
Principal Property Tax Payers
Current Year and Nine Years Ago

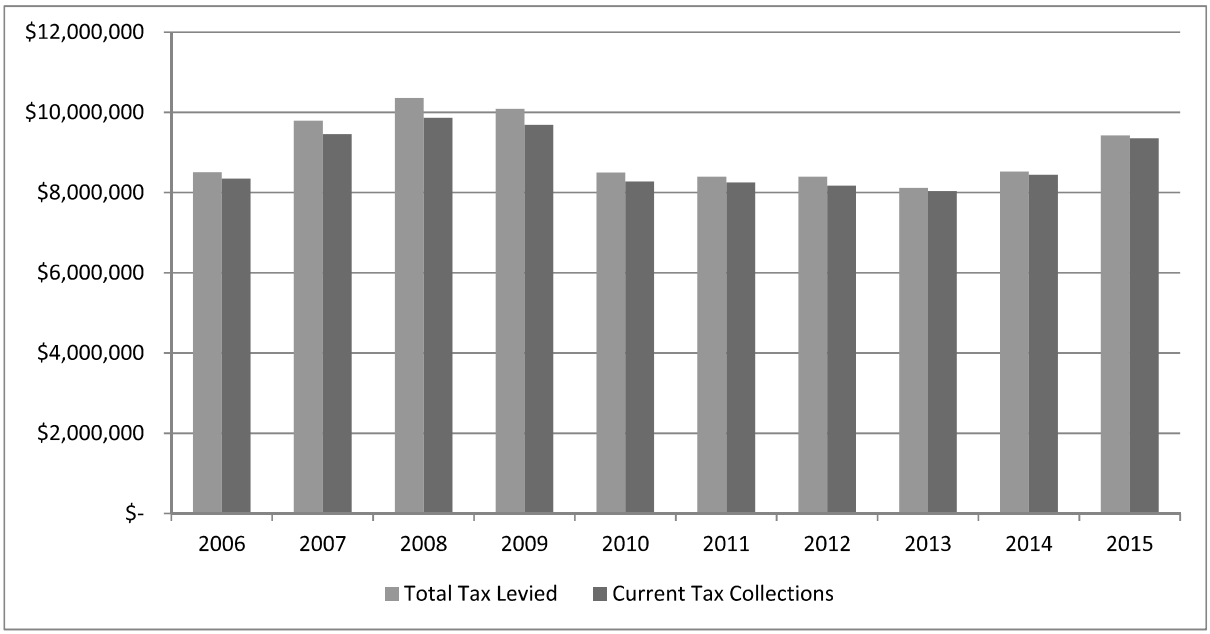
	2014-15			2005-06		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Dow Agrosciences LLC	$ 355,835,024	1	5.88%	$ 226,454,400	4	4.08%
Calpine Corporation	295,000,000	2	4.87%	413,644,524	2	
USS - Posco Industries	267,799,140	3	4.42%	250,183,795	3	4.51%
Delta Energy Center	241,133,000	4	3.98%	476,200,000	1	8.58%
K2 Pure Solution	133,756,769	5	2.21%			
United Spiral Pipe LLC	132,224,055	6	2.18%			
Sierra Pacific Properties	104,255,294	7	1.72%	90,356,158	5	1.63%
Kirker Creek Limited Partnership	68,407,616	8	1.13%	43,273,075	7	0.78%
Century Plaza Corporation	66,042,431	9	1.09%	47,408,534	6	0.85%
San Marco Properties LLC	58,023,617	10	0.96%			
National Energy				28,009,605	10	0.50%
Seecon Financial				38,744,722	8	0.70%
Oakmont Properties II &III LP				29,655,175	9	0.53%
Subtotal	$ 1,722,476,946		28.46%	$ 1,643,929,988		29.63%

Total Net Assessed Valuation:

Fiscal Year 2014-15	$6,053,219,694
Fiscal Year 2005-2006	$5,548,973,357

Source: Hdl Coren & Cone

CITY OF PITTSBURG
Property Tax Levies and Collections June 30
Last Ten Fiscal Years

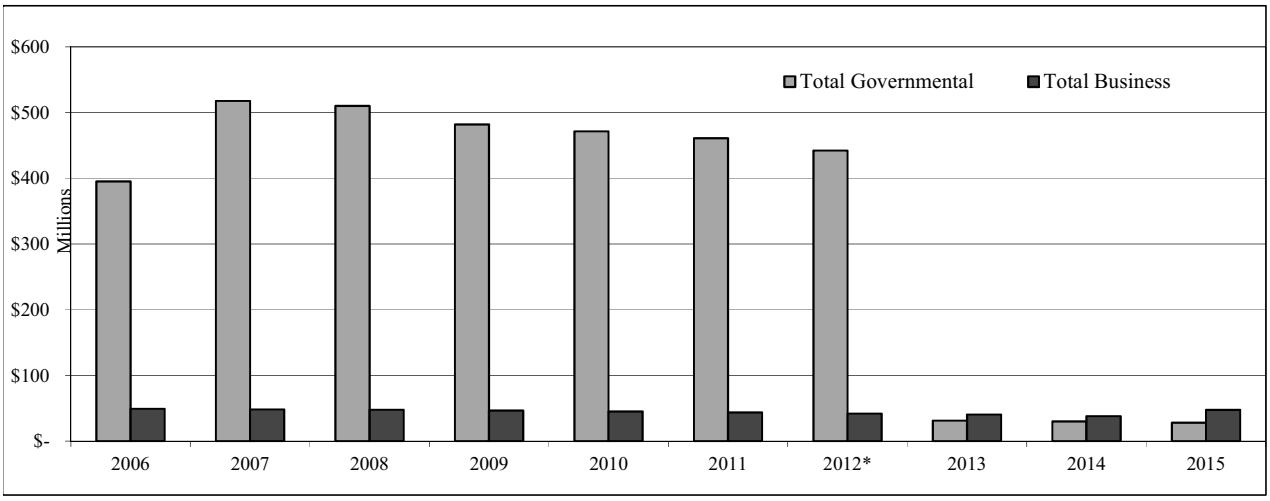


Fiscal Year	Total Tax Levied	Current Tax Collections	Percent of Levy County Collected[1]	Delinquent Tax Collections [1]	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
2006	$ 8,509,194	$ 8,348,903	98.12%	$ -	$ 8,348,903	98.12%
2007	9,789,806	9,457,090	96.60%	-	9,457,090	96.60%
2008	10,360,164	9,863,684	95.21%	-	9,863,684	95.21%
2009	10,091,171	9,688,030	96.01%	-	9,688,030	96.01%
2010	8,502,712	8,275,123	97.32%	-	8,275,123	97.32%
2011	8,398,671	8,254,436	98.28%	-	8,254,436	98.28%
2012	8,399,298	8,171,100	97.28%	-	8,171,100	97.28%
2013	8,119,308	8,040,574	99.03%	-	8,040,574	99.03%
2014	8,520,700	8,448,650	99.15%	-	8,448,650	99.15%
2015	9,425,580	9,353,572	99.24%	-	9,353,572	99.24%

1 The County provides the City 100% of its tax levy under the "Teeter Plan", an agreement which allows the County to keep all interest and delinquency charges collected.

Source: CCC Auditor-Contoller (Procedure 10-147)

CITY OF PITTSBURG
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



	Governmental Activities			
Fiscal Year	Tax Allocation Bonds	Pass Through Obligations	Special Assessment Debt	Special Assessment Debt
2006	$ 347,766,357	$ 9,162,781	$ 38,265,000	$ 395,194,138
2007	472,741,357	7,232,732	37,595,000	517,569,089
2008	465,191,354	8,186,499	36,655,000	510,032,853
2009	438,152,213	8,050,000	35,675,000	481,877,213
2010	430,167,213	6,488,051	34,650,000	471,305,264
2011	420,857,213	6,342,224	33,580,000	460,779,437
2012*	409,672,213	-	32,490,000	442,162,213
2013	-	-	31,175,000	31,175,000
2014	-	-	29,815,000	29,815,000
2015	-	-	27,975,000	27,975,000

	Business-Type Activities						
Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	I-Bank Loan	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2006	$ 38,475,000	$ 10,815,000	$ -	$ 49,290,000	$ 444,484,138	12.72%	7,106
2007	38,025,000	10,285,000	-	48,310,000	565,879,089	15.36%	8,982
2008	37,945,000	9,740,000	-	47,685,000	557,717,853	16.62%	8,762
2009	37,260,000	9,185,000	-	46,445,000	528,322,213	14.71%	8,178
2010	36,425,000	8,615,000	-	45,040,000	516,345,264	12.61%	7,948
2011	35,515,000	8,025,000	-	43,540,000	504,319,437	12.62%	8,021
2012	34,580,000	7,420,000	-	42,000,000	484,162,213	11.79%	7,488
2013	33,620,000	6,800,000	-	40,420,000	71,595,000	1.88%	1,090
2014	32,610,000	5,342,000	-	37,952,000	67,767,000	1.75%	1,016
2015	31,575,000	4,601,000	11,387,398	47,563,398	75,538,398	2.07%	1,109

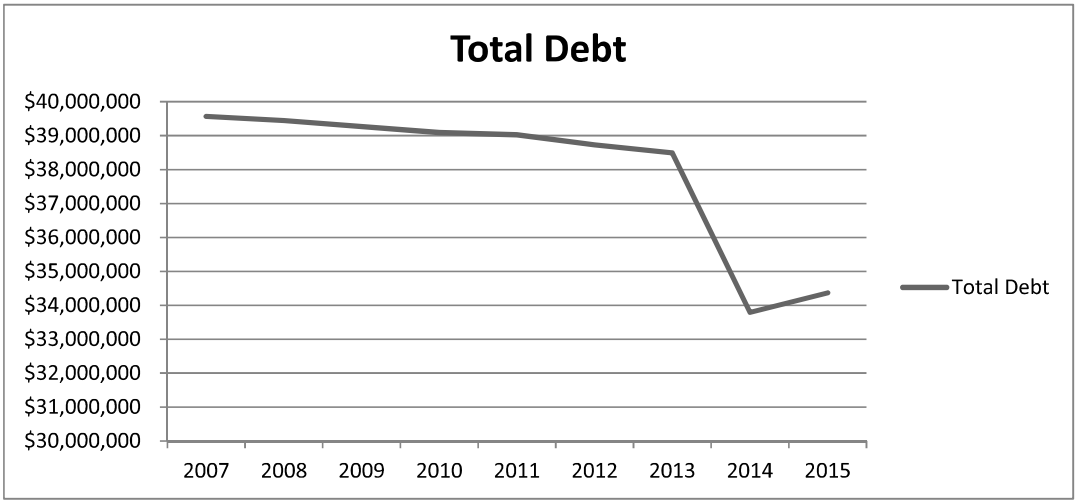
Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.
*With the dissolution of RDA in January 2012, the debts related to Former RDA moved to Successor Agency

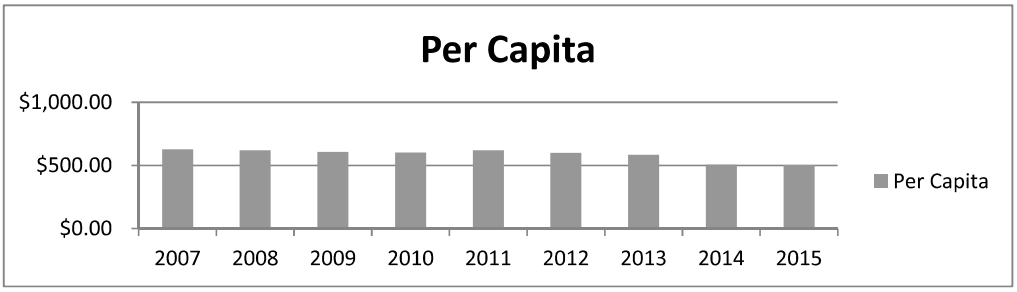
Sewer Revenue Bond was fully defeased as of June 30, 2014. It has been replaced with a private placement debt. Please refer to Note 7 for further information.

Sources: City of Pittsburg
State of California, Department of Finance (population)
U.S. Department of commerce, Bureau of the Census (income)

(a) See Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF PITTSBURG
Ratio of Pension Obligation Debt Outstanding
Last Nine Fiscal Years*





	General Government Debt Outstanding					
Fiscal Year	POB Bonds	Capital Lease	CEC Energy	Total Debt	Percentage of Total Gross Revenue	Per Capita
2007	$ 39,566,056	$ -	$ -	$ 39,566,056	34.77%	$627.99
2008	39,441,056	-	-	39,441,056	35.17%	$619.64
2009	39,266,056	-	-	39,266,056	36.79%	$607.83
2010	39,091,056	-	-	39,091,056	42.62%	$601.71
2011	39,026,056	-	-	39,026,056	41.45%	$620.67
2012	38,726,056	-	-	38,726,056	45.85%	$598.92
2013	38,351,056	139,171	-	38,490,227	62.05%	$586.17
2014	33,157,051	105,815	526,313	33,789,179	54.90%	$506.62
2015	33,826,975	71,520	467,166	34,365,661	55.30%	$504.34

Pension Obligation Bonds (POB) issued June 2006.
The POB Bonds service schedule includes the accreted amount of Capital Appreciation Bonds.

CITY OF PITTSBURG
Computation of Direct and Overlapping Debt
June 30, 2015

2014-15 Assessed Valuation (2) $2,138,417,124

Direct Debt	Total Debt Outstanding 6/30/2015	Percentage Applicable To City of Pittsburg (1)	Amount Applicable To City of Pittsburg
2006 Pension Obligation Bonds	$ 37,371,056	100.000%	$ 37,371,056
Capital Lease	71,520	100.000%	71,520
SUB-TOTAL Direct Debt			37,442,576
Overlapping Debt			
Contra Costa County Pension Debt	236,920,000	3.769%	8,929,727
CCC PFA 1998A Lease Revenue Bonds	13,720,000	3.769%	517,119
CCC PFS 1999A Lease Revenue Bonds	11,240,000	3.769%	423,646
CCC PFS 2002A Lease Revenue Bonds	7,375,000	3.769%	277,970
CCC PFS 2002B Lease Revenue Bonds	5,350,000	3.769%	201,646
CCC PFS 2003A Lease Revenue Bonds	6,630,000	3.769%	249,891
CCC PFS 2007A Lease Revenue Bonds	110,185,000	3.769%	4,152,972
CCC PFS 2007B Lease Revenue Bonds	31,870,000	3.769%	1,201,209
CCC PFS 2009A Lease Revenue Bonds	16,950,239	3.769%	638,870
CCC PFS 2010A-1 Lease Revenue Bonds	5,010,000	3.769%	188,831
CCC PFS 2010A-2 Lease Revenue Bonds	13,130,000	3.769%	494,881
CCC PFS 2010A-3 Lease Revenue Bonds	20,700,000	3.769%	780,202
CCC PFS 2010B Lease Revenue Bonds	13,415,000	3.769%	505,623
CCC PFS 2012 Lease Revenue Bonds	11,514,097	3.769%	433,977
Contra Costa Fire Pension Obligation	92,805,000	8.171%	7,572,987
BART	179,807,423	3.769%	6,777,103
East Bay Regional Park Bond	78,104,202	3.769%	2,943,817
Antioch USD SFID 1	39,137,634	3.937%	1,370,306
Antioch USD SFID 1 2012	23,650,000	3.937%	828,045
Mt. Diablo 2002 Bond	339,585,000	2.818%	10,956,629
Mt. Diablo 2010 Bond	294,865,057	2.818%	9,513,751
Pittsburg Unified 1995	23,455,000	97.441%	22,893,108
Pittsburg Unified 2004	57,290,000	97.441%	55,917,551
Pittsburg Unified 2006	104,375,000	97.441%	101,874,574
Pittsburg Unified 2010	102,573,211	97.441%	100,115,949
Contra Costa Community College 2002 Bond	186,230,000	3.784%	7,046,654
Contra Costa Community College 2006 Bond	298,570,000	3.784%	11,297,426
Contra Costa Community College 2014 Bond	120,000,000	3.784%	4,540,614
Sub-Total Overlapping Debt			362,645,078
Total Direct and Overlapping Debt			$ 400,087,654

DEBT TO ASSESSED VALUATION RATIOS	
Direct Debt	1.75%
Overlapping Debt	16.96%
Total Debt	18.71%

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

(2) Net of $3,914,802,570 Redevelopment Incremental Valuation

Source: HDL Coren & Cone, Contra Costa County Assessor and Auditor combined 2014/15 Lien Date Tax Rolls

CITY OF PITTSBURG
Computation of Legal Bonded Debt Margin
June 30, 2015

ASSESSED VALUATION:		
All property assessed value, net of exempt real property	$ 2,138,417,124 (1)	
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)		$ 80,190,642
AMOUNT OF DEBT SUBJECT TO LIMIT:		
Total Bonded Debt	$ -	
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit		
Amount of debt subject to limit		-
LEGAL BONDED DEBT MARGIN		$ 80,190,642

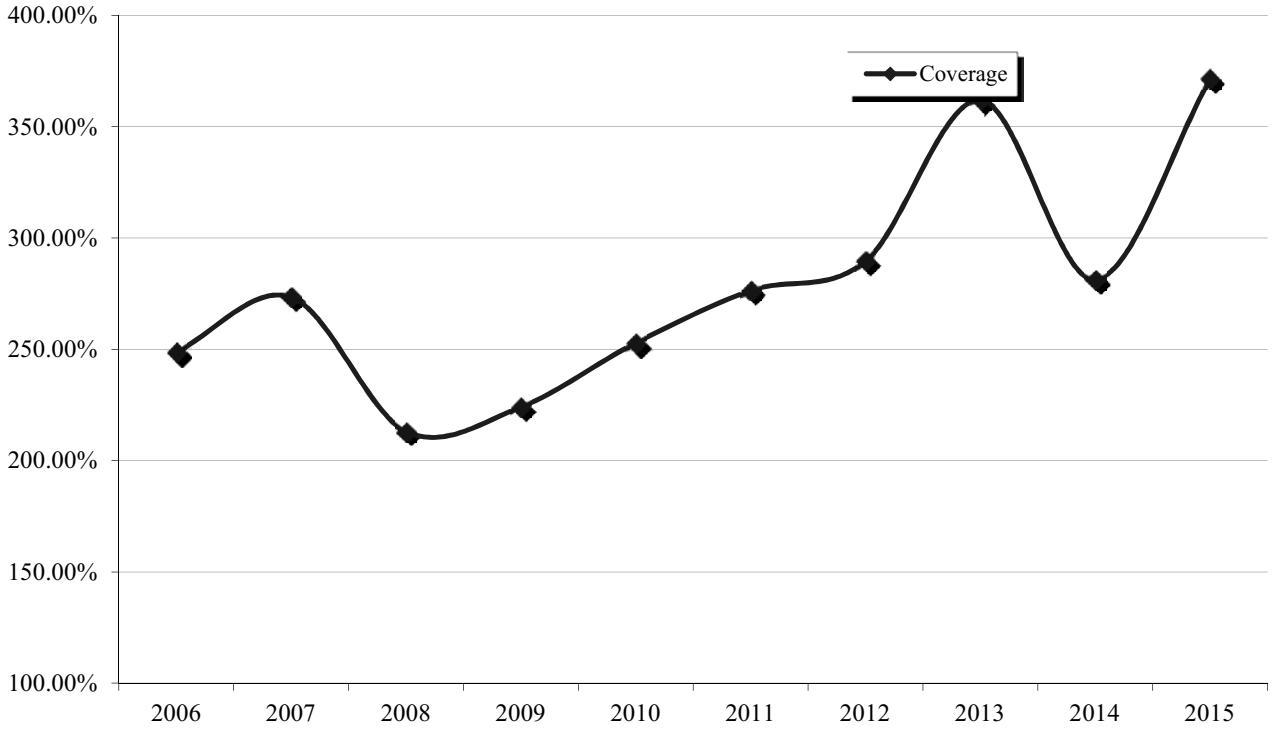
Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2006	$ 67,444,896	$ -	$ 67,444,896	0.00%
2007	78,807,669	-	78,807,669	0.00%
2008	80,491,813	-	80,491,813	0.00%
2009	79,517,400	-	79,517,400	0.00%
2010	69,553,156	-	69,553,156	0.00%
2011	68,710,034	-	68,710,034	0.00%
2012	67,444,590	-	67,444,590	0.00%
2013	66,188,501	-	66,188,501	0.00%
2014	72,867,133	-	72,867,133	0.00%
2015	80,190,642	-	80,190,642	0.00%

NOTE:

(1) Net of $3,914,802,570 Redevelopment Incremental Valuation

(a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

CITY OF PITTSBURG
Revenue Bond Coverage
Wastewater Revenue Bonds

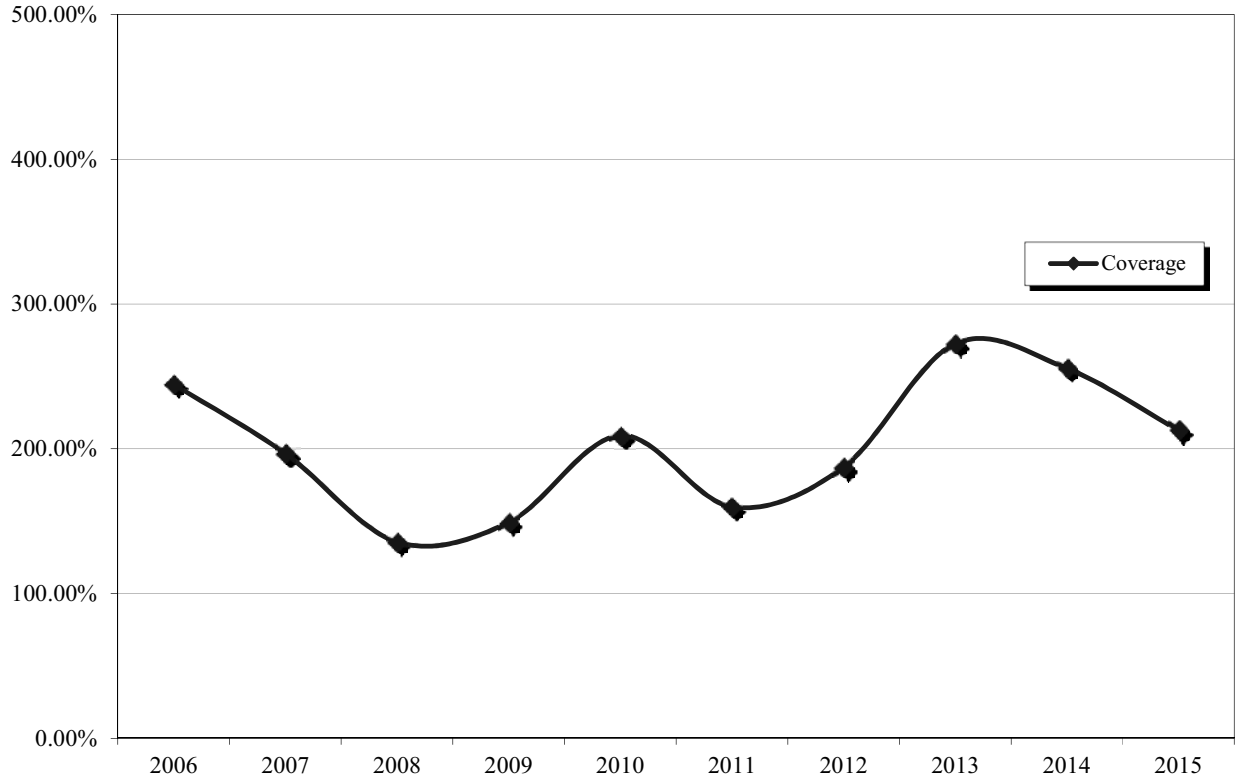


Fiscal Year	Gross Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2006	$ 3,821,139	$ 1,559,752	$ 2,261,387	$ 520,000	$ 388,978	$ 908,978	2.49
2007	4,104,374	1,557,192	2,547,182	530,000	401,640	931,640	2.73
2008	3,534,174	1,571,582	1,962,592	545,000	376,049	921,049	2.13
2009	3,951,296	1,887,607	2,063,689	555,000	365,802	920,802	2.24
2010	4,431,558	2,032,469	2,399,089	570,000	378,784	948,784	2.53
2011	4,407,092	1,846,762	2,560,330	590,000	336,436	926,436	2.76
2012	4,651,016	1,971,734	2,679,282	605,000	320,198	925,198	2.90
2013	5,111,678	1,799,354	3,312,324	620,000	295,207	915,207	3.62
2014	4,917,728	1,992,182	2,925,546	640,000	399,786	1,039,786	2.81
2015	5,022,745	1,965,165	3,057,580	741,000	81,986	822,986	3.72

Notes:
This Schedule has been modified to reconcile to the Revenue Manager's Analysis for annual Bond Disclosures

Source: City of Pittsburg Annual Financial Statements as analyzed by Finance Division Revenue Manager

CITY OF PITTSBURG
Revenue Bond Coverage
2008* (Refunded 1997 & 2005) Water Revenue Bonds



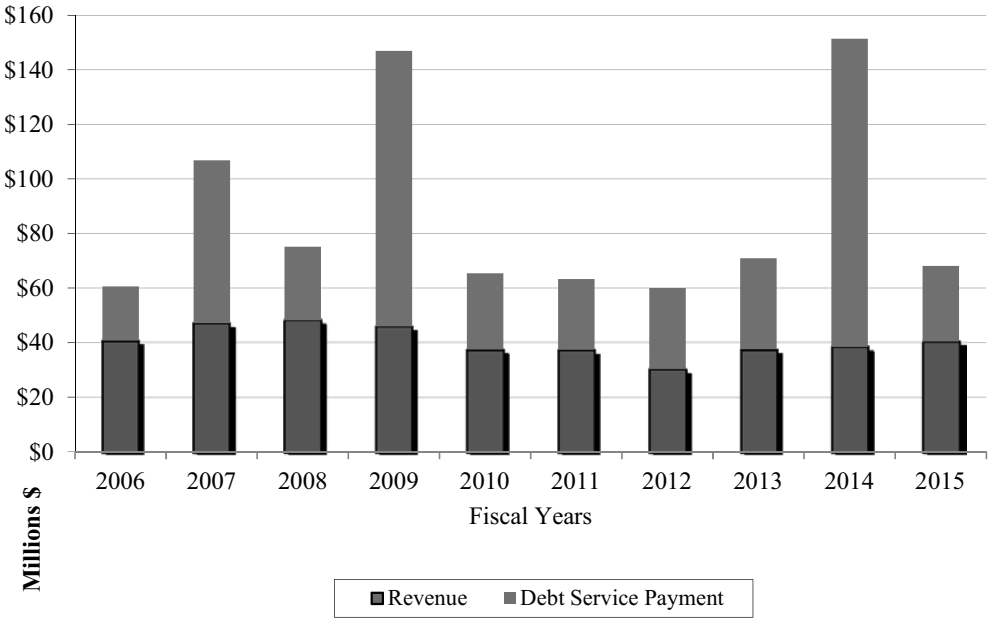
Fiscal Year	Gross Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2006	$ 13,696,163	$ 9,990,031	$ 3,706,132	$ 330,000	$ 1,184,744	$ 1,514,744	2.45
2007	15,675,745	11,075,094	4,600,651	720,000	1,618,683	2,338,683	1.97
2008	15,416,932	11,777,521	3,639,411	450,000	2,231,718	2,681,718	1.36
2009	15,261,927	11,776,223	3,485,704	450,000	1,887,100	2,337,100	1.49
2010	16,489,040	11,380,669	5,108,371	685,000	1,756,422	2,441,422	2.09
2011	16,622,010	11,087,014	5,534,996	835,000	2,626,509	3,461,509	1.60
2012	17,149,663	12,120,679	5,028,984	910,000	1,773,709	2,683,709	1.87
2013	19,205,915	12,279,325	6,926,590	960,000	1,580,278	2,540,278	2.73
2014	18,991,247	12,777,146	6,214,101	1,010,000	1,421,992	2,431,992	2.56
2015	18,272,979	12,379,283	5,893,696	1,035,000	1,734,374	2,769,374	2.13

Notes:

This Schedule has been modified to reconcile to the Revenue Manager's Analysis for annual Bond Disclosures

Source: City of Pittsburg Annual Financial Statements as Analyzed by the Finance Division Revenue Manager

CITY OF PITTSBURG
Successor Agency Bonded Debt Pledged Revenue Coverage
Tax Allocation Bonds
Last Ten Fiscal Years

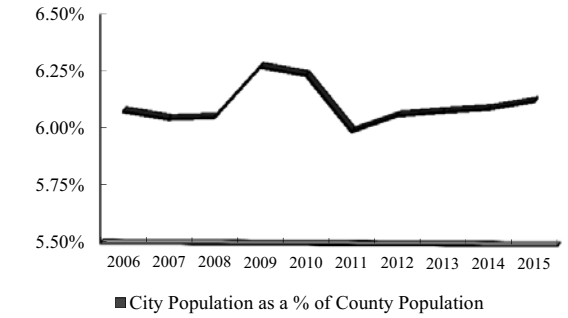


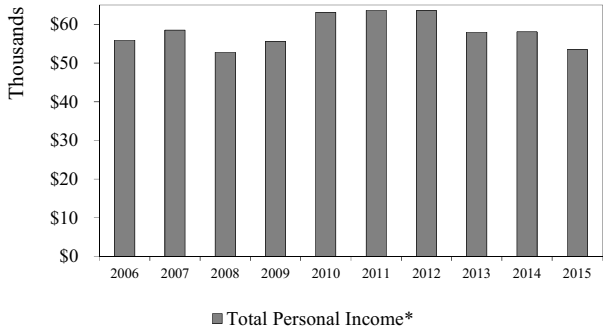
Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest [3]	Total	
2006	$ 40,823,118	$ 4,790,000	$ 14,995,717	$ 19,785,717	2.06
2007	47,087,969	44,845,000	[1] 14,888,380	59,733,381	0.79
2008	48,211,302	7,550,000	19,390,241	26,940,241	1.79
2009	45,913,508	84,335,000	[2] 16,727,258	101,062,260	0.45
2010	37,493,101	7,985,000	19,873,150	27,858,150	1.35
2011	37,342,837	9,310,000	16,683,580	25,993,580	1.44
2012	30,497,707	11,185,000	18,391,950	29,576,950	1.03
2013	37,580,423	15,595,000	17,812,924	33,407,924	1.12
2014	38,486,428	93,635,000	[4] 19,250,447	112,885,447	0.34
2015	40,387,530	13,355,000	[4] 14,415,839	27,770,839	1.45

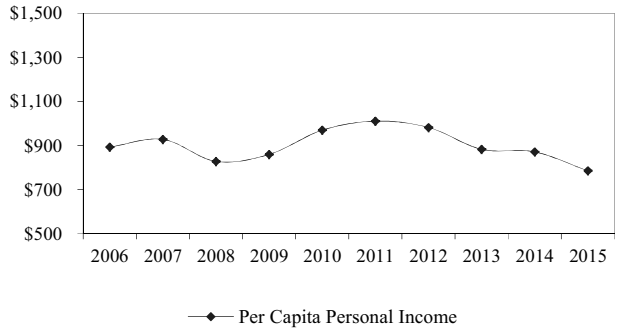
[1] The 1993 Series B Redevelopment Agency Tax Allocation Refunding Bonds were totally defeased.
[2] The 2006 Series BARedevelopment Agency Tax Allocation Refunding Bonds were totally defeased.
[3] The interest amount excludes the Letter of Credit fees.
[4] The 2014 Tax Allocation Refunding Bond was issued to refunded in full 2003A Bonds and partly refunded the 1999 CIP portion. Refer to Note 14 for additional information on refunding.

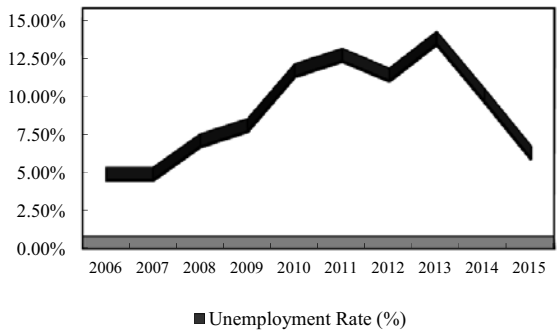
Source: City of Pittsburg Annual Financial Statements

CITY OF PITTSBURG
Demographic and Economic Statistics
Last Ten Fiscal Years









Fiscal Year	City Population	Total Personal Income*	Per Capita Personal Income	Unemployment Rate (%)	Contra Costa County Population	Pittsburg Population % of County
2006	62,547	55,873	893	4.5%	1,029,377	6.08%
2007	63,004	58,479	928	4.5%	1,042,341	6.04%
2008	63,652	52,730	828	6.7%	1,051,674	6.05%
2009	64,600	55,580	860	7.7%	1,029,703	6.27%
2010	64,967	63,039	970	11.3%	1,041,274	6.24%
2011	62,877	63,570	1,011	12.3%	1,049,025	5.99%
2012	64,660	63,513	982	11.0%	1,066,096	6.07%
2013	65,664	57,965	883	13.4%	1,079,597	6.08%
2014	66,695	58,063	871	9.7%	1,094,000	6.10%
2015	68,140	53,482	785	5.9%	1,111,339	6.13%

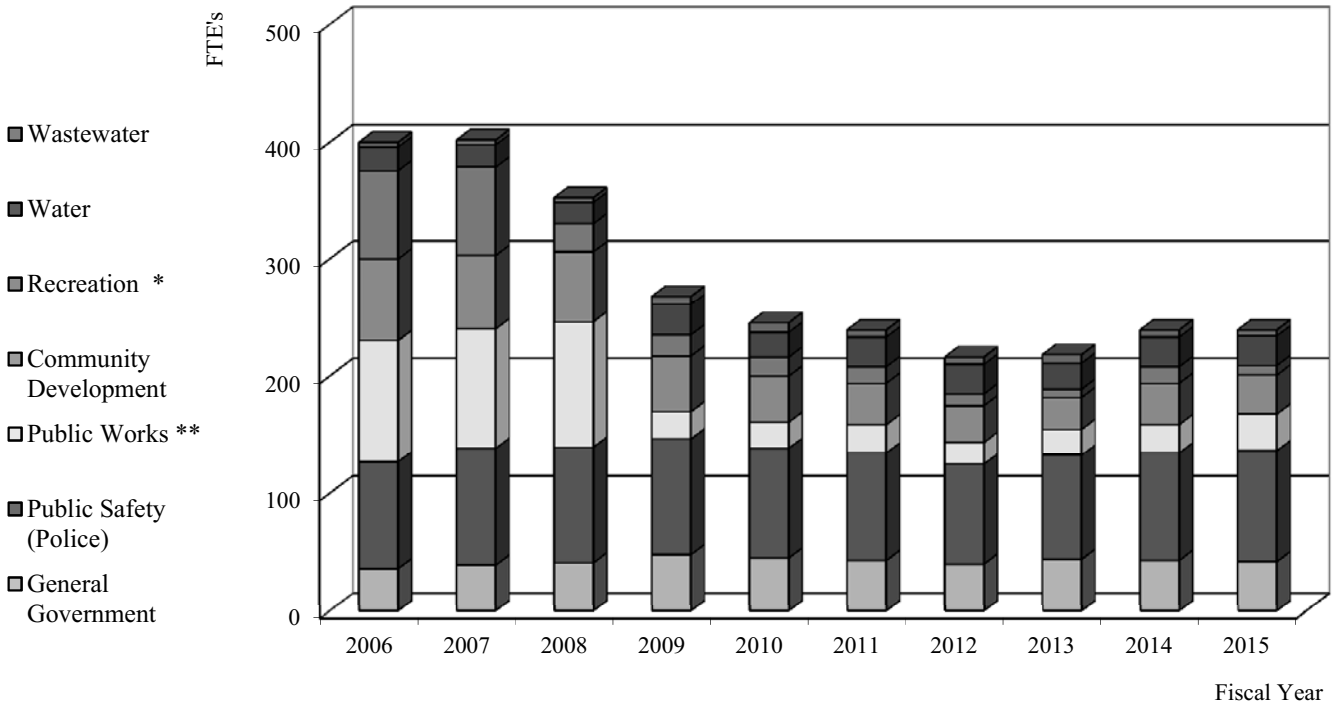
Source: On-line factfinder.census.gov
*US Department of Commerce - Bureau of Economic Analysis (Contra Costa County)
Pittsburg Chamber of Commerce

CITY OF PITTSBURG
Principal Employers
Current Year and Nine Years Ago

	2014-15			2005-06	
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Number of Employees**	**Rank**
Pittsburg Unified School District	1,179	1	3.1%	1,400	1
USS - Posco Industries	653	2	1.7%	1,000	2
Los Medanos Community College	487	3	1.3%	640	3
Dow Chemical Company	370	4	1.0%	380	4
Walmart	250	5	0.7%		
City of Pittsburg	239	6	0.6%		
Angelica Corporation (Laundry)	210	7	0.6%		
Ramar Foods	158	8	0.4%	220	5
WinCo Foods	137	9	0.4%		
Mi Pueblo Foods	136	10	0.4%		
Home Depot				180	7
Target				170	8
Safeway				150	10
Bio Zone				200	6
Loctite Aerospace				160	9
Subtotal	3,819		10.2%	4,500	
Employees in the City of Pittsburg	37,523				

Source: Telephone Survey by Financal Analyst
2005-06 data from CAFR (Chamber of Commerce)
American FactFinder

CITY OF PITTSBURG
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



	Actual for Fiscal Year Ended June 30, 2015									
Function	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
General Government	36	39	41	48	45	43	40	44	42	42
Public Safety (Police)	91	100	99	99	94	92	85	89	89	95
Public Works **	103	101	106	23	22	24	19	22	23	31
Community Development	70	63	60	47	39	35	31	27	29	33
Recreation *	75	75	24	18	16	14	10	7	8	8
Water	21	20	18	26	21	25	25	22	26	25
Wastewater	4	4	4	7	8	6	6	7	5	5
Total	400	402	352	268	245	268	245	218	222	239

* Prior Years (2006-2007) Included Summer Staff
** 2009 was a realignment of staff time and also elimination of many part-time PW staff

Source: City of Pittsburg

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

CITY OF PITTSBURG
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year			
	2006	**2007**	**2008**	**2009**
Function/Program				
Public safety:				
Police:				
Police calls for Service	67,591	71,643	70,707	74,487
Law violations:				
Part I and Part II crimes	8,308	8,923	8,117	8,545
Physical arrests (adult and juvenile)	3,688	4,042	3,955	4,406
Traffic violations (VC14601 & VC12500)	636	901	1,163 (1)	1,613
(1) Do not include Dec 2006 DOJ Monthly Report Traffic Violations reported to 12/18/06				
(Fire Protection is Contra Costa County)				
Public works				
Street Re-surfacing (Miles)				
Streets Repaired (square feet)	42,509	76,240	133,103	86,553
Leisure Services:				
Community Services:				
Swim Participants	8,737	9,135	9,134	*
Softball Participants	320	429	465	*
Small World Park Gate Attendance	18,600	18,660	17,376	*
Senior Center Nutrition/Exercise Class Participants	21,423	18,777	15,735	*
Water				
Number of Meters Served	16,291	16,731	16,579	16,718
Water Main Breaks	61	102	76	65
Average Daily Consumption (millions of gallons)	10	10	10	9
Wastewater				
Miles of Sewer Line (Excluding line operated by Delta Diablo District 7-A)	158	159	159	159
Average daily treatment (thousands of gallons)	27	34	34	34
Solid Waste				
Refuse Landfilled (tons per year)	90,500	68,000	85,700	77,817
Recyclables Processed (tons per year)	35,000	42,000	43,425	25,750

*Leisure Services Data not Available due to City Reorganization and Early Retirement.
** FY 2013 & FY 2014 Number corrected. Prior CAFR reported number of classes, updated to reflect number of Participants.

Source: City of Pittsburg Divisions & Prior Year CAFR's

Fiscal Year					
2010	**2011**	**2012**	**2013**	**2014**	**2015**
69,078	70,623	67,779	64,573	73,915	77,947
7,568	8,084	8,044	7,412	7,477	8,168
3,512	4,708	4,558	3,401	3,227	3,204
1,502	1,986	1,950	1,007	935	735
			14.26	13.41	1.55
71,809	84,420	84,001	82,314	24,404	46,905
*	*	264	1,980	2,320	3,100
*	*	2,300	580	850	731
15,833	*	19,783	24,732	25,780	28,420
16,777	18,186	13,786	14,980 **	19,339 **	22,423
17,097	17,254	17,444	17,664	17,880	18,094
74	45	60	50	59	71
8	8	9	9	8	8
171	172	172	175	177	171
34	34	34	34	34	195
49,978	45,106	46,892	52,722	53,753	51,564
33,948	35,868	37,784	42,213	44,213	39,313

CITY OF PITTSBURG
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year				
	2006	**2007**	**2008**	**2009**	**2010**
Function/Program					
Public safety:					
Police stations	1	1	1	1	1
Police patrol units (Includes Unmarked)	52	52	52	52	52
Public works					
Miles of streets (Center Line)	154.00	154.80	156.80	156.80	157.00
Street lights (Total)	3,796	3,975	4,008	4,107	4,194
Traffic Signals	52	59	60	60	61
Culture and recreation:					
Community services:					
City Parks	17	21	21	21	21
City parks acreage	125	145	145	145	145
Roadway landscaping acreage	13	13	15	17	19
Regional park acreage	54	56	56	56	56
Regional park facilities:					
Golf courses (18 holes)	1	1	1	1	1
Marina Fuel Station	1	1	1	1	1
Community Civic Center	1	1	1	1	1
Senior centers	1	1	1	1	1
Swimming pools	1	1	1	1	1
Tennis courts	1	1	1	1	3
Water					
Storage capacity (millions of gallons)	16.9	16.9	16.9	16.3	19.3
Miles of Water Mains			219	221	222
Wastewater					
Miles of Storm Drains	82	87	89	91	92

Note: n/a denotes information is not available.
*FY 2012 # OF City Parks Corrected. 2-School Soccer Fields not included in City parks number.

Source: City of Pittsburg Staff & Prior Year CAFR's

Fiscal Year				
2011	**2012**	**2013**	**2014**	**2015**
1	1	1	1	1
52	52	55	63	64
157.00	165.35	165.35	165.35	163.79
4,278	2,041	2,122	4,331	4,358
61	61	60	61	61
21	23 *	23	23	24
145	145	145	145	147
19	19	19	20	22
56	56	56	56	56
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
19.3	19.3	19.3	19.3	19.3
222	224	225	227	229
93	94	95	95	101

CITY OF PITTSBURG

Comprehensive Annual Financial Report

June 30, 2015

APPENDIX F

STATE DEPARTMENT OF FINANCE APPROVAL LETTER

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DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

December 4, 2015

Ms. Maria Aliotti, Development Manager
City of Pittsburg
65 Civic Avenue
Pittsburg, CA 94565

Dear Ms. Aliotti:

Subject: Approval of Oversight Board Actions

The City of Pittsburg Successor Agency (Agency) notified the California Department of Finance (Finance) of its September 24, 2015 Oversight Board (OB) resolutions on September 28, 2015. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB actions.

Based on our review and application of the law, Finance has made the following determinations:

OB Resolution No. 15-037 OSB and OB Resolution No. 15-038 OSB

These OB resolutions, approving the issuance of Refunding Bonds, making certain determinations with respect to the Refunding Bonds, and providing other matters relating thereto, are approved.

The Agency desires to refund the following bonds to achieve debt service savings of approximately $31,426,300:

- Los Medanos Community Development Project Housing Set Aside Tax Allocation Bonds, (Taxable) 2004 Series A
- Los Medanos Community Development Project Subordinate Tax Allocation Bonds, 2004 Series A
- Los Medanos Community Development Project Subordinate Tax Allocation Bonds, (Taxable) 2006 Series B
- Los Medanos Community Development Project Subordinate Tax Allocation Bonds, 2006 Series C
- Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2008 Series A

This approval is conditioned on the understanding that no refunding bonds will be issued unless such bonds meet the limitations detailed in HSC section 34177.5 (a) (1). This understanding is based on the Agency's confirmation that each issue of bonds being refunded must demonstrate compliance with HSC 34177.5 (a) (1). Following the issuance of the bonds, the Agency's debt service payment obligations for the refunding bonds should be placed on a future Recognized Obligation Payment Schedule, subject to Finance review and approval.

In addition, this resolution approved the issuance of the refunding bonds pursuant to HSC section 34177.5 (a) (1) and HSC section 34177.5 (a) (2). However, the termination of the SWAP Agreement is considered a cost of issuance rather than the refinancing of a possible debt service spike or a balloon maturity, and therefore, the refunding does not meet the requirement set forth in HSC 34177.5 (a) (2).

Please direct inquiries to Nichelle Thomas, Supervisor, or Alex Watt, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Maria Aliotti, Development Manager, City of Pittsburg
Mr. Bob Campbell, Auditor-Controller, Contra Costa County

APPENDIX G

CITY OF PITTSBURG AND CONTRA COSTA COUNTY GENERAL INFORMATION

The following information in this section of the Official Statement concerning the City of Pittsburg and surrounding areas is included only for the purpose of supplying general information regarding the community. The taxing power of the City of Pittsburg, Contra Costa County, the State of California, and any political subdivision thereof is not pledged to the payment of the Bonds. The Bonds are not a debt of the City of Pittsburg, Contra Costa County, the State of California, or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

General

The City. The City is located in the eastern portion of 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 1940's and early 1950's, 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.

The County. Situated northeast of San Francisco, the County is bounded by San Francisco and San Pablo Bays, the Sacramento River Delta, and by Alameda County on the south. Ranges of hills effectively divide the County into three distinct regions. The western portion, with its access to water, contains much of the County's heavy industry. The central section is rapidly developing from a suburban area into a major commercial and financial headquarters center. The eastern part is also undergoing substantial change, from a rural, agricultural area, to a suburban region. The County has extensive and varied transportation facilities-ports accessible to ocean-going vessels, railroads, freeways, and rapid transit lines connecting the area with Alameda County and San Francisco.

Population

The following table lists population figures for the City, the County and the State for the last five calendar years.

CITY OF PITTSBURG, CONTRA COSTA COUNTY AND STATE OF CALIFORNIA
Population Estimates
Calendar Years 2011 Through 2015

Year	City of Pittsburg	Contra Costa County	State of California
2011	63,735	1,056,306	37,427,946
2012	64,779	1,066,597	37,668,804
2013	65,435	1,076,429	37,984,138
2014	66,479	1,089,219	38,357,121
2015	67,628	1,102,871	38,714,725

Source: California Department of Finance for January 1.

Employment and Industry

The unemployment rate in the Oakland-Hayward-Berkeley Metropolitan Division was 4.5% in November 2015, down from a revised 4.6 percent in October 2015, and below the year-ago estimate of 5.6%. This compares with an unadjusted unemployment rate of 5.7 percent for California and 4.8% for the nation during the same period. The unemployment rate was 4.4% in Alameda County, and 4.6% in Contra Costa County.

The table below lists employment by industry group for Contra Costa County for the years 2010 to 2014.

CONTRA COSTA COUNTY
Annual Averages Civilian Labor Force, Employment and Unemployment, Employment by Industry
(August 2015 Benchmark)

	2010	2011	2012	2013	2014
Civilian Labor Force (1)	525,500	529,600	537,000	540,300	544,000
Employment	467,900	475,000	489,000	499,900	510,500
Unemployment	57,600	54,500	48,100	40,400	33,500
Unemployment Rate	11.0%	10.3%	9.0%	7.5%	6.2%
Wage and Salary Employment: (2)					
Agriculture	700	800	800	800	800
Mining, Logging and Construction	18,300	17,800	19,600	21,700	21,900
Manufacturing	18,500	17,600	17,600	15,400	15,500
Wholesale Trade	7,600	7,900	8,200	8,700	9,100
Retail Trade	40,400	40,500	41,200	41,100	41,700
Transportation, Warehousing and Utilities	8,100	8,100	8,900	9,500	8,000
Information	9,600	9,000	8,400	8,600	8,400
Finance and Insurance	19,200	18,700	19,000	18,700	18,200
Real Estate and Rental and Leasing	6,200	6,100	6,300	6,600	6,800
Professional and Business Services	43,800	45,900	48,100	52,100	53,900
Educational and Health Services	53,000	53,500	55,700	59,100	60,800
Leisure and Hospitality	31,300	32,300	33,500	35,400	36,500
Other Services	11,800	12,400	12,400	12,100	12,500
Federal Government	5,300	4,800	4,600	4,500	4,500
State Government	1,200	1,200	1,200	1,300	1,300
Local Government	42,800	41,800	42,100	42,500	43,300
Total, All Industries (3)	317,400	318,300	326,900	337,400	344,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: Labor Division of the California State Employment Development Department.

Principal Employers

The following table shows the principal employers in the City, as shown in the City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2015.

CITY OF PITTSBURG
Principal Employers

Employer	Number of Employees	Percent of Total Employment
Pittsburg Unified School District	1,179	3.2%
USS - Posco Industries	653	1.8
Los Medanos Community College	487	1.3
Dow Chemical Company	370	1.0
Walmart	250	0.7
City of Pittsburg	237	0.6
Angelica Corporation (Laundry)	210	0.6
Ramar Foods	158	0.4
WinCo	137	0.4
Mi Pueblo Foods	136	0.4

Source: City Of Pittsburg, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015.

Major Employers

The table below lists the major employers in the County, listed alphabetically.

CONTRA COSTA COUNTY
Major Employers
July 2015

Employer Name	Location	Industry
AAA Northern Ca Nevada & Utah	Walnut Creek	Automobile Clubs
Bank of the West	Walnut Creek	Banks
Bart	Richmond	Transit Lines
Bayer Health Care Phrmctcls	Richmond	Laboratories-Pharmaceutical (Mfrs)
Bio-Rad Laboratories Inc.	Hercules	Physicians & Surgeons Equip & Supls-Mfrs
Chevron Corp	Richmond	Oil Refiners (Mfrs)
Chevron Corp	San Ramon	Oil Refiners (Mfrs)
Chevron Global Downstream LLC	San Ramon	Petroleum Products (Whls)
Concord Naval Weapons Station	Concord	Federal Government-National Security
Contra-Costa Regional Med Ctr	Martinez	Hospitals
Department of Veterans Affairs	Martinez	Clinics
Doctors Medical Center	San Pablo	Hospitals
John Muir Medical Center	Concord	Health Services
John Muir Medical Center	Walnut Creek	Hospitals
Kaiser	Martinez	Clinics
Kaiser Permanente	Walnut Creek	Hospitals
Kaiser Permanente Antioch Med	Antioch	Hospitals
La Raza Market	Richmond	Grocers-Retail
Richmond City Offices	Richmond	Government Offices-City, Village & Twp
San Ramon Regional Medical Center	San Ramon	Hospitals
Shell Oil Products	Martinez	Oil & Gas Producers
St Marys College	Moraga	Schools-Universities & Colleges Academic
Sutter Delta Medical Center	Antioch	Hospitals
Tesoro Golden Eagle Refinery	Pacheco	Oil Refiners (Mfrs)
US Veterans Medical Center	Martinez	Outpatient Services

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2015 2nd Edition.

Commercial Activity

Summaries of the historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables. Annual figures for calendar year 2014 are not yet available.

Total taxable sales during the first three quarters of calendar year 2014 in the City were reported to be $462.1 million a 2.62% increase over the total taxable sales of $450.3 million reported during the first three quarters of calendar year 2013.

CITY OF PITTSBURG
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2009	508	$392,290	779	$601,887
2010	564	398,371	840	514,129
2011	535	412,006	816	580,091
2012	539	419,230	820	750,373
2013	520	451,893	792	607,341

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable sales during the first three quarters of calendar year 2014 in the County were reported to be $10.9 billion a 4.06% increase over the total taxable sales of $10.5 reported during the first three quarters of calendar year 2013.

CONTRA COSTA COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2009	14,045	$8,473,578	21,395	$11,883,049
2010	14,423	8,716,393	21,784	11,953,846
2011	13,930	9,300,418	21,153	12,799,857
2012	14,343	10,062,437	21,504	13,997,249
2013	14,511	10,677,018	21,449	14,471,988

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in the City and the County.

CITY OF PITTSBURG
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2010	2011	2012	2013	2014
Permit Valuation					
New Single-family	$12,720.3	$21,657.9	$23,295.1	$45,530.4	$48,233.9
New Multi-family	9,714.6	0.0	0.0	0.0	0.0
Res. Alterations/Additions	2,242.8	3,083.7	1,902.3	2,810.1	1,984.1
Total Residential	24,677.7	24,741.6	25,197.4	48,340.5	50,218.0
New Commercial	$0.0	$1.0	$1,210.6	$1,291.3	$2,980.5
New Industrial	12,928.1	0.0	180.0	60.0	0.0
New Other	3,813.7	3,874.5	81.0	3,751.4	863.5
Com. Alterations/Additions	10,720.7	5,411.7	7,056.9	2,521.1	2,495.4
Total Nonresidential	$27,462.5	$9,287.2	$8,528.5	$7,623.8	$6,339.4
New Dwelling Units					
Single Family	67	130	133	219	217
Multiple Family	111	0	0	0	0
TOTAL	178	130	133	219	217

Source: Construction Industry Research Board, Building Permit Summary.

CONTRA COSTA COUNTY
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2010	2011	2012	2013	2014
Permit Valuation					
New Single-family	$237,458.0	$211,417.9	$340,255.7	$469,376.5	$402,109.1
New Multi-family	106,555.4	47,304.2	54,884.8	62,799.7	82,008.6
Res. Alterations/Additions	209,044.4	233,174.2	179,471.7	195,787.4	256,617.8
Total Residential	553,057.8	491,896.3	574,612.2	727,963.6	740,735.5
New Commercial	38,093.5	17,587.4	97,077.8	$85,341.7	$94,171.8
New Industrial	29,619.4	7,188.0	7,000.8	8,927.8	21,149.5
New Other	47,510.7	15,542.3	13,999.9	89,877.6	103,359.8
Com. Alterations/Additions	170,193.8	214,585.0	124,147.2	220,737.0	191,855.7
Total Nonresidential	285,417.4	254,902.7	242,225.7	404,884.1	410,536.8
New Dwelling Units					
Single Family	809	718	1,188	1,585	1,439
Multiple Family	890	355	949	370	588
TOTAL	1,699	1,073	2,137	1,955	2,027

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

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

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2010 through 2014.

CITY OF PITTSBURG, CONTRA COSTA COUNTY, AND THE STATE OF CALIFORNIA
Effective Buying Income
As of January 1, 2010 through 2014

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2010	City of Pittsburg	$1,119,470	$47,119
	Contra Costa County	30,049,698	61,031
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Pittsburg	$1,070,723	$47,065
	Contra Costa County	30,416,350	60,777
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Pittsburg	$1,147,795	$45,645
	Contra Costa County	33,604,875	61,167
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	City of Pittsburg	$1,217,355	$46,498
	Contra Costa County	32,061,585	61,731
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Pittsburg	$1,285,713	$48,893
	Contra Costa County	33,833,478	64,090
	California	901,189,699	50,072
	United States	7,357,153,451	45,448

Source: *The Nielsen Company (US), Inc.*

Education

The City of Pittsburg is served by three different school districts: Pittsburg Unified School District, Antioch Unified School District and Mt. Diablo Unified School District. The Pittsburg Unified School District operates eight elementary schools, three junior high schools, one comprehensive high school, one alternative education high school, adult education, independent study, alternative learning experiences and early childhood education services. The Antioch Unified School District operates thirteen elementary schools, four middle schools, two comprehensive high schools, three specialized high schools, and one K-8 school. They also offer a home schooling program, adult education courses, and other programs to fit the needs of all students. Mt. Diablo operates thirty elementary schools, nine middle schools, five high schools, and two adult education centers. In addition there is also a community college, Los Medanos College.

Transportation

Pittsburg is easily accessible via state Highway 4 and also by the Bay Area Rapid Transit system ("BART"). Tri Delta Transit provides the local bus service in the Pittsburg area. Plans for an extension of BART into eastern Contra Costa County is planned, with 10 new miles of track and new stations in Pittsburg and Antioch. The City has adopted new specific plans and made zoning changes to provide for higher density transit oriented development near the new eBart Station and the Bay Point Station. These plans provide for 1.3 million square feet of commercial / industrial development and over 3,000 housing units. Construction is underway and passenger service is expected to begin in May 2018, with 10,100 daily riders projected by 2030. This project is being constructed in coordination with Highway 4 widening project, a combined investment of $1 billion

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APPENDIX H

FISCAL CONSULTANT'S REPORT

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FISCAL CONSULTANT REPORT

Pittsburg Redevelopment Agency
Successor Agency

Los Medanos Community Development Project Area

January 2016

Section A - Introduction

The Redevelopment Agency of the City of Pittsburg Successor Agency (Agency) is considering the issuance of four series of Tax Allocation Refunding Bonds. Three series of the bonds, the 2016 Series A, B, and C Bonds will be secured by a pledge of a portion of the tax increment revenues generated from the Los Medanos Community Development Project Area (Project Area) on a subordinate basis to certain outstanding Bonds of the Agency (the Subordinate Bonds). There will also be a series of Housing Set-Aside Tax Allocation Bonds that will be issued by the Agency that will be secured by housing set-aside revenues (the Housing 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 Subordinate Bonds and the Housing 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, AB 1484 and SB 107.
C. **General Information**: Provides information on the Project Area, including a general description of the Redevelopment Plans 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 Pittsburg Redevelopment Agency (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, and SB 107, which was passed in September 2015, 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, although bonds issued with a pledge of those revenues must be honored. 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), payments pursuant to former Section 33676 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 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 2015 generally reflect property taxes that were collected during the period from January through May 2015. The approved ROPS covered costs that are paid during the period from July through December 2015. Any excess Trust Fund revenue not needed to meet the various obligations shown in items one through four above would be reallocated to the taxing entities. The 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.

As part of the Governor's budget for 2015-16, SB 107 was approved by the legislature and signed by the Governor. Among other changes, SB 107 has converted the ROPS to an annual process with the first annual ROPS due to be filed with DOF on February 1, 2016. Appendix A to this report includes a ROPS cash flow.

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. Due to the provision of SB 107, time and financial limits no longer apply for purposes of repaying enforceable obligations, including debt service on all bonds.

The chart below provides summarized land use information on the Project Area for 2015-16.

LAND USE CATEGORY SUMMARY 2015-16

	Parcels	Taxable Value	Percent of Total
Residential	12,042	3,046,726,895	68.27%
Commercial	409	350,583,698	7.86%
Industrial	123	159,548,981	3.57%
Vacant	391	68,151,865	1.53%
Other	540	75,639,105	1.69%
Total Secured	**13,505**	**3,700,650,544**	**82.92%**
Unsecured / State Assessed		762,409,566	17.08%
Grand Total		**4,463,060,110**	**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 unsecured 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 $4.037 billion in 2005-06 to $4.463 billion in 2015-16. The total percentage change was 10.54 percent over the ten-year period. The average annual percentage change in values was 1.01 percent. Beginning in 2008-09 taxable values began to decline due to the nation-wide economic recession, but have recovered much of these reductions over the past two fiscal years.

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.

In both 2014-15 and 2015-16, Project Area values have increased rapidly. Secured values went up by over $779 million during this period. A substantial portion of this increase was due to additional Proposition 8 reversals, which added approximately $437 million. The sale of residential property added over $213 million, and new residential construction and sales added approximately $82 million.

Unsecured values dropped in 2014-15 by $165 million. The major decreases occurred on two properties: 1) the LMEC plant was reduced in value by $78 million; and 2) United Spiral Pipe was reduced by $77 million based on a successful appeal. State-assessed values went down in 2014-15 by $85 million due to a reduction to the DEC plant, which recovered $50.8 million of this value in 2015-16.

Historical Tax Increment Revenues

Table 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 2, 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 100.91 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 23.70 percent of the overall value of the entire Project Area and 25.20 percent of the incremental value. Two of the top ten have open appeals, as discussed in the next section. The appeal for the Century Plaza Corporation only includes a small portion of the total value of their property ($760,400 of their total value of $68.3 million).

Because the Housing Bonds will be secured only from a portion of the tax increment from the Los Medanos II and III areas, Table 3.1 shows the Top Ten Assessees for those two areas. The taxable value for the Top Ten equals 35.18 percent of total value, and 36.36 of incremental value.

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 between 2009-10 and 2013-14, as shown in the table below. The impact of the appeals shown in the table below have already been recorded on the 2015-16 tax roll.

Prior Resolved Appeals – Analysis of Impacts	
Filed Appeals	485
Appeals Outstanding	2
Resolved Appeals with Reductions	380
% Resulting in AV Reductions	78%
AV Reductions from Resolved Appeals	$206,802,938
Average Percent Reduction to AV	17%
Overall Success Factor	**13.57%**

The table below shows both the recently resolved and open appeals that could affect the future taxable of the Project Area.

Resolved Appeals			
Assessee	Current Roll Value	Resolved Value	Value Reduction
Gaunder, Kumaran	$805,000	$715,000	$90,000

Open Appeals					
Assessee	Current Roll Value	Applicants Value Opinion	Potential Value Impact	Estimated Resolved (1) Value	Estimated Value Reduction
United Spiral Pipe	$58,157,143	$31,556,897	$26,600,246	$49,433,572	$8,723,571
United Spiral Pipe	1,687,452	827,199	860,253	1,434,334	253,118
Lotus Hotel	8,006,680	4,805,000	3,201,680	6,805,678	1,201,002
Century Plaza	760,400	400,000	360,400	646,340	114,060
Signode Industrial Group	13,421,839	6,950,000	6,471,839	11,408,563	2,013,276
Walgreen	284,909	175,000	109,909	242,173	42,736
Safeway Inc	1,263,937	252,787	1,011,150	1,074,346	189,591
Grand Total	**$83,582,360**	**$44,966,883**	**$38,615,477**	**$71,045,006**	**$12,537,354**

(1) See text for assumptions.

Our review uncovered one recently resolved appeal that will reduce future value by approximately $90,000 in 2015-16. There are also seven open appeals of value for which the applicants have requested reductions totaling approximately $38.6 million. The appeal for Target (which is owned by Century Plaza Corporation) is located in the Los Medanos II area, Since 2009-10, resolved appeals have resulted in an average 13.57 percent decrease in value. For purposes of our estimates, we have rounded this factor up to 15 percent and estimated that open appeals could reduce future taxable values in the Project Area by $12.5 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 in 2016-17.

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 had 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 affected the tax rolls between fiscal year 2008-09 and 2012-13. The properties that were subject to these "automatic" reductions were 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 2015-16 to determine how many parcels went down in value in the Project Area during that period, and also how many have received partial or complete reversals. The results of our analysis are shown in the chart below.

Proposition 8 Residential Impacts	
Decreases - 2008-09 to 2012-13	
Number of Residential Parcels	7,916
Average % Value Decrease	-36%
Total Value Decline	($904,243,423)
Increases - 2012-13 to 2014-15	
Number of Residential Parcels	5,764
Average % Value Increase	15%
Total Value Increase	$155,563,623
Increases - 2014-15 to 2015-16	
Number of Residential Parcels	6,069
Average % Value Increase	17%
Total Value Increase	$437,425,671

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, and continuing through 2015-16, the County has partially reversed many of the prior Proposition 8 reductions and increased value by over $592 million through fiscal year 2015-16. 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 $311 million based on further reversals of Proposition 8 reductions (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 on the following page shows the recent trends for calendar years 2014 and 2015 through July.

2014 Sales:	
Total Sales	543
Aggregate Sales Price	$192,129,200
Aggregate Tax Roll Value	$101,578,863
Percent Increase Between Sales Price and Tax Roll Value	89%
2015 Sales (through July):	
Total Sales	432
Aggregate Sales Price	$ 120,744,745
Aggregate Tax Roll Value	$ 85,466,313
Percent Increase Between Sales Price and Tax Roll Value	41%

The table shows that sales values were 89 percent higher than tax roll values in 2014, and that 2015 sales values were 41 percent higher. Given that sales prices are exceeding tax roll values by a substantial margin, and the County has begun to reverse the prior Proposition 8 reductions, we have assumed that there would be no further Proposition 8 reductions in fiscal year 2016-17 or future fiscal years for purposes of the tax increment projections shown in Section F.

Section F - Estimate of Current and Future Tax Increment Revenue

County auditor-controllers are required to calculate the funds that flow to the RPTTF as if the redevelopment agency still existed. Given this, the RPTTF, or tax increment revenues, continue to be calculated by first subtracting the base year value of a project area from the current year taxable value in order to determine the incremental taxable value of the project area. The 1 percent tax rate is then applied to the incremental taxable value in order to determine tax increment revenues. 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 (2015-16) tax increment revenues is shown on Table 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 2015-16 is estimated at $41.8 million. Unitary revenue for the Project Area is estimated to equal $438,148 for the 2015-16 fiscal year. The estimate is based on the County's estimate of unitary revenues in each of the Constituent Project Areas for 2014-15. Table 4.1 shows an estimate of tax increment revenues for the Los Medanos II and III areas.

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.

On December 5, 2015 the SBE announced that the inflation factor which Assessors should use to prepare the 2016-17 tax roll is 1.525 percent. The projections in Table 5 have been increased based on that inflation factor for 2016-17 and then by 2 percent thereafter. The 2 percent factor is the maximum inflation factor that county assessors can use to increase real property values. Taxable values have also been increased on Table 5 for the recent sale of property and the following new developments that are under construction or which will start construction in the near future:

1. Mariner Walk: this single family housing development included a total of 123 units, with 14 of them currently under construction. We have assumed that taxable value would be added to the 2016-17 and 2017-18 tax rolls from the completion and sale of the units.
2. The Reserve at Woodland: this housing development includes 18 multi-family units that are expected to add value to the 2016-17 and 2017-18 tax rolls.
3. San Marcos: a total of 211 single family housing units are expected to be under construction in the near future and add taxable value to the 2017-18 and 2018-19 tax rolls.
4. Vista del Mar: this development included a total of 519 single family housing units, of which 55 are currently under construction. New value is expected to be added to the 2016-17 through 2018-19 tax rolls.

Taxable values in fiscal year 2016-17 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 nor for new development. Taxable values 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 2015 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. All of the school districts in the Project Area have entered into tax sharing agreements and are not eligible to elect to receive such payments.

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 certain bonds that are being refunded and is therefore needed to pay debt service on the Housing Bonds. The amount shown on Tables 4.1, 5 and 5.1 equals the full deposit from Los Medanos II and III.

Senior Debt Service

Debt service on the following Senior Bonds must be paid prior to debt service on the 2015 Subordinate Bonds:

- Tax Allocation Bonds, Series 1999
- Tax Allocation Refunding Bonds, Series 2014

Tables 4, 5 and 5.1 do not include the actual debt service for these bonds, since that information will be contained in the Official Statement.

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 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 all of 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 Subordinate 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 Subordinate 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.

Contra Costa County: 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) Payments equal to the Section 33676 payments for Los Medanos I. Such amounts are calculated by escalating the assessed value of the Los Medanos I Area in 2013-14 by up to 2 percent per year.
   b) 100 percent of the County's share of Net Tax Increment from Los Medanos II, less the Section 33676 amount
   c) 31.94 percent of Net Tax Increment generated from the Chevron and Southwest sub areas of Los Medanos III, less the Section 33676 amount
   d) 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) Payments equal to the Section 33676 payments for Los Medanos I. Such amounts are calculated by escalating the assessed value of the Los Medanos I Area in 2013-14 by up to 2 percent per year.
   b) 100 percent of the District's share of Net Tax Increment from Los Medanos II, less the Section 33676 amount
   c) 100 percent of the District's share of Net Tax Increment generated from the Chevron and Southwest sub areas, less the Section 33676 amount
   d) 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) Payments equal to the Section 33676 payments for Los Medanos I. Such amounts are calculated by escalating the assessed value of the Los Medanos I Area in 2013-14 by up to 2 percent per year.

b) 100 percent of the District's share of Net Tax Increment from Los Medanos II and III, less the Section 33676 amounts

Pittsburg Unified School District: 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 2.5 percent.

Payments under the agreement cannot exceed $3 million in any fiscal year.

Contra Costa County Community College District: 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.

Table 1
Pittsburg Successor Agency
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
2015-16	3,700,650,544	469,404,538	293,005,028	$4,463,060,110	6.43%	$278,480,181	$4,184,579,929
2014-15	3,347,875,222	603,255,744	242,151,785	4,193,282,751	8.00%	278,480,181	3,914,802,570
2013-14	2,920,748,349	634,159,638	327,596,209	3,882,504,196	0.27%	278,480,181	3,604,024,015
2012-13	2,683,552,007	806,155,608	382,231,357	3,871,938,972	-1.39%	278,480,181	3,593,458,791
2011-12	2,753,306,880	748,445,917	424,806,447	3,926,559,244	-0.95%	278,480,181	3,648,079,063
2010-11	2,839,721,306	679,287,577	445,207,883	3,964,216,766	-1.47%	277,937,469	3,686,279,297
2009-10	2,959,515,979	623,170,147	440,649,338	4,023,335,464	-14.32%	277,937,469	3,745,397,995
2008-09	3,708,004,922	548,716,527	439,150,103	4,695,871,552	-3.09%	277,937,469	4,417,934,083
2007-08	3,927,235,628	512,622,834	405,835,344	4,845,693,806	7.06%	277,937,469	4,567,756,337
2006-07	3,530,493,854	555,424,279	440,433,949	4,526,352,082	12.11%	277,937,469	4,248,414,613
2005-06	3,015,581,340	543,343,050	478,598,737	4,037,523,127	N/A	277,937,469	3,759,585,658

Total Percentage Change	10.54%
Average Percentage Change	1.01%

(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
Pittsburg Successor Agency
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
2014-15	$39,201,116	$39,201,116	100.00%	$1,186,413	$40,387,529	103.03%
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%
Average Receipts to Levy			**99.96%**			**100.91%**

(1) Receipts per Agency records after reduction for property tax admin. fees.
(2) Intial levy reported by Contra Costa County.

Table 3
Pittsburg Successor Agency
Los Medanos Merged Project Area

TEN MAJOR PROPERTY TAX ASSESSEES *

Assessee	Type of Use	Sub-Area	Secured	Unsecured	2015-16 Total Taxable Value (1)	%of Total Value (2)	%of Incr Value (2)
1) Delta Energy Center	Delta Energy Center	Los Medanos III	$292,000,000	$0	$292,000,000	6.54%	6.98%
2) Calpine Corporation	LMEC	Los Medanos I	0	243,000,000	243,000,000	5.44%	5.81%
3) Sierra Pacific Properties Inc.	Residential	Los Medanos I	107,388,938	0	107,388,938	2.41%	2.57%
4) KW Kirker Creek LLC	Residential	Los Medanos II	98,391,575	0	98,391,575	2.20%	2.35%
5) Century Plaza Corporation (3)	Commercial	Los Medanos II	67,309,948	987,831	68,297,779	1.53%	1.63%
6) San Marco Properties LLC	Residential	Los Medanos III	58,864,459	0	58,864,459	1.32%	1.41%
7) United Spiral Pipe LLC (4)	Industrial	Los Medanos I	0	58,157,413	58,157,413	1.30%	1.39%
8) Koch Carbon LLC	Industrial	Los Medanos I	0	46,422,719	46,422,719	1.04%	1.11%
9) MP Los Prados LLC	Residential	Los Medanos I	32,497,178		32,497,178	0.73%	0.78%
10) Albert D. Seeno Construction Company	Commercial	Los Medanos I	31,091,764	0	31,091,764	0.70%	0.74%
11) FAOF Presidents Park LLC	Residential	Los Medanos I	21,750,164	0	21,750,164	0.49%	0.52%
Total Valuation			**709,294,026**	**348,567,963**	**1,057,861,989**	**23.70%**	**25.28%**

** 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 2015-16 Project Area taxable value of $4,463,060,110 and incremental value of $4,184,579,929.
(3) This owner has an outstanding assessment appeal but only for a small portion of the total value of the property.
(4) This owner has an outstanding assessment appeal.

Table 3.1
Pittsburg Successor Agency
Los Medanos Merged Project Area

TEN MAJOR PROPERTY TAX ASSESSEES - LOS MEDANOS II AND III

Assessee	Type of Use	Secured	Unsecured	2015-16 Total Taxable Value (1)	%of Total Value (2)	%of Incr Value (2)
1) Delta Energy Center	Delta Energy Center	$292,000,000	$0	$292,000,000	17.97%	18.58%
2) KW Kirker Creek LLC	Residential	98,391,575	0	98,391,575	6.06%	6.26%
3) Century Plaza Corporation (3)	Commercial	67,309,948	987,831	68,297,779	4.20%	4.35%
4) San Marco Properties LLC	Residential	58,864,459	0	58,864,459	3.62%	3.75%
5) West Coast Home Builders Inc	Residential	20,085,622	0	20,085,622	1.24%	1.28%
6) Empire Business Park	Industrial	13,238,290	0	13,238,290	0.81%	0.84%
7) Winter Rose C TRE	Auto Use	12,047,000		12,047,000	0.74%	0.77%
8) Contra Costa Waste Service Inc	Industrial	11,576,885	0	11,576,885	0.71%	0.74%
9) USS Posco Industries	Industrial	8,577,656	0	8,577,656	0.53%	0.55%
10) Dow Chemical	Industrial	5,896,307	0	5,896,307	0.36%	0.38%
Total Valuation		**587,987,742**	**987,831**	**588,975,573**	**36.26%**	**37.48%**

(1) Based on ownership of locally-assessed secured and unsecured property.
(2) Based on 2015-16 LM II and LMIII taxable value of $1,624,490,077 and incremental value of $1,571,523,401.
(3) This owner has an outstanding assessment appeal but only for a small portion of the total value of the property.

Table 4
Pittsburg Successor Agency
Los Medanos Merged Project Area

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

Category	
Secured	
Land	$1,194,852,547
Improvements	2,673,349,287
Pers. Prop.	15,297,097
Gross Total	3,883,498,931
Exemption	182,848,387
Net Secured Value	3,700,650,544
SBE Total Value	293,005,028
Unsecured	
Land	6,755,225
Improvements	395,060,627
Pers. Prop.	70,465,502
Gross Total	472,281,354
Exempt	2,876,816
Net Unsecured Value	469,404,538
Grand Total	**4,463,060,110**
Less: Base Year Value	278,480,181
Incremental Taxable Value	**4,184,579,929**
Tax Increment (2)	41,845,799
Unitary Revenue	438,148
Total Tax Increment	**42,283,947**
Adjustments to Tax Increment	
Section 33676 Revenue	11,047
Property Tax Admin Fees (3)	553,977
Liens on Tax Increment	
Housing Set-Aside (4)	3,158,860
Tax Revenues	**38,560,063**
Subordinate Obligations:	
AB 1290 Tax Sharing (5)	796,392
Tax Sharing Payments (6)	7,651,100
Net Tax Increment	**$30,112,571**

(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 2014-15 actual amount represented to total tax increment.
(4) Reflects 20 percent of gross tax increment from Los Medanos II and III.
(5) Tax sharing payments per the provisions of AB 1290.
(6) Per tax sharing agreements with the taxing entities.

Table 4.1
Pittsburg Successor Agency
Los Medanos Merged Project Area

ESTIMATE OF INCREMENTAL TAX REVENUE FOR FISCAL YEAR 2015-16 - LOS MEDANOS II AND III (1)

Category	
Secured	
Land	$358,368,351
Improvements	960,060,405
Pers. Prop.	398,044
Gross Total	1,318,826,800
Exemption	26,614,893
Net Secured Value	1,292,211,907
SBE Total Value	292,111,258
Unsecured	
Land	45,652
Improvements	16,549,307
Pers. Prop.	23,585,353
Gross Total	40,180,312
Exempt	13,400
Net Unsecured Value	40,166,912
Grand Total	**1,624,490,077**
Less: Base Year Value	52,966,676
Incremental Taxable Value	**1,571,523,401**
Tax Increment (2)	15,715,234
Unitary Revenue	90,112
Total Tax Increment	**15,805,346**
Housing Set-Aside (3)	3,158,860

(1) Based on taxable values per Contra Costa County.
(2) Calculated based on the application of the tax rate to incremental value.
(3) Reflects 20 percent of gross tax increment from Los Medanos II and III.

Table 5
Pittsburg Successor Agency
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) Set-Aside	Tax Revenues	(8) AB 1290 Tax Sharing	Subordinate (9) Tax Sharing Payments	Net Tax Revenues
2015 - 2016	N/A	N/A	$375,891	$4,463,060	$4,184,580	$42,284	$554	$11	$3,159	$38,560	$796	$7,651	$30,113
2016 - 2017	4,137,311	73,830	375,891	4,587,032	4,308,552	43,524	564	12	3,281	39,667	917	8,115	30,636
2017 - 2018	4,295,364	68,530	375,891	4,739,785	4,461,304	45,051	584	12	3,473	40,982	1,031	8,575	31,376
2018 - 2019	4,451,172	78,044	375,891	4,905,107	4,626,627	46,704	606	13	3,687	42,398	1,150	9,077	32,171
2019 - 2020	4,619,800	0	375,891	4,995,691	4,717,211	47,610	618	14	3,750	43,229	1,259	9,270	32,700
2020 - 2021	4,712,196	0	375,891	5,088,087	4,809,607	48,534	630	14	3,814	44,076	1,371	9,519	33,186
2021 - 2022	4,806,440	0	375,891	5,182,331	4,903,851	49,477	642	15	3,879	44,940	1,484	9,763	33,693
2022 - 2023	4,902,569	0	375,891	5,278,460	4,999,980	50,438	655	16	3,946	45,821	1,600	9,969	34,252
2023 - 2024	5,000,620	0	375,891	5,376,511	5,098,031	51,418	668	17	4,014	46,720	1,714	10,233	34,773
2024 - 2025	5,100,633	0	375,891	5,476,524	5,198,043	52,419	681	17	4,083	47,637	1,835	10,502	35,300
2025 - 2026	5,202,646	0	375,891	5,578,536	5,300,056	53,439	694	18	4,154	48,572	1,958	10,777	35,838
2026 - 2027	5,306,698	0	375,891	5,682,589	5,404,109	54,479	708	19	4,226	49,526	2,083	11,057	36,386
2027 - 2028	5,412,832	0	375,891	5,788,723	5,510,243	55,541	722	20	4,299	50,499	2,211	11,343	36,945
2028 - 2029	5,521,089	0	375,891	5,896,980	5,618,500	56,623	736	21	4,374	51,492	2,342	11,635	37,516
2029 - 2030	5,631,511	0	375,891	6,007,402	5,728,921	57,727	751	22	4,451	52,504	2,475	11,932	38,098
2030 - 2031	5,744,141	0	375,891	6,120,032	5,841,552	58,854	765	22	4,529	53,537	2,611	12,235	38,691
2031 - 2032	5,859,024	0	375,891	6,234,915	5,956,434	60,002	780	23	4,609	54,590	2,749	12,544	39,297
2032 - 2033	5,976,204	0	375,891	6,352,095	6,073,615	61,174	796	24	4,690	55,665	2,890	12,860	39,914
2033 - 2034	6,095,728	0	375,891	6,471,619	6,193,139	62,370	811	25	4,773	56,760	3,037	13,182	40,542
2034 - 2035	6,217,643	0	375,891	6,593,534	6,315,054	63,589	827	26	4,857	57,878	3,186	13,510	41,182
2035 - 2036	6,341,996	0	375,891	6,717,887	6,439,406	64,832	844	27	4,943	59,018	3,339	13,845	41,835
2036 - 2037	6,468,836	0	375,891	6,844,727	6,566,246	66,101	860	28	5,031	60,181	3,494	14,186	42,501

(1) Prior Year Real Property increased by 1.525 percent for 2016-17 and then by 2 percent per year.
Taxable value has been reduced on 2016-17 for resolved and open appeals.
(2) Includes recent sales that will increase value in 2016-17 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 plus unitary revenue.
(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 20 percent of gross tax increment from Los Medanos II and III.
(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
Pittsburg Successor Agency
Los Medanos Merged Project Area

PROJECTION OF INCREMENTAL TAX REVENUE - 0% 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) Set-Aside	Tax Revenues	Subordinate (8) AB 1290 Tax Sharing	Subordinate (9) Tax Sharing Payments	Net Tax Revenues
2015 - 2016	N/A	N/A	$375,891	$4,463,060	$4,184,580	$42,284	$554	$11	$3,159	$38,560	$796	$7,651	$30,113
2016 - 2017	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,705	29,967
2017 - 2018	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,701	29,970
2018 - 2019	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,697	29,974
2019 - 2020	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,763	29,908
2020 - 2021	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,764	29,908
2021 - 2022	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,755	29,916
2022 - 2023	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,707	29,964
2023 - 2024	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,708	29,963
2024 - 2025	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,709	29,963
2025 - 2026	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,709	29,962
2026 - 2027	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,710	29,961
2027 - 2028	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,711	29,961
2028 - 2029	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,711	29,960
2029 - 2030	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,712	29,959
2030 - 2031	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,713	29,959
2031 - 2032	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,714	29,958
2032 - 2033	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,715	29,957
2033 - 2034	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,715	29,956
2034 - 2035	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,716	29,955
2035 - 2036	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,717	29,954
2036 - 2037	4,075,165	0	375,891	4,451,055	4,172,575	42,164	547	11	3,159	38,447	776	7,718	29,954

(1) Prior Year Real Property held constant.
Taxable value has been reduced on 2016-17 for resolved and open appeals.
(2) No new development or property sales included in the projection.
(3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
(4) Based on the application of 1% tax rates to incremental taxable value plus unitary revenue.
(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 20 percent of gross tax increment from Los Medanos II and III.
(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.

Appendix A – ROPS Cash Flow

Appendix
Successor Agency of the City of Pittsburg
Los Medanos Project Area

BOND DEBT SERVICE COVERAGE BY ROPS PERIODS

	2014-15			2015-16 - Post Refunding			2016-17 - Post Refunding		
	ROPS 14-15 B	**ROPS 15-16 A**		**ROPS 15-16 B**	**RPTTF**		**RPTTF**	**RPTTF**	
Category	Actual January- June 2015	Actual July - December 2015	Total	Estimated January- June 2016	Estimated July - December 2016	Total	Estimated January- June 2017	Estimated July - December 2017	Total
Tax Increment	$19,574,013	$19,574,013	$39,148,026	$21,141,974	$21,141,974	$42,283,947	$21,761,834	$21,761,834	$43,523,667
Supplemental / Other Taxes	254,871	1,369,691	$1,624,562			0			0
Carryover RPTTF		1,023,509	$1,023,509	6,340,648	13,093,096	19,433,744	1,272,512		1,272,512
Total Tax Increment / Trust Fund (1)	19,828,884	21,967,213	41,796,097	27,482,622	34,235,070	61,717,691	23,034,346	21,761,834	44,796,179
Obligations									
Property Tax Administration Fees (2)	192,479	192,580	385,059	276,988	276,988	553,977	282,239	282,239	564,479
Tax Sharing Payments (3)	0	0	0	0	4,229,270	4,229,270	4,521,363	4,521,363	9,042,726
Tax Revenues for Debt Service	**$19,636,405**	**$21,774,633**	**$41,411,038**	**$27,205,633**	**$29,728,812**	**$56,934,445**	**$18,230,744**	**$16,958,232**	**$35,188,975**
Housing Bond Debt Service (4)	1,963,448	0	1,963,448	2,018,762	0	2,018,762	2,045,375	0	2,045,375
Senior Bond Debt Service (4)	11,142,650	0	11,142,650	11,110,400	0	11,110,400	11,977,000	0	11,977,000
Subordinate Debt Service (5)	5,506,798	15,433,985	20,940,783	969,941	15,457,194	16,427,135	4,118,003	15,183,003	19,301,006
Total Debt Service	**18,612,896**	**15,433,985**	**34,046,881**	**14,099,103**	**15,457,194**	**29,556,297**	**18,140,378**	**15,183,003**	**33,323,381**
Remaining Revenue (6)	**1,023,509**	**6,340,648**	**7,364,157**	**13,106,530**	**14,271,618**	**27,378,148**	**90,366**	**1,775,229**	**1,865,594**
Required 2nd Year Sub Bond Prefunding	(1,023,509)	(6,340,648)	(7,364,157)	(13,083,096)	(1,272,512)	(14,355,608)			0
Ending Balance	0	0	0	23,434	12,999,106	13,022,540	90,366	1,775,229	1,865,594

(1) Reflects actual receipts based on the records of the Agency through June 2015.
(2) As reported by the Auditor- Controller .
(3) These are subordinate to debt service but are paid first unless the Agency has a shortfall in meeting debt service, which was the case in 2014-15. The Agency has also filed a notice of insufficient funds for 15-16 B.
(4) Full Bond year debt service for the Senior Bonds.
(5) Actual or estimated semi-annual debt service for the subordinate Bonds.
(6) The Agency records additional debt service for the next period on each ROPS. The amount shown is what remains after all obligations have been paid. To the extent these funds are not needed they will be used to repay prior tax sharing or other obligations.

APPENDIX I

FORM OF DELAYED DELIVERY CONTRACT

_____, 2016

Re: *Successor Agency to the Redevelopment Agency of the City of Pittsburg Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series C*

Ladies and Gentlemen:

The Purchaser designated below (the "Purchaser") and executing this agreement (the "Delayed Delivery Contract") hereby agrees to purchase when, as, and if issued and delivered by the Successor Agency to the Redevelopment Agency of the City of Pittsburg (the "Successor Agency") to Morgan Stanley & Co., LLC (the "Underwriter") and the Underwriter agrees to sell to the Purchaser,

Par Amount	Maturity Date	Coupon	CUSIP Number	Yield	Price
_____	_____	_____	__	_____	_____

in the aggregate principal amount of the above-referenced Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series C (the "Purchased 2016 Bonds") offered by the Successor Agency's Preliminary Official Statement dated January __, 2016 and the Official Statement dated _____, 2016 (the "Official Statement"), receipt of copies of which is hereby acknowledged, at a purchase price (plus accrued interest, if any, from the date of the initial delivery of the Purchased 2016 Bonds) and at the interest rates, amounts and maturity dates shown above, and on the further terms and conditions set forth in this Delayed Delivery Contract.

The Purchased 2016 Bonds are being purchased by the Underwriter from the Successor Agency pursuant to a Forward Delivery Bond Purchase Agreement dated _____, 2016 by and between the Successor Agency and the Underwriter.

The Purchaser hereby confirms that it has reviewed the Preliminary Official Statement and the Official Statement (including without limitation the section entitled "CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE 2016 SERIES C BONDS" therein), has considered the risks associated with purchasing the Purchased 2016 Bonds and is duly authorized to purchase the Purchased 2016 Bonds. The Purchaser further acknowledges and agrees that the Purchased 2016 Bonds are being sold on a "forward" basis, and the Purchaser hereby purchases and agrees to accept delivery of such Purchased 2016 Bonds from the Underwriter on or about June 7, 2016 (the "2016 Series C Bonds Delayed Closing Date").

Payment for the Purchased 2016 Bonds shall be made to the Underwriter by wire transfer to a bank account specified by the Underwriter on the 2016 Series C Bonds Delayed Closing Date upon delivery to the Purchaser of the Purchased 2016 Bonds then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company.

Upon issuance by the Successor Agency of the Purchased 2016 Bonds and purchase thereof by the Underwriter, the obligation of the Purchaser to take delivery of the Purchased 2016 Bonds hereunder shall be unconditional except in the event that (a) Bond Counsel cannot issue an opinion on the 2016 Series C Bonds Delayed Closing Date regarding the exclusion from gross income of interest on the Purchased 2016 Bonds in substantially the form set forth in APPENDIX B of the Official Statement, (b) the offering or sale of the Purchased 2016 Bonds would be in violation of any provision of the Securities Act of 1933, as amended (the "1933 Act"), the Securities Exchange Act of 1934, as amended, or any other applicable law, or the offering or sale of the Purchased 2016 Bonds would be subject to registration under the 1933 Act or similar federal law, (c) on the 2016 Series C Bonds Delayed Closing Date, the Purchased 2016 Bonds are not rated by Standard & Poor's Ratings Services and Fitch Ratings (or their corporate successors), (d) the Policy insuring the principal of and interest on the Purchased 2016 Bonds is not issued, or (e) a Change in Law has occurred between the date of this Delayed Delivery Contract and the 2016 Series C Bonds Delayed Closing Date.

A "Change in Law" is defined to mean:

(i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies;

(ii) any legislation enacted by the Congress of the United States (if such enacted legislation has an effective date which is on or before the 2016 Series C Bonds Delayed Closing Date);

(iii) any law, rule, or regulation enacted by any governmental body, department or agency (if such enacted law, rule or regulation has an effective date which is on or before the 2016 Series C Bonds Delayed Closing Date); or

(iv) any judgment, ruling or order issued by any court or administrative body,

which with respect to clauses (i) through (iv) hereof would (A) as to the Underwriter, legally prohibit the Underwriter from (1) accepting delivery of and paying for the Purchased 2016 Bonds in accordance with the provisions of the Forward Delivery Bond Purchase Agreement or (2) selling the Purchased 2016 Bonds or beneficial ownership interests therein to bona fide purchasers, or, (B) as to the Successor Agency, make the sale or issuance and delivery of the Purchased 2016 Bonds by the Successor Agency illegal, (C) eliminate the exclusion from gross income for federal income tax purposes of interest on the Purchased 2016 Bonds, or (D) require the Purchased 2016 Bonds to be registered under the 1933 Act; provided, however, that any such change in or addition to law, legislation, rule or regulation, or judgment, ruling or order referred to in clauses (i) through (iv) of this sentence shall have become effective, been enacted, introduced or recommended, or been issued, as the case may be, subsequent to the date of execution of the Forward Delivery Bond Purchase Agreement; or

(v) a stop order, ruling, regulation, or official statement by the Securities and Exchange Commission ("SEC") or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance or sale of the Purchased 2016 Bonds is, or would be, in violation of any provision of the federal securities laws, including the Securities Act or the Securities Exchange Act of 1934, as amended.

If the Change in Law involves the enactment of legislation which only diminishes the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes, interest payable on "state or local bonds," the Successor Agency may, nonetheless, be able to satisfy the requirements for the delivery of the Purchased 2016 Bonds. In such event, the Purchaser would be required to accept delivery of the Purchased 2016 Bonds.

The Purchaser acknowledges and agrees that it will not be able to withdraw its order as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the Purchased 2016 Bonds on the 2016 Series C Bonds Delayed Closing Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings anticipated to be assigned to the Purchased 2016 Bonds, or (b) changes in the financial condition, operations, performance, properties or prospects of the Successor Agency from the date hereof to the 2016 Series C Bonds Delayed Closing Date of the Purchased 2016 Bonds. The Purchaser further acknowledges that the Underwriter could be liable under the Forward Delivery Bond Purchase Agreement for damages to the Successor Agency or the Insurer in the event of a wrongful failure to accept delivery of the Purchased 2016 Bonds, and that the Underwriter has executed such Forward Delivery Bond Purchase Agreement in reliance upon the Purchaser's commitment set forth herein. Finally, the Purchaser acknowledges and agrees that it will remain obligated to purchase the Purchased 2016 Bonds in accordance with the terms hereof even if the Purchaser decides to sell such Purchased 2016 Bonds following the date hereof.

The Purchaser represents and warrants that, as of the date of this Delayed Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased 2016 Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the undersigned is subject.

This Delayed Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party hereto without the prior written consent of the other.

This Delayed Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument.

It is understood that the acceptance by the Underwriter of any delayed delivery contract (including this one) is in the Underwriter's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Delayed Delivery Contract is acceptable to the Underwriter, it is requested that the Underwriter sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Underwriter and the Purchaser when such counterpart is mailed or delivered to the Purchaser. This Delayed Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Delayed Delivery Contract shall be construed and administered under the laws of the State of New York.

_____
Purchaser

By:_____
Name:
Title:

MORGAN STANLEY & CO., LLC,
Underwriter

Accepted: _____, 2016

By: _____
Name: _____
Title: _____

APPENDIX J

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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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

SPECIMEN

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

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

SPECIMEN

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG

Los Medanos Community Development Project Subordinate Tax Allocation Refunding Bonds, 2016 Series A, (Taxable) 2016 Series B and 2016 Series C

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