

NEW ISSUE – BOOK-ENTRY

RATINGS

INSURED BONDS RATING: S&P: ___

UNDERLYING RATING: S&P: ___

(See “CONCLUDING INFORMATION - Ratings on the Bonds” herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and such interest is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS” herein.

SAN DIEGO COUNTY

STATE OF CALIFORNIA

\$30,000,000*

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF CHULA VISTA
TAX ALLOCATION REFUNDING BONDS, SERIES 2016**

Dated: Date of Delivery

Due: September 1 as Shown on the inside cover page

The cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See “RISK FACTORS” herein for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

Proceeds from the sale of the Successor Agency to the Redevelopment Agency of the City of Chula Vista (the “Successor Agency”) Tax Allocation Refunding Bonds, Series 2016 (the “Bonds”) will be used to refinance certain outstanding obligations of the former Redevelopment Agency of the City of Chula Vista (the “Former Agency”), to fund a reserve fund for the Bonds, and to pay costs of issuance.

The Bonds will be issued under an Indenture of Trust dated as of June 1, 2016 (the “Indenture”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”). The Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of certain tax increment revenues of the Former Agency’s Merged Redevelopment Project Area and Bayfront/Town Centre Project Area (the “Project Areas”) and a pledge of amounts in certain funds and accounts established under the Indenture (see “SECURITY FOR THE BONDS” and “RISK FACTORS”).

Interest on the Bonds is payable semiannually on each March 1 and September 1 until maturity, commencing March 1, 2017. The Bonds are subject to optional redemption and mandatory sinking account redemption prior to maturity. See “THE BONDS - General Provisions” herein.

The Bonds do not constitute a debt or liability of the City of Chula Vista, the County of San Diego, the State of California or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Chula Vista, the County of San Diego, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by _____. See “MUNICIPAL BOND INSURANCE” and “APPENDIX H - SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

[LOGO]

The Bonds are being offered when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. Certain legal matters will also be passed on for the Successor Agency by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel, and by Glen R. Googins, City Attorney. Certain legal matters will be passed on for the Underwriter by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about _____, 2016 (see “APPENDIX G - THE BOOK-ENTRY SYSTEM” herein).

The date of the Official Statement is _____, 2016.

STIFEL

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful under the securities laws of such jurisdiction.

\$30,000,000*
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF CHULA VISTA
TAX ALLOCATION REFUNDING BONDS, SERIES 2016

MATURITY SCHEDULE

Maturity Date	Principal	Interest			CUSIP®†
<u>September 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>()</u>
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					

* Preliminary, subject to change.

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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 Areas 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 information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Successor Agency. All summaries of the Bonds, the Indenture and other documents, are made subject to the provisions of such documents 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. See "INTRODUCTION - Summary Not Definitive."

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.

Stabilization of and Changes to Offering Prices. The Underwriter may over allot or take other steps that stabilize or maintain the market price of the Bonds at levels 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 inside 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 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 of Chula Vista maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF CHULA VISTA**

CHULA VISTA, CALIFORNIA

SUCCESSOR AGENCY BOARD

Mary Casillas Salas, *Chair*
John McCann, *Vice Chair*
Patricia Aguilar, *Director*
Pamela Bensoussan, *Director*
Steve Miesen, *Director*

CITY STAFF

Gary Halbert, *City Manager*
Maria Kachadoorian, *Deputy City Manager/Chief Financial Officer*
Kelley Bacon, *Deputy City Manager*
David Bilby, *Director of Finance/Treasurer*
Mike Sylvia, *Finance and Purchasing Manager*
Glen R. Googins, *City Attorney*
Donna Norris, CMC, *City Clerk*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
Newport Beach, California

Municipal Advisor

Harrell & Company Advisors, LLC
Orange, California

Trustee and Escrow Bank

U.S. Bank National Association
Los Angeles, California

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

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OFFICIAL STATEMENT

\$30,000,000*

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA TAX ALLOCATION REFUNDING BONDS, SERIES 2016

This Official Statement, which includes the cover page, inside cover page and appendices (the “Official Statement”), is provided to furnish certain information concerning the sale of the Successor Agency to the Redevelopment Agency of the City of Chula Vista Tax Allocation Refunding Bonds, Series 2016 (the “Bonds”).

INTRODUCTION

This Introduction contains only a brief description of this issue and does not purport to be complete. The Introduction is subject in all respects to more complete information in the entire Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision (see “RISK FACTORS” herein). For definitions of certain capitalized terms used herein and not otherwise defined, and the terms relating to the Bonds, see the summary included in “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

The Successor Agency and the Former Agency

The Redevelopment Agency of the City of Chula Vista (the “Former Agency”) was established in 1972 by the City Council (the “City Council”) of the City of Chula Vista (the “City”) pursuant to the Community Redevelopment Law (the “Redevelopment Law”), constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the “State”). On June 29, 2011, Assembly Bill No. 26 (“AB X1 26”) was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 (“AB X1 27”). A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. 2011), challenging the constitutionality of AB X1 26 and AB X1 27. In its December 29, 2011 decision, the California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the 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 X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012, and as further amended on September 22, 2015 by Senate Bill No. 107 (“SB 107”) enacted as Chapter 325, Statutes of 2015. The provisions of Part 1.85 as amended by AB 1484 and SB 107 are referred to in this Official Statement as the “Dissolution Act.” The Redevelopment Law, as amended by the Dissolution Act, is sometimes referred to herein as the “Law.”

* Preliminary, subject to change.

Pursuant to Section 34173 of the Dissolution Act, the City Council serves as the governing board of the successor agency to the Former Agency and since the February 1, 2012 dissolution of the Former Agency, has served as the Successor Agency to the Chula Vista Redevelopment Agency of the City of Chula Vista (the “Successor Agency”). The Successor Agency is governed by a five-member board consisting of the Mayor and the members of the City Council. The City Manager acts as the Successor Agency’s Executive Director (see “THE SUCCESSOR AGENCY” herein).

Section 34173(g) of the Dissolution Act expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Successor Agency will not be transferred to the City nor will the assets of the Successor Agency become assets of the City (see “THE SUCCESSOR AGENCY” herein).

The City

Chula Vista is located on San Diego Bay in Southern California, 8 miles south of the City of San Diego and 7 miles north of the Mexico border in an area generally known as “South Bay.” The City encompasses approximately 50 square miles. Based on population, Chula Vista is the second largest city in San Diego County. See “APPENDIX B - CITY OF CHULA VISTA INFORMATION STATEMENT.”

Authority and Purpose

The Bonds are being issued pursuant to the Constitution and laws of the State, including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “Refunding Law”), the Law and an Indenture of Trust dated as of June 1, 2016 (the “Indenture”) by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”).

The Bonds are being issued to refinance the following obligations of the Former Agency:

- Bayfront/Town Centre Redevelopment Project 2006 Senior Tax Allocation Refunding Bonds, Series A (the “2006 Series A Bonds”), currently outstanding in the principal amount of \$8,770,000;
- Bayfront/Town Centre Redevelopment Project 2006 Subordinate Tax Allocation Refunding Bonds, Series B (the “2006 Series B Bonds”), currently outstanding in the principal amount of \$8,245,000; and
- 2008 Tax Allocation Refunding Bonds (Merged Redevelopment Project) (the “2008 Bonds”), currently outstanding in the principal amount of \$20,450,000.

The 2006 Series A Bonds, the 2006 Series B Bonds and the 2008 Bonds are sometimes collectively referred to herein as the “Refunded Bonds.” See “THE FINANCING PLAN” herein.

Other than the Refunded Bonds, the Former Agency had no other bonded indebtedness.

Tax Allocation Financing Under the Dissolution Act

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopted the redevelopment plan became the base year valuation. Assuming the taxable valuation never drops below the base year level, the Taxing Agencies, as defined herein, 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 pledged tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

Under the Dissolution Act, moneys will be deposited from time to time in a Redevelopment Property Tax Trust Fund (the “Redevelopment Property Tax Trust Fund” or “RPTTF”) held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects using current assessed values on the last equalized roll on August 20 each year. See “SECURITY FOR THE BONDS - Tax Allocation Financing” herein for additional information.

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. Pledged Tax Revenues, as defined herein, pledged to pay the Bonds consist of a portion 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 (see “Security for the Bonds” below).

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 legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedules (each a “Recognized Obligation Payment Schedule”) (see “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions” and “SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules”).

The Project Areas

Bayfront/Town Centre Project Area

The Bayfront/Town Centre Project Area (the “Bayfront/Town Centre Project Area”) was created through an amendment of the Redevelopment Plans for the Former Agency’s Bayfront Redevelopment Project and Town Centre Redevelopment Project in 1979. The Bayfront Redevelopment Project component (the “Bayfront Redevelopment Project”) was originally created in 1974 (the “Original Bayfront Area”). The Former Agency amended the Bayfront Redevelopment Project in 1998 to add additional acres to the Project Area (the “Bayfront Amended Area”). The Town Centre Redevelopment Project component (the “Town Centre Redevelopment Project”) was created in 1976. The Bayfront/Town Centre Project Area encompasses a total 1,173 acres.

Merged Redevelopment Project Area

The Merged Redevelopment Project Area (the “Merged Redevelopment Project Area”) was created in August 2000. Through an amendment of the Redevelopment Plans for the Former Agency’s Town Centre No. II Project Area, the Otay Valley Road Project Area and the Southwest Project Area, as described below, the merger created a project area with a combined 2,082 acres.

The Redevelopment Plan for the Town Centre No. II Project Area (the “Town Centre No. II Redevelopment Project”) was adopted by the City Council in 1978. The Redevelopment Plan for the Otay Valley Road Project Area (the “Otay Valley Road Redevelopment Project”) was adopted by the City Council in 1983. The Redevelopment Plan for Southwest Project Area (the “Southwest Redevelopment Project”) was adopted by the City Council in 1990. In May 2004, the City Council amended the Redevelopment Plan for the Merged Redevelopment Project Area, adding 494 acres to the Merged

Redevelopment Project Area (the “Amendment Area”). After the addition of the Amendment Area, the Merged Redevelopment Project Area contains a total 2,576 acres.

The Bayfront/Town Centre Project Area and the Merged Redevelopment Project Area are collectively referred to herein as the “Project Areas,” an individual redevelopment project is referred to herein as a “Redevelopment Project” or when referring to more than one individual redevelopment project, “Redevelopment Projects,” and the Redevelopment Plans for all the individual redevelopment projects comprising the Project Areas are referred to herein as the “Redevelopment Plans.”

Security for the Bonds

For the security of the Bonds, the Successor Agency grants a pledge of and lien on all of the Pledged Tax Revenues. “Pledged Tax Revenues” are defined under the Indenture as all taxes (i) that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and (ii) that are deposited by the Auditor-Controller of the County of San Diego in the Redevelopment Property Tax Trust Fund, all as provided in Section 34172(d) of the Dissolution Act.

By definition, under the Dissolution Act, Pledged Tax Revenues exclude County administrative costs allowed under Section 34182 of the Law and Section 95.3 of the California Revenue and Taxation Code, and payments due under Pass-Through Agreements and as Statutory Tax Sharing.

See “FINANCIAL INFORMATION - Property Taxation in California” and “APPENDIX C - PROJECTED TAX REVENUES” for additional information regarding the Pass-Through Agreements and the Statutory Tax Sharing applicable to the Successor Agency and the revenues derived from the Project Areas.

Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll of the applicable Redevelopment Project, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund, as defined herein, 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. Moneys transferred by the County Auditor-Controller to the Successor Agency will be deposited into the Successor Agency’s Redevelopment Obligation Retirement Fund and will be transferred by the Successor Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture. See “SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules” herein.

The Successor Agency may issue additional bonds payable from Pledged Tax Revenues on a parity with the Bonds (“Parity Debt”) to refinance the Bonds. See “SECURITY FOR THE BONDS - No Additional Debt Other Than Refunding Bonds” herein.

The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City, the County, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, 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 to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

Municipal Bond Insurance and Reserve Account Surety Policy

Concurrently with the issuance of the Bonds, _____ (“____”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds. The Policy guarantees the

scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as “APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

In order to further secure the payment of the principal of and interest on the Bonds, a Reserve Account has been established by the Indenture. The Reserve Account will be funded by the purchase of a Municipal Bond Debt Service Reserve Insurance Policy (the “Reserve Policy”) issued by ____ in an amount equal to the Reserve Requirement as defined in the Indenture. The Reserve Policy secures only the Bonds and would not secure any future Parity Debt. See “SECURITY FOR THE BONDS - Reserve Account - Reserve Insurance Policy.”

Legal Matters

All legal proceedings in connection with the issuance of the Bonds are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Bond Counsel. Such opinion, and certain tax consequences incident to the ownership of the Bonds, including certain exceptions to the tax treatment of interest, are described more fully under the heading “TAX MATTERS” herein. Certain legal matters will also be passed on for the Successor Agency by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel and by Glen R. Googins, City Attorney. Certain legal matters will be passed on for the Underwriter by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California.

Professional Services

U.S. Bank National Association will act as Trustee for the Bonds.

Harrell & Company Advisors, LLC, Orange, California (the “Municipal Advisor”) advised the Successor Agency as to the financial structure and certain other financial matters relating to the Bonds, assisted the Successor Agency with the preparation of this Official Statement and prepared the Projected Tax Revenues included in “APPENDIX C.”

Fees payable to Bond Counsel, Disclosure Counsel, Underwriter’s Counsel and the Municipal Advisor are contingent upon the sale and delivery of the Bonds.

Offering of the Bonds

Authority for Issuance. The Bonds are to be issued and secured pursuant to the Indenture, as authorized by Resolution No. ____ of the Successor Agency adopted on _____, 2016, the Refunding Law and the Law. The Successor Agency to the Redevelopment Agency of the City of Chula Vista Oversight Board (the “Oversight Board”) approved the action taken by the Successor Agency to refinance the Refunded Bonds on _____, 2016. The State Department of Finance approved the Oversight Board action by letter dated _____, 2016.

Offering and Delivery of the Bonds. The Bonds are being sold to Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Bonds are offered, when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, as Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company on or about _____, 2016.

Summary Not Definitive

The summaries and references contained herein with respect to the Indenture, the Bonds and other statutes or documents do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute, and references to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of these documents may be obtained after delivery of the Bonds from the Successor Agency at 276 Fourth Avenue, Chula Vista, California 91910.

THE BONDS

General Provisions

Repayment of the Bonds. Interest on the Bonds is payable at the rates per annum set forth on the inside cover page hereof. Interest on the Bonds will be computed on the basis of a year consisting of 360 days and twelve 30-day months.

The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof and will be dated as of the date of delivery (the “Closing Date”).

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before February 15, 2017 in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Bonds (including the final interest payment upon maturity or redemption) is payable when due to the Owner thereof at such Owner’s address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of either the Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Bonds shall be paid on the succeeding Interest Payment Date by wire to such account in the United States as shall be specified in such written request.

Book-Entry System. The Depository Trust Company (“DTC”) will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. Interest on and principal of the Bonds will be payable when due by wire of the Trustee to DTC which will in turn remit such interest and principal to DTC Participants, which will in turn remit such interest and principal to Beneficial Owners of the Bonds (see “APPENDIX G - THE BOOK-ENTRY SYSTEM” herein). As long as DTC is the registered owner of the Bonds and DTC’s book-entry method is used for the Bonds, the Trustee will send any notices to Bond Owners only to DTC.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, if a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture. The Successor Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered as described in the Indenture.

Transfer or Exchange of Bonds. So long as the Bonds are in the book-entry system of DTC as described above, the rules of DTC will apply for the transfer and exchange of Bonds.

Redemption

Optional Redemption. The Bonds maturing on or prior to September 1, 20__ are not subject to optional redemption. The Bonds maturing on or after September 1, 20__, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after September 1, 20__, by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

Mandatory Redemption From Sinking Fund Payments. The Bonds that are Term Bonds maturing September 1, 20__ shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, 20__, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following table; provided however, that (y) in lieu of redemption thereof such Term Bonds may be purchased by the Successor Agency pursuant to the Indenture, and (z) if some but not all of such Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).

SINKING ACCOUNT PAYMENT SCHEDULE FOR TERM BOND MATURING SEPTEMBER 1, ____

<u>Redemption Date</u>	<u>Principal Amount</u>
<u>September 1</u>	

Notice of Redemption; Rescission of Notice. The Trustee on behalf of and at the expense of the Successor Agency will mail (by first class mail, postage prepaid) notice of any redemption at least 30 but not more than 60 days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services designated in a Written Request of the Successor Agency filed with the Trustee at the time the Successor Agency notifies the Trustee of its intention to redeem Bonds; but such mailing will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding (or all Bonds of a maturity) are to be redeemed, and will require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds described above, the notice of redemption shall state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds on the anticipated redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Trustee. In the event that the Trustee does not receive

sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, such event shall not constitute an Event of Default; the Trustee shall send written notice to the Owners to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes of the Indenture.

Manner of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice. The Indenture contains no provisions requiring any publication of notice of redemption, and Bondholders must maintain a current address on file with the Trustee to receive any notice of redemption. So long as the Bonds are maintained in the book-entry system of DTC, redemption notice will be given in accordance with DTC's procedures which are discussed above.

Partial Redemption. 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 the same interest rate and maturity, of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Scheduled Debt Service on the Bonds

The following is the scheduled semi-annual and annual Debt Service on the Bonds.

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Annual Debt Service</u>
March 1, 2017				
September 1, 2017				
March 1, 2018				
September 1, 2018				
March 1, 2019				
September 1, 2019				
March 1, 2020				
September 1, 2020				
March 1, 2021				
September 1, 2021				
March 1, 2022				
September 1, 2022				
March 1, 2023				
September 1, 2023				
March 1, 2024				
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September 1, 2029				
March 1, 2030				
September 1, 2030				
March 1, 2031				
September 1, 2031				
March 1, 2032				
September 1, 2032				
March 1, 2033				
September 1, 2033				
March 1, 2034				
September 1, 2034				
March 1, 2035				
September 1, 2035				
March 1, 2036				
September 1, 2036				
Total				

THE FINANCING PLAN

The Refunding Plan

Redemption of Prior Bonds. On the Closing Date, a portion of the proceeds will be transferred to the Trustee as escrow bank (“Escrow Bank”) for deposit pursuant to separate Escrow Agreements for each series of the Refunded Bonds, each dated as of June 1, 2016 (the “Escrow Agreements”) between the Successor Agency and the Escrow Bank.

The amount deposited under the Escrow Agreements, together with other available moneys, will be held uninvested, or invested in certain federal securities and irrevocably pledged for the payment of the Refunded Bonds as follows:

- to the redemption in full of the outstanding 2006 Series A Bonds on July 1, 2016, at a redemption price equal to 100% of the principal amount of the 2006 Series A Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium,
- to the redemption in full of the outstanding 2006 Series B Bonds on July 1, 2016, at a redemption price equal to 100% of the principal amount of the 2006 Series B Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium, and
- to the payment of the principal and interest on the 2008 Bonds through and including September 1, 2018 and to the redemption in full on September 1, 2018 of the outstanding 2008 Bonds, at a redemption price equal to 100% of the principal amount of the 2008 Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

Amounts so deposited under the Escrow Agreements will be pledged to the payment of principal and interest on the 2008 Bonds and to the redemption price of the Refunded Bonds on the respective redemption dates and the sufficiency of the amounts deposited in the under the Escrow Agreements for such purpose will be verified by the Verification Agent as described below. The lien of the Refunded Bonds will be discharged, terminated and of no further force and effect upon the deposit with the Escrow Bank of the amounts required pursuant to the Escrow Agreements.

Neither the funds deposited in the redemption account for the Refunded Bonds nor the interest on the invested funds will be available for the payment of debt service on the Bonds.

Verifications of Mathematical Computations. Grant Thornton LLP (the “Verification Agent”) will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of (1) the computations contained in the provided schedules to determine that the cash and investments, together with investment earnings thereon, listed in the schedules prepared by the Municipal Advisor, to be held in escrow, will be sufficient to pay, when due, the principal and interest requirements of the Refunded Bonds, and (2) the computation of yield on the Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest with respect to the Bonds is exempt from federal taxation.

Estimated Sources and Uses of Funds

Under the provisions of the Indenture, the Trustee will receive the proceeds from the sale of the Bonds and other available funds and will apply them as shown below.

Sources of Funds

Par Amount of Bonds

Original Issue Premium

Debt Service Funds on Deposit With the Refunded Bonds Trustee

Reserve Funds on Deposit With the Refunded Bonds Trustee

Total Source of Funds

Uses of Funds

Transfer to Escrow Bank

Underwriter's Discount

Costs of Issuance Fund ⁽¹⁾

Total Use of Funds

⁽¹⁾ Costs of issuance include fees and expenses of Bond Counsel, the Municipal Advisor, Disclosure Counsel, Verification Agent, Trustee and Escrow Bank, costs of printing the Official Statement, rating fees, premiums for the Policy and the Reserve Policy and other costs of issuance of the Bonds.

SECURITY FOR THE BONDS

Tax Allocation Financing

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. First, the assessed valuation of the taxable property in a project area, as last equalized prior to adoption of the redevelopment plan, was established and became the base roll. Thereafter, except for any period during which the assessed valuation drops below the base year level, the Taxing Agencies, on behalf of which taxes are levied on property within the project area, receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll could be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment project. Redevelopment agencies themselves had no authority to levy taxes on property.

The Dissolution Act now 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 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. Such funds, or portions thereof distributed to the Successor Agency, are deposited by the Successor Agency in its Recognized Obligation Retirement Fund (the "Recognized Obligation Retirement Fund"). The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules (see "Recognized Obligation Payment Schedules" herein).

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 and payments made under Sections 33401, 33676, 33607.5 and 33607.7 (among others) of the Redevelopment Law.

Successor agencies have no power to levy property taxes but must receive an allocation of taxes as described above. See "RISK FACTORS."

Pledged Tax Revenues

As provided in the respective Redevelopment Plans for the Project Areas and pursuant to Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, taxes levied upon taxable property in the Redevelopment Projects each year by or for the benefit of the State, for cities, counties, districts or other public corporations (collectively, the "Taxing Agencies") for fiscal years beginning after the effective date of the ordinance approving the respective Redevelopment Plans, will 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 respective Redevelopment Project as shown upon the assessment roll used in connection with the taxation of such property by such Taxing Agency last

equalized prior to the effective date of the ordinance adopting the Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory, 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 the Redevelopment Plan limit, when collected will be paid into a special fund of the Former Agency/Successor Agency. Section 34183 of the Dissolution Act effectively eliminated the January 1, 1989 date from this paragraph. Additionally, effective September 22, 2015, debt service override revenues approved by the voters for the purpose of supporting pension programs, capital projects, or programs related to the State Water Project, that are not pledged to or needed for debt service on successor agency obligations are allocated and paid to the entity that levies the override and will not be deposited into the Redevelopment Property Tax Trust Fund. Further, also effective September 22, 2015, Redevelopment Plan limits relating to the amount of taxes that could be paid to the Former Agency/Successor Agency and the time that such taxes could be paid was eliminated for the purpose of paying debt service on bonds of the Former Agency or the Successor Agency.

Pledged Tax Revenues generated as set forth under (b) above and allocated to the Successor Agency constitute Tax Increment Revenues, as that term is used herein.

Pledged Tax Revenues. For the security of the Bonds, the Successor Agency grants a pledge of and lien on all of the Pledged Tax Revenues. “Pledged Tax Revenues” are defined under the all taxes (i) that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and (ii) that are deposited by the Auditor-Controller of the County of San Diego in the Redevelopment Property Tax Trust Fund, all as provided in Section 34172(d) of the Dissolution Act.

By definition, under the Dissolution Act, Pledged Tax Revenues exclude County administrative costs allowed under Section 34182 of the Law and Section 95.3 of the California Revenue and Taxation Code and payments due under Pass-Through Agreements and as Statutory Tax Sharing.

See “APPENDIX C - PROJECTED TAX REVENUES” herein.

Redevelopment Property Tax Trust Fund

Deposits to the Redevelopment Property Tax Trust Fund. 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.

Disbursements from the Redevelopment Property Tax Trust Fund. The Redevelopment Law authorized redevelopment agencies to make payments to Taxing Agencies to alleviate any financial burden or detriments to such Taxing Agencies caused by a redevelopment project. The Former Agency entered into a number of agreements with the Taxing Agencies for this purpose (the “Pass-Through Agreements”). Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law required

mandatory tax sharing applicable to redevelopment projects adopted on or after June 1, 1994 or amended after January 1, 1994 in a manner specified in such section (the “Statutory Tax Sharing”). Because the Redevelopment Plans for certain of the Redevelopment Projects were amended after June 1, 1994, and the Amendment Area and the Bayfront Amended Area were created after June 1, 1994, the Successor Agency is obligated to make Statutory Tax Sharing payments. See “APPENDIX C - PROJECTED TAX REVENUES” herein.

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 (as described below) for subordinations to the extent permitted under the Dissolution Act (if any, as described in “APPENDIX C - PROJECTED TAX REVENUES”) and no later than each January 2 and June 1, to each local taxing 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;
- (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 (and amounts required to replenish the related reserve funds, if any) scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the 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).

The Dissolution Act requires county auditor-controllers to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed under any Tax Sharing Agreements and Statutory Tax Sharing to the Taxing Agencies on each January 2 and June 1 before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Successor Agency’s Redevelopment Obligation Retirement Fund, unless: (i) pass-through payment obligations have been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded to by the Successor Agency; (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the applicable 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 Successor Agency’s Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Successor Agency’s enforceable obligations, pass-through payments and the Successor Agency’s administrative cost allowance for the applicable Recognized Obligation Payment Schedule period; and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes.

If the requirements set forth 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 on the applicable January 2 or June 1 property tax distribution date (as adjusted for weekends and holidays). 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 Recognized Obligation Payment Schedule period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under subordinated Tax Sharing Agreements, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted.

The Dissolution Act provides for a procedure by which the Successor Agency may make statutory pass-through payments subordinate to the Bonds. The Successor Agency has not undertaken any procedures to obtain such subordination of the Statutory Tax Sharing payments and, therefore, Statutory Tax Sharing payments due to all Taxing Agencies are senior to the Bonds.

Recognized Obligation Payment Schedules

Enforceable Obligations. The Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance 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. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund and from the city. A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following six-month period (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency"). The Successor Agency has covenanted to request such reserves as described below.

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

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

Required Approvals. As provided in SB 107, the Recognized Obligation Payment Schedule, with respect to each Fiscal Year, and segregated into each six-month period beginning July 1 and January 1, must be submitted by the Successor Agency, after approval by the Oversight Board, the County Auditor-Controller, the State Department of Finance, and the State Controller by each February 1. For 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.”

Commencing on September 22, 2015, successor agencies that have received a Finding of Completion and the concurrence of the Department of Finance as to the items that qualify for payment, among other conditions, may at their option, file a “Last and Final” Recognized Obligation Payment Schedule. If approved by the Department of Finance, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the Department of Finance or the Oversight Board. The County Auditor-Controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the Department of Finance and the County Auditor-Controller. The Successor Agency currently has no plans to file a Last and Final Recognized Obligation Payment Schedule and has covenanted in the Indenture to not do so without the consent of the Bond Insurer.

Determination of Available Funding. In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of (i) property tax to be allocated and distributed, and (ii) the amounts of pass-through payments to be made in the upcoming six-month period, and provide those estimates to the entities receiving the distributions and the State Department of Finance no later than April 1 and October 1 of each year, as applicable.

If, after receiving such estimate from the County Auditor-Controller, the Successor Agency determines and reports, no later than December 1 or May 1, as applicable, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency’s Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, of the Successor Agency’s enforceable obligations listed on the Recognized Obligation Payment Schedule, and of the Successor Agency’s administrative cost allowance, the County Auditor-Controller must notify the State Controller and the State Department of Finance no later than 10 days from the date of the Successor Agency’s notification. If the State Controller concurs that there are insufficient funds to pay required debt service, the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under “Redevelopment Property Tax Trust Fund” above.

Debt Service. In the Indenture, the Successor Agency covenants to comply with all of the requirements of the Dissolution Act, including taking all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules for each Fiscal Year so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund all amounts as shall be required to enable the Successor Agency to pay timely principal of, and interest on, the Bonds and all Outstanding Parity Debt coming due in such Bond Year, including any amounts due and owing to the Bond Insurer in respect of the Reserve Policy, or required to replenish the Reserve Account, and the respective reserve accounts established for any Parity Debt.

Pursuant to the Indenture, without limiting the generality of the foregoing covenant, the Successor Agency will take all actions required under the Dissolution Act to file a Recognized Obligation Payment Schedule by February 1 in each year, commencing February 1, 2017, in accordance with Section 34177(0) of the Redevelopment Law. For the semiannual period ending each June 30, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Pledged Tax Revenues which is at least equal to the following:

- (a) 100% of the amount of principal of and interest on the any Bonds and any Parity Debt coming

due and payable on the next succeeding March 1 and September 1,

- (b) any amount then required to replenish the full amount of the Reserve Requirement in the Reserve Account and to replenish the amount in any reserve account established for Parity Debt if any, and
- (c) any amount then required to make payments due to the Bond Insurer in respect of the Policy or the Reserve Policy.

For the semiannual period ending each December 31, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Pledged Tax Revenues which is at least equal to the following:

- (a) the remaining principal and interest due on the Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding September 1, to the extent not reserved in the period ending June 30, and
- (b) reserves and amounts due to any bond insurer as described under (d) and (e) above.

The foregoing actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and the Department of Finance, to the extent required, the amounts to be held by the Successor Agency as a reserve for the timely payment of principal of and interest on the Bonds and all Outstanding Parity Debt coming due in the succeeding Fiscal Year. See “Recognized Obligation Payment Schedules” above and “RISK FACTORS - Recognized Obligation Payment Schedule.”

The Successor Agency further agrees (a) to the extent permitted by law, to amend any Recognized Obligation Payment Schedule filing for any period during which amounts owed to the Bond Insurer either with respect to the Bond Insurance Policy or the Reserve Policy are not included on such Recognized Obligation Payment Schedule filing, and (b) not to submit a Last and Final Recognized Obligation Payment Schedule under the Dissolution Act without the prior written consent of the Bond Insurer.

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

Pledge of Pledged Tax Revenues

The Bonds are payable from and secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues to be derived from the Project Areas. In addition, the Bonds are secured by all of the moneys in the Redevelopment Obligation Retirement established and held by the Successor Agency pursuant to the Dissolution Act, and all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account, and the Reserve Account therein) established and held by the Trustee under the Indenture.

The Pledged Tax Revenues are pledged to the payment of principal of and interest on the Bonds pursuant to the Indenture until the Bonds have been paid, or until moneys have been set-aside irrevocably for that purpose. The Trustee will covenant to exercise such rights and remedies as may be necessary to enforce the payment of the Pledged Tax Revenues when due under the Indenture, and otherwise to protect the interests of the Bondholders in the event of default by the Successor Agency.

The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City, the County, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds,

or the interest thereon, 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 to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

The State Legislature has amended the Dissolution Act several times. The Successor Agency expects, but cannot guarantee, that the processes for funding of enforceable obligations prescribed by any new legislative change in the Dissolution Act will not interfere with its administering of the Pledged Tax Revenues in accordance with the Indenture and will effectively result in adequate Pledged Tax Revenues for the timely payment of principal of and interest on the Bonds when due.

Reserve Account

A Reserve Account has been established under the Indenture to be held by the Trustee to further secure the timely payment of principal of and interest on the Bonds. The Successor Agency must maintain an aggregate balance in the Reserve Account equal to lessor of 10% of the original principal amount of the Bonds, maximum annual debt service on the Bonds or 125% of average annual debt service on the Bonds (the "Reserve Requirement"). In the event that the Successor Agency fails to deposit with the Trustee the full amount required by the Indenture to pay principal and interest due on the Bonds when due on any date, the Trustee will withdraw from the Reserve Account the difference between the amount required to be on deposit and the amount available on such date.

The Reserve Account established for the Bonds secures only the Bonds and not any other series of parity bonds that may be issued under the Indenture (see "No Additional Debt Other Than Refunding Bonds" below).

Reserve Insurance Policy. Concurrently with the issuance of the Bonds, the Bond Insurer will issue the Reserve Policy with respect to the Bonds. The Reserve Policy provides that the Bond Insurer will make payment to the Trustee on the later of the Business Day on which principal and interest becomes due for Payment or the Business Day next following the Business Day on which the Bond Insurer shall have received Notice of Nonpayment, not to exceed the Policy Limit of \$_____.

Over the last 7 years, rating agencies have downgraded or withdrawn the ratings on the claims-paying ability and financial strength of most of the nation's bond insurance companies. Deterioration in the financial condition of the provider of the Reserve Policy or a failure to honor a draw by any provider under its Reserve Policy could occur. The Successor Agency is not required under the Indenture to replace the Reserve Policy with cash or a replacement instrument in the event the ratings of its provider decline or are withdrawn. If circumstances should ever cause the Reserve Policy to be canceled or discharged, such cancellation or discharge could be determined to create a deficiency in the Reserve Requirement previously satisfied by such Reserve Policy. Under the Indenture, in the event that the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Successor Agency is required to transfer to the Trustee an amount of available Pledged Tax Revenues sufficient to maintain the amount in such Reserve Account at such Reserve Requirement. Should the amount of Pledged Tax Revenues then available to maintain such Reserve Account at the Reserve Requirement be insufficient for such purpose, such insufficiency would not result in an event of default under the Indenture, but the requirement of the Successor Agency to transfer available Pledged Tax Revenues to the Trustee would continue.

No Additional Debt Other Than Refunding Bonds

The Successor Agency has covenanted that, so long as the Bonds are Outstanding, the Successor Agency shall not issue any additional bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Pledged Tax Revenues;

provided, however, that the Successor Agency may issue and sell refunding bonds payable from Pledged Tax Revenues on a parity with Outstanding Bonds for the purpose of refunding the Bonds if (a) annual debt service on such refunding bonds is lower than annual debt service on the Bonds being refunded over the term of the refunding bonds and (b) the final maturity of any such refunding bonds does not exceed the final maturity of the Bonds being refunded.

The documents providing for the issuance of any parity obligations under the Indenture shall provide that:

- (a) Interest on such parity obligations is payable on March 1 and September 1 in each year of the term thereof, except the first twelve month period, during which interest may be payable on any date;
- (b) The principal of such parity obligations is payable on September 1 in any year in which principal is payable;
- (c) The trustee for such parity obligations is the same entity which performs the duties of Trustee for the Bonds; and
- (d) A reserve account shall be established for such parity obligations in an amount equal to the least of 10% of the par amount of such parity obligations, maximum annual debt service on such parity obligations, or 125% of average annual debt service on such parity obligations, and which may be funded in cash or in the form of a surety bond or other credit facility issued by a financial institution having a rating at least equal to the rating then applicable to the Bonds, provided that such reserve account shall only secure the repayment of such parity obligations and shall not secure the Bonds or any other issue of parity obligations.

MUNICIPAL BOND INSURANCE

[to be completed]

THE SUCCESSOR AGENCY

Government Organization

The Former Agency was established by the City Council in 1972 pursuant to the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted, together with a companion bill, AB X1 27. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. In its December 29, 2011 decision, the California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the 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.

Pursuant to Section 34173 of the Dissolution Act, the City Council serves as the governing board of the successor agency to the Former Agency and thus, since the February 1, 2012 dissolution of the Former Agency, the City has acted in such capacity. The Successor Agency is governed by a five-member board which consists of the Mayor and the members of the City Council. The Mayor serves as the presiding officer of the Successor Agency.

Section 34173(g) of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Successor Agency will not be transferred to the City nor will the assets of the Successor Agency become assets of the City.

The City performs certain general administrative functions for the Successor Agency. The City Manager serves as the Successor Agency's Executive Director, the City Clerk serves as the Successor Agency secretary and the City Treasurer serves as the Successor Agency treasurer. The costs of such functions, as well as additional services performed by City staff are allocated annually to the Successor Agency, within certain limitations established by the Dissolution Act. Such reimbursement is subordinate to payment on any outstanding bonds of the Successor Agency.

Successor Agency Powers

All powers of the Successor Agency are vested in its members, who are the elected Mayor and 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.

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 Agencies within 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 May 7, 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.

After receiving the finding of completion, each successor agency is required to submit a Long Range Property Management Plan (a “Long Range Property Management Plan”) detailing what it intends to do with its inventory of properties. Successor agencies are not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to fulfill an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies with the State Department of Finance within six months of receiving a finding of completion. The State Department of Finance approved the Successor Agency’s Long Range Property Management Plan on July 15, 2014.

Redevelopment Plans

The Bayfront/Town Centre Project Area was created by adoption of an Ordinance of the City Council on July 17, 1979. The merger combined the Bayfront Redevelopment Project and Town Centre Redevelopment Project. The Redevelopment Plan for the Bayfront Redevelopment Project was approved by Ordinance No. 1541 adopted by the City Council on July 16, 1974 and amended on July 7, 1998 to add the Bayfront Amended Area. The Redevelopment Plan for the Town Centre Redevelopment Project was approved by Ordinance No. 1691 adopted by the City Council on July 6, 1976. Both Redevelopment Plans were amended several times to add financial and other limits required by the Redevelopment Law.

The Merged Redevelopment Project Area was created on May 4, 2004 by the adoption by the City Council of Ordinance Nos. 2187, 2818 and 2819. The merger combined the Former Agency’s Town Centre No. II Redevelopment Project, the Otay Valley Road Redevelopment Project and the Southwest Redevelopment Project. The Redevelopment Plan for the Town Centre No. II Redevelopment Project was approved by Ordinance No. 1827 adopted by the City Council on August 15, 1978. The Redevelopment Plan for the Otay Valley Road Redevelopment Project was approved by Ordinance No. 2059 adopted by the City Council on December 27, 1983. The Redevelopment Plan for the Southwest Redevelopment Project was approved by Ordinance No. 2420 adopted by the City Council on November 27, 1990 and amended to add additional territory on July 9, 1991. On May 4, 2004, the City Council adopted Ordinance No. 2962 amending and restating the Merged Redevelopment Project Area Redevelopment Plan, and adding 494 acres, known as the Amendment Area, to the Merged Redevelopment Project Area. Before and after the merger, the Redevelopment Plans were amended several times to add financial and other limits required by the Redevelopment Law.

Plan Limitations

In accordance with the Redevelopment Law, redevelopment plans 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 to incur debt, a time limit on the receipt of Tax Increment Revenues and the repayment of debt, and a limit on the amount of bonded indebtedness outstanding at any time. SB 107 clarifies that the former tax increment limits in redevelopment plans no longer apply for purposes of paying approved enforceable obligations such as the Bonds.

THE PROJECT AREAS

Description of the Project Areas

Bayfront/Town Centre Project Area

The Project Area is comprised of the Former Agency’s Bayfront Redevelopment Project and Town Centre Redevelopment Project. The relative acreage from each of the constituent redevelopment projects comprising the Project Area is shown below:

Original Bayfront Area	637 Acres
Bayfront Amended Area	398 Acres
Town Centre	<u>138 Acres</u>
	1,173 Acres
National Wildlife Refuge	<u>(513) Acres</u>
Net Developable Acres	660 Acres

As shown below, commercial and industrial development, comprise ___% of total current assessed value of the Bayfront/Town Centre Project Area.

<u>Land Use</u>	<u>% of 2015/16 Assessed Value</u>
-----------------	--

100.0%

Source: Municipal Advisor.

The Bayfront Redevelopment Project. The Original Bayfront Area, formed in 1974, is comprised of 637 acres of property located between Interstate 5 and the mean high tide line along the Chula Vista Bayfront. The Bayfront Amended Area was created in 1998 and encompasses 398 acres of property west of the mean high tide line to the water line. Of the total property in the Bayfront Redevelopment Project, 45 acres are developed with a marina, and 513 acres are designated the Sweetwater Marsh National Wildlife Refuge. The Successor Agency does not expect these 513 acres to be developed with property that will generate Tax Revenues. The goal of the Successor Agency is to encourage development along the City’s bayfront while maintaining recreational access to the waterfront.

The San Diego Unified Port District (the “Port District”) administers 420 acres of state public tidelands within the Bayfront Redevelopment Project under a Tidelands Trust that guides how the land is to be used. The Port District and the City have been working together on developing the waterfront under the Chula Vista Bayfront Master Plan (“CVBMP”). The objectives of the CVBMP are to create an active commercial harbor with public space at the water’s edge, redevelop underutilized and vacant areas on Port tidelands with, among other things, a convention center and resort hotels, provide a continuous shoreline pedestrian walkway, and establish ecological buffers to protect environmentally sensitive resources.

Although the City and the Successor Agency have reasonable basis for the expectations that the CVBMP development will occur, the Successor Agency cannot provide specific assurance that such developments will actually be completed or the timing of any such development. For the purposes of the projections for

future Tax Revenues contained herein, no value has been added to the tax rolls as a result of new construction associated with the CVBMP.

The Town Centre Redevelopment Project. The Town Centre Redevelopment Project is an area of approximately 138 acres encompassing the City’s central business district. The Town Centre Redevelopment Project is not contiguous with the Bayfront Redevelopment Project. The Town Centre Redevelopment Project is urbanized and developed with a mix of public and private uses. Such uses include the San Diego South County Superior and Municipal Court Complex, the Norman Park Senior Center, Memorial Park as well as a variety of commercial office space, retail, retail service and residential uses.

The City developed an Urban Core Specific Plan which encompasses a 690-acre “focus area,” which includes development in the Town Centre Redevelopment Project as well as surrounding areas. The Urban Core has three components –multi-family housing, the primary commercial corridor, and a pedestrian-oriented retail area. For the purposes of the projections for future Tax Revenues contained herein, no value has been added to the tax rolls as a result of new construction associated with the Urban Core Specific Plan.

Merged Redevelopment Project Area

The Merged Redevelopment Project Area is comprised of 4 sub-areas totaling 2,576 acres, or approximately 8% of the land within the City’s boundaries.

<u>Sub-Area</u>	<u>Acres</u>
Town Centre No. II	212
Otay Valley Road	770
Southwest	1,100
Amendment Area	<u>494</u>
Total	2,576

The Merged Redevelopment Project Area is developed a mix of residential and commercial.

<u>Land Use</u>	<u>% of 2015/16 Assessed Value</u>
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100.0%

Source: Municipal Advisor.

Town Centre No. II Redevelopment Project. The Town Centre No. II Redevelopment Project encompasses approximately 212 acres of commercial, institutional and municipal uses in eleven non-contiguous areas of the City’s central core. The Chula Vista Center, a sixty-five acre regional shopping mall, is located in the Town Centre II Project Area, as well as Scripps Memorial Hospital and the City’s Civic Center Complex.

Otay Valley Road Redevelopment Project. The Otay Valley Road Redevelopment Project is an area of approximately 770 acres located in the southeastern corner of the City, just to the east of the I-805

Freeway. The 20,000 seat outdoor Sleep Train Amphitheatre and Aquatica Water Park are located just outside the Otay Valley Road Redevelopment Project boundaries.

The Otay Valley Road Project Area was established in 1983 and is comprised primarily of auto center, light industrial, warehouse uses and retail development. A portion of an existing landfill overlaps the boundaries of the Otay Valley Road Project Area.

Southwest Redevelopment Project. The Southwest Redevelopment Project is an area of approximately 1,100 acres. It was created in 1990 and is zoned primarily for limited industrial and thoroughfare commercial projects. Existing commercial development is generally neighborhood retail and existing industrial development uses include mini-storage, auto-related uses and light manufacturing. The majority of residential uses are market rate and affordable apartments units, with some condominiums.

Amendment Area. The Amendment Area consisting of approximately 494 acres was created in 2004 to encompass major commercial and industrial roadways in the western area of Chula Vista, and some commercial pockets in the northern section of the City. The Amendment Area was formed to provide continuity to the Former Agency’s redevelopment efforts with respect to infrastructure and capital improvement projects, as it connects the various non-contiguous redevelopment project subareas located throughout the City.

The area is characterized by one-and two-story office and retail uses, built between 1950 and 1980, apartments and motor inns. New developments in the Amendment Area include a four-story medical office building and adjacent medical-related uses, and large retail uses such as WalMart, Costco, Target and Michael’s.

Prior to dissolution, the Former Agency focused its redevelopment effort in the Amendment Area near the intersection of Fourth Avenue and H Street, as H Street is a major east-west transportation corridor between the I-5 and I-805 Freeways and represents one of the gateways to the Third Avenue downtown business district section of the Urban Core. In 2014, the City completed an extension of H Street to the Chula Vista Harbor.

Assessed Valuations and Pledged Tax Revenues

Historical assessed value and Tax Increment Revenues are shown in the tables below.

**TABLE NO. 1
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF CHULA VISTA
BAYFRONT/TOWN CENTRE PROJECT AREA
HISTORICAL ASSESSED VALUATIONS ^{(1) (2)}**

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Base Year Value</u>	<u>Incremental Value</u>
2011/12	\$562,330,741	\$(252,585,488)	\$309,745,253
2012/13	523,801,476	(252,585,488)	271,215,988
2013/14	607,358,081	(252,585,488)	354,772,593
2014/15	599,950,439	(252,585,488)	347,364,951
2015/16	623,001,603	(252,585,488)	370,416,115

⁽¹⁾ Includes secured and unsecured valuation; exclusive of homeowner’s exemptions. All other exemptions have been deducted.

⁽²⁾ See Appendix C for historical assessed value information through Fiscal Year 2005/06.

Source: San Diego County Auditor-Controller, compiled by the Municipal Advisor.

TABLE NO. 2
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF CHULA VISTA
MERGED REDEVELOPMENT PROJECT AREA
HISTORICAL ASSESSED VALUATIONS ^{(1) (2)}

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Base Year Value</u>	<u>Incremental Value</u>
2011/12	\$1,619,711,199	\$(702,901,853)	\$916,809,346
2012/13	1,592,338,855	(702,901,853)	889,437,002
2013/14	1,619,306,332	(702,901,853)	916,404,479
2014/15	1,615,590,883	(702,901,853)	912,689,030
2015/16	1,677,354,839	(702,901,853)	974,452,986

(1) Includes secured and unsecured valuation; exclusive of homeowner's exemptions. All other exemptions have been deducted.

(2) See Appendix C for historical assessed value information through Fiscal Year 2005/06.

Source: San Diego County Auditor-Controller, compiled by the Municipal Advisor.

TABLE NO. 3
REDEVELOPMENT PROPERTY TAX TRUST FUND DEPOSITS

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>
January RPTTF Deposit	\$ 5,416,437	\$ 5,416,166	\$ 5,996,916
June RPTTF Deposit	<u>8,032,582</u>	<u>9,559,912</u>	<u>8,220,635</u>
Gross RPTTF Deposits	13,449,019	14,976,079	14,217,551
County Administrative Fees	(293,216)	(287,265)	(314,934)
Tax Sharing ⁽³⁾	<u>(2,386,446)</u>	<u>(2,912,205)</u>	<u>(2,823,002)</u>
RPTTF Available	\$10,769,358	\$11,776,608	\$11,079,616

Source: San Diego County Auditor-Controller, compiled by the Municipal Advisor.

The estimated net Redevelopment Property Tax Trust Fund deposit available for 2015/16, based on the 2015/16 assessed value, is calculated as follows:

	<u>Bayfront/Town</u> <u>Centre Project</u>	<u>Merged</u> <u>Project Area</u>	<u>Total</u>
Incremental Assessed Value	\$370,416,000	\$974,454,000	\$1,344,870,000
Tax Rate	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
Tax Increment Revenues	3,704,000	9,745,000	13,449,000
Unitary Revenues	<u>1,432,000</u>	<u>75,000</u>	<u>1,507,000</u>
Total Deposit to RPTTF	5,136,000	9,820,000	14,956,000
County Administrative Fees	(113,000)	(216,000)	(329,000)
Tax Sharing	<u>(423,200)</u>	<u>(2,548,400)</u>	<u>(2,971,600)</u>
Net RPTTF Deposit	\$ 4,599,800	\$ 7,055,600	\$ 11,655,400

Source: Municipal Advisor.

Major Taxpayers

The ten largest property taxpayers represent 60.4% of the 2015/16 assessed value of the Bayfront/Town Centre Project Area and ___ % of the 2015/16 assessed value of the Merged Redevelopment Project Area.

**TABLE NO. 4
BAYFRONT/TOWN CENTRE PROJECT AREA
TEN LARGEST TAXPAYERS**

<u>Property Owner</u>	<u>Land Use</u>	<u>2015-16 Assessed Value</u>	<u>% of Total</u>
Rohr Inc.	Industrial/Manufacturing	\$234,306,153	37.6%
Bear Garden Investments LLC	Commercial	24,078,056	3.9%
Wachovia Bank Commercial Mortgage	Commercial	23,470,000	3.8%
M M G E R Partnership	Apartments	22,550,046	3.6%
Chula Vista Marina R V Park Lt	R V Park	16,447,124	2.6%
Chula Vista 344 Office LLC	Commercial	11,883,378	1.9%
Marine Group Boat Works LLC	Industrial	11,624,871	1.9%
North C V Waterfront LP	Commercial	11,250,603	1.8%
E A S LLC	Commercial	10,713,160	1.7%
630 660 Bay Blvd LLC	Commercial/industrial	<u>9,833,926</u>	<u>1.6%</u>
		\$376,157,317	60.4%

⁽¹⁾ Appeal pending for current and/or prior years. See "Assessment Appeals" below.

Source: Municipal Advisor.

**TABLE NO. 5
MERGED REDEVELOPMENT PROJECT AREA
TEN LARGEST TAXPAYERS'**

<u>Property Owner</u>	<u>Land Use</u>	<u>2015-16 Assessed Value</u>	<u>% of Total</u>
Chula Vista Center LP	Commercial		
Scripps Health	Commercial/Institutional		
Price REIT Inc.	Commercial		
Cypress Creek Co LP	Commercial		
G & E H C REIT II Chula Vista MOB LLC	Commercial		
Costco Wholesale Corporation	Commercial		
Big Rock LLC	Commercial		
Sears Roebuck & CO.	Commercial		
Main Plaza LP	Commercial/Residential		
Wal-Mart Real Estate Business Trust	Commercial		

⁽¹⁾ Appeal pending for current and/or prior years. See "Assessment Appeals" below.

Source: Municipal Advisor.

Assessment Appeals

As of January 2016, there were a total ___ pending appeals filed in the last 5 years by property owners in the Project Areas. Appeals have been filed with respect to several of the largest property owners included in Table Nos. 4 and 5. The total value of property under appeal for all years is \$___ million. Some appeals have been filed for multiple years for the same property, totaling \$___ million. A summary of all pending appeals is shown below.

<u>Project Area</u>	<u>Bayfront/Town Centre Project Area</u>	<u>Merged Redevelopment Project Area</u>	<u>Total</u>
Total No. of Appeals			
No. of Resolved Appeals			
No. of Successful Appeals			
Average Reduction on Successful Appeals			
No. of Pending Appeals			
Total Value under Appeal			
Estimated No. of Appeals Allowed			
Estimated Reduction in Value on Pending Appeals			

Source: Municipal Advisor.

The Successor Agency cannot predict the outcome of any pending appeals.

The projected Pledged Tax Revenues have not been reduced for an average appeal value reduction based on average number of appeals granted historically. Reductions in revenue for refunds resulting from successful appeals or current or prior year appeals have also not been incorporated into the projections. The success rate of appeals, reductions granted and refunds may vary from historical averages.

FINANCIAL INFORMATION

Successor Agency Accounting Records and Financial Statements

The activities of the Successor Agency are reported as a fiduciary trust fund as part of the City's basic financial statements, which is in accordance with guidance issued by the State Department of Finance on September 19, 2012 and available on its website relating to redevelopment dissolution (www.dof.ca.gov/redevelopment) under the category of "Common RDA Dissolution Questions and Answers," interpreting Section 34177(n) of the California Health and Safety Code concerning certain successor agency postaudit obligations. The Successor Agency does not prepare separate financial statements. The State Department of Finance's website is not in any way incorporated into this Official Statement, and the Successor Agency cannot take any responsibility for, nor make any representation whatsoever as to, the continued accuracy of the Internet address or the accuracy, completeness, or timeliness of information posted there. In addition, from time to time, the State Department of Finance changes its guidance without notice.

The City's financial statements for the Fiscal Year ended June 30, 2015, attached hereto as "APPENDIX D" have been audited by Lance, Soll & Lunghard, LLP, Certified Public Accountants, Brea, California.

The City's audited financial statements are public documents and are included within this Official Statement without the prior approval of the auditor. ***Lance, Soll & Lunghard, LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Lance, Soll & Lunghard, LLP also has not performed any procedures relating to this Official Statement.***

Property Taxation in California

Manner in Which Property Valuations and Assessments are Determined (Article XIII A). On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution which imposes certain limitations on taxes that may be levied against real property. This amendment, which added Article XIII A to the State Constitution, among other things, defines full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by substantial damage, destruction or other factors. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value of that property, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on any bonded indebtedness for the acquisition or improvement of real property which is approved after July 1, 1978 by two-thirds of the votes cast by voters voting on such indebtedness. However, pursuant to an amendment to the State Constitution, redevelopment agencies were prohibited from receiving any of the tax increment revenue attributable to tax rates levied to finance bonds approved by the voters on or after January 1, 1989 for the acquisition or improvement of real property. Moreover, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from such prohibitions and SB 107 further states that pre-1989 tax override rates are no longer distributed to successor agencies except in limited circumstances (see "SECURITY FOR THE BONDS - Pledged Tax Revenues," "Property Tax Rate" below and "RISK FACTORS - Factors Which May Affect Pledged Tax Revenues - Reduction in Inflationary Rate").

In the general election held November 4, 1986, voters in the State approved two measures, Propositions 58 and 60, which further amend the terms "purchase" and "change of ownership," for purposes of determining full cash value of property under Article XIII A, to not include the purchase or transfer of (1)

real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children. Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county (or in certain cases, another county), to transfer the old residence's assessed value to the new residence.

Proposition 8 Adjustments. Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide, and such methodology has been upheld by the California courts. During the recent recession, the County made significant blanket assessed value reductions throughout the County pursuant to Proposition 8 from the maximum amount that could be assessed on property. As a result, the Former Agency saw a reduction in property values of _____. Successor Agency attributes the increases in assessed value in the last __ years primarily to recovery of a portion of the Proposition 8 reductions.

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

Property in the Project Areas is assessed by the San Diego County Assessor except for public utility property which is assessed by the State Board of Equalization.

The valuation of secured property is determined as of January 1 each year for taxes owed with respect to the succeeding Fiscal Year. The tax rate is equalized during the following September of each year, at which time the tax rate is determined. Secured and unsecured property is entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment in addition to a \$20 cost on the second installment. On July 1 of each fiscal year any property which is delinquent will become defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1½% per month to the time of redemption, together with any other charges permitted by law. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Property taxes on the unsecured roll become delinquent, if unpaid on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1½% per month begins to accrue on November 1 of the fiscal year. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's Office, in order to

obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Supplemental Assessments. Legislation adopted in 1984 (Section 75, *et seq.* of the Revenue and Taxation Code of the State of California) provides for the supplemental assessment and taxation of property at its full cash value as of the date of a change of ownership or the date of completion of new construction (the “Supplemental Assessments”). To determine the amount of the Supplemental Assessment the County Auditor applies the current year’s tax rate to the supplemental assessment roll and computes the amount of taxes that would be due for the full year. The taxes due are then adjusted by a proration factor to reflect the portion of the tax year remaining as determined by the date on which the change in ownership occurred or the new construction was completed. Supplemental Assessments become a lien against the real property on the date of the change of ownership or completion of new construction.

Unitary Property. Commencing in the 1988/89 Fiscal Year, the Revenue and Taxation Code of the State of California changed the method of allocating property tax revenues derived from state assessed utility properties. It provides for the distribution of state assessed values to tax rate areas by a county-wide mathematical formula rather than assignment of state assessed value according to the location of those values in individual tax rate areas.

Commencing with the 1988/89 Fiscal Year, each county has established one county-wide tax rate area. The assessed value of all unitary property in the county has been assigned to this tax rate area and one tax rate is levied against all such property (“Unitary Revenues”).

The property tax revenue derived from the assessed value assigned to the county-wide tax rate area shall be allocated as follows: (1) each jurisdiction will be allocated up to 2% of the increase in Unitary Revenues on a pro rata basis county-wide; and (2) any decrease in Unitary Revenues or increases less than 2%, or any increase in Unitary Revenues above 2% will be allocated among jurisdictions in the same proportion of each jurisdiction’s Unitary Revenues received in the prior year to the total Unitary Revenues county-wide.

Legislation adopted in 2006 (SB 1317, Chapter 872) provides that, commencing with Fiscal Year 2007/08, certain property related to new electrical facilities shall be allocated entirely to the county in which such property is located and property tax revenues derived from such property shall be allocated to such county and certain Taxing Agencies within such county.

Property Tax Rate. The difference between the \$1.00 general tax levy provided under Article XIII A tax rate and those actually levied (referred to as the “tax override rate”) represents the tax levied by overlapping entities to pay debt service on bonded indebtedness approved by the voters.

Section 34183 of the Dissolution Act effectively eliminated the tax override rate from the calculation of tax increment revenues with respect to tax override rates authorized by voters for the purpose of repaying bonded indebtedness for the acquisition or improvement of real property. Future Tax Increment Revenues have been projected by the Fiscal Consultant by applying a tax rate of \$1.00 per \$100 of taxable value general levy to incremental taxable values.

No Other Outstanding Bonded Indebtedness

After refinancing the Refunded Bonds with the proceeds of the Bonds, no bonded indebtedness of the Former Agency will remain outstanding.

The Successor Agency has other enforceable obligations payable from amounts deposited in the Redevelopment Obligation Retirement Fund on a basis subordinate to the Bonds.

Flow of Funds

Under the Indenture, in the Recognized Obligation Payment Schedule period beginning January 2 of each year, the Successor Agency is required to request funding of the interest due on the Bonds on March 1 and September 1 of such year, as well as 100% of the principal on the Bonds due on September 1. Other enforceable obligations may be paid in such Recognized Obligation Payment Schedule period to the extent those amounts are transferred to the trustee for the Bonds and reserved for such debt service.

In the Recognized Obligation Payment Schedule period beginning July 1 of each year, the Indenture also requires the Successor Agency to request funding of any remaining unfunded principal and interest payable on the Bonds on September 1 of such year (in the event of a shortfall in the amount of funds available in the Redevelopment Property Tax Trust Fund on January 2 of such year.). Other enforceable obligations may be paid in such Recognized Obligation Payment Schedule period to the extent those amounts are transferred to the Trustee and reserved for such debt service.

Projected Pledged Tax Revenues and Debt Service Coverage

Receipt of projected Tax Revenues shown in Table No. 6 in the amounts and at the times projected by the Successor Agency depends on the realization of certain assumptions relating to the Tax Increment Revenues. The Municipal Advisor provided projections of taxable valuation and Pledged Tax Revenues in the Project Areas. The Successor Agency believes the assumptions (set forth in “APPENDIX C - PROJECTED TAX REVENUES”) upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur (see “RISK FACTORS”). Therefore, the actual Pledged Tax Revenues received during the forecast period may vary from the projections and the variations may be material, affecting the Successor Agency’s ability to timely pay principal of and interest on the Bonds.

**TABLE NO. 6
PROJECTED PLEDGED TAX REVENUES**

Bond Year Ending September 1	Bayfront/Town Centre Project Area ⁽¹⁾	Merged Redevelopment Project Area ⁽¹⁾	Total
2016	\$4,599,800	\$ 7,055,600	\$11,655,400
2017	4,681,300	7,246,100	11,927,400
2018	4,760,900	7,440,700	12,201,600
2019	4,843,200	7,638,300	12,481,500
2020	4,924,800	7,841,200	12,766,000
2021	5,007,200	8,046,500	13,053,700
2022	5,091,300	8,251,700	13,343,000
2023	5,176,800	8,432,900	13,609,700
2024	5,263,200	8,646,700	13,909,900
2025	5,352,500	8,864,700	14,217,200
2026	5,443,500	9,087,100	14,530,600
2027	5,536,700	9,314,500	14,851,200
2028	5,630,600	9,546,400	15,177,000
2029	5,725,400	9,782,600	15,508,000
2030	5,821,400	10,023,800	15,845,200
2031	5,912,200	10,269,000	16,181,200
2032	6,003,500	10,519,800	16,523,300
2033	6,088,700	10,775,600	16,864,300
2034	6,175,300	11,036,200	17,211,500
2035	6,263,800	11,290,400	17,554,200
2036	6,354,000	11,528,000	17,882,000

Source: Municipal Advisor, see “APPENDIX C - PROJECTED TAX REVENUES” for a description of assumptions.

⁽¹⁾ Based on the tax year, not adjusted for RPTTF distribution. See “SECURITY FOR THE BONDS - Redevelopment Property Tax Trust Fund - Deposits to the Redevelopment Property Tax Trust Fund.”

The projected Pledged Tax Revenues shown above are subject to several variables described herein. See “RISK FACTORS” herein. The Successor Agency provides no assurance that the projected Pledged Tax Revenues will be achieved.

Table No. 7 shows the projected debt service coverage for the Bonds.

TABLE NO. 7
SUCCESSOR AGENCY TO THE CHULA VISTA REDEVELOPMENT AGENCY
PROJECTED TAX REVENUES AND DEBT SERVICE COVERAGE

Bond Year <u>September 1</u>	Tax Revenues ⁽¹⁾	Bonds Debt Service*	Debt Service Coverage*
2016	\$11,655,400		
2017	11,927,340	\$2,890,000	413%
2018	12,201,600	2,890,000	422%
2019	12,481,500	2,890,000	432%
2020	12,766,000	2,890,000	442%
2021	13,053,700	2,890,000	452%
2022	13,343,000	2,890,000	462%
2023	13,609,700	2,890,000	471%
2024	13,909,900	2,890,000	481%
2025	14,217,200	2,890,000	492%
2026	14,530,600	2,160,000	673%
2027	14,851,200	2,160,000	688%
2028	15,177,000	1,360,000	1,116%
2029	15,508,000	1,360,000	1,140%
2030	15,845,200	1,360,000	1,165%
2031	16,181,200	1,360,000	1,190%
2032	16,523,300	1,360,000	1,215%
2033	16,864,300	1,360,000	1,240%
2034	17,211,500	1,360,000	1,266%
2035	17,554,200	1,360,000	1,291%
2036	17,882,000	1,360,000	1,315%

Source: Municipal Advisor.

⁽¹⁾ See Table No. 6.

* Preliminary, subject to change.

RISK FACTORS

The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and/or interest on the Bonds. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.

Factors Which May Affect Pledged Tax Revenues

The ability of the Successor Agency to pay principal of and interest on the Bonds depends on the timely receipt of Pledged Tax Revenues as projected herein (see “FINANCIAL INFORMATION - Projected Pledged Tax Revenues and Debt Service Coverage” herein). Projections of Pledged Tax Revenues are based on the underlying assumptions relating to Tax Increment Revenues of the Project Areas. Pledged Tax Revenues allocated to the Successor Agency (which constitute the ultimate source of payment of principal of and interest on the Bonds, as discussed herein) are determined by the amount of incremental valuation of taxable property in the Project Areas, taxed at a rate of \$1.00 per \$100 of assessed value (1%) and the percentage of taxes collected in the Project Areas, adjusted to reflect prior claims on the Tax Increment Revenues. A number of factors which may affect Tax Increment Revenues, and consequently, Pledged Tax Revenues, are outlined below.

Reductions in Assessed Value. Tax Increment Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Project Areas taxed at a rate of \$1.00 per \$100 of assessed value (1%). The reduction of taxable values of property in the Project Areas caused by economic factors beyond the Successor Agency’s control, such as relocation out of a Redevelopment Project 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 Pledged Tax Revenues that provide for the repayment of and secure the Bonds. Such reduction of Pledged Tax Revenues could have an adverse effect on the Successor Agency’s ability to make timely payments of principal of and interest on the Bonds.

Article XIII A. Pursuant to the California voter initiative process, on June 6, 1978, California voters approved Proposition 13 which added Article XIII A to the California Constitution. This amendment imposed certain limitations on taxes that may be levied against real property to 1% of the full cash value of the property, adjusted annually for inflation at a rate not exceeding 2% annually. Full cash value is determined as of the 1975/76 assessment year, upon change in ownership (acquisition) or when newly constructed (see “FINANCIAL INFORMATION - Property Taxation in California” herein for a more complete discussion of Article XIII A). Article XIII A 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.

Reduction in Inflationary Rate. The annual inflationary adjustment, while limited to 2%, is determined annually and may not exceed the percentage change in the California Consumer Price Index (CCPI).

Because the Revenue and Taxation Code does not distinguish between positive and negative changes in the CCPI used for purposes of the inflation factor, there was a decrease of 0.237% in 2009/10 – applied to the 2010/11 tax roll – reflecting the actual change in the CCPI, as reported by the State Department of Finance. For each fiscal year since Article XIII A has become effective (the 1978/79 fiscal year), the annual increase for inflation has been at least 2% except in nine fiscal years as shown below:

<u>Tax Roll</u>	<u>Percentage</u>
1981/82	1.000%
1995/96	1.190
1996/97	1.110
1998/99	1.853
2004/05	1.867
2010/11	(0.237)
2011/12	0.753
2014/15	0.454
2015/16	1.998

Proposition 8 Adjustments. Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. This methodology has been approved by the Fourth District Court of Appeals in a case in which the California Supreme Court declined further review. See “FINANCIAL INFORMATION - Property Taxation in California - Proposition 8 Adjustments” herein.

If Proposition 8 adjustments are made by the County Assessor in future years because of declines in the fair market value of properties caused by the lack of real estate development in the area generally, Pledged Tax Revenues may be adversely affected and as a possible consequence may have an adverse effect on the Successor Agency’s ability to pay debt service on the Bonds.

Assessment Appeals. Assessment appeals may be filed by property owners seeking a reduction in the assessed value of their property. After the property owner files an appeal, the County’s Appeals Board will hear the appeal and make a determination as to whether or not there should be a reduction in assessed value for a particular property and the amount of the reduction, if any. To the extent that any reductions are made to the assessed valuation of such properties with appeals currently pending, or appeals subsequently filed, Tax Increment Revenues, and correspondingly, Pledged Tax Revenues will be reduced. Such reductions may have an adverse effect on the Successor Agency’s ability to pay debt service on the Bonds. As of _____, there were ___ pending appeals filed within the last five years by property owners within the Project Areas relating to \$___ million of current year or prior years’ assessed value (see “THE PROJECT AREAS - Assessment Appeals” herein). To the extent these appeals are resolved in favor of the property owner, Pledged Tax Revenues will be reduced.

Earthquake, Flood and Other Risks. Any natural disaster or other physical calamity, including earthquake, may have the effect of reducing Tax Increment Revenues through reduction in the aggregate assessed valuation within the boundaries of the Project Areas.

According to the Public Safety Element of the City’s General Plan, the City is located in a seismically active region and could be impacted by a major earthquake originating from the numerous faults in the area. Traces of the potentially active La Nacion fault zone are known to cross the City in a generally north-south direction within the central portion of the City. The nearest active faults are the Rose Canyon fault, located approximately 14 miles northwest of the City, and the Coronado Bank fault, located approximately 30 miles from the City. Other active faults in the region are located more than 60 miles from the City. Seismic hazards encompass potential surface rupture, ground shaking, liquefaction and landslides.

Strong vibrations due to earthquakes can cause liquefaction of certain soil types. Areas of Chula Vista in close proximity to San Diego Bay and the Sweetwater and Otay River Valley have shallow groundwater tables and poorly consolidated granular sediments potentially subject to seismically-induced liquefaction. This area encompasses the Bayfront Redevelopment Project, the Bayfront Amended Area, the Southwest Redevelopment Project and some portion of the Otay Valley Road Redevelopment Project. A small portion of the Otay Valley Road Project is also subject to landslides in the event of an earthquake. A major earthquake could cause widespread destruction and significant loss of life in a populated area such as the City. If an earthquake were to substantially damage or destroy taxable property within the City or any of the Redevelopment Projects, a reduction in taxable values of property in the Redevelopment Projects and a reduction in Pledged Tax Revenues available to pay debt service on the Bonds would be likely to occur.

Portions of the Town Centre No. II Redevelopment Project and the Bayfront Redevelopment Project, and most of the Southwest Redevelopment Project, are located in a 100-Year flood plain. Areas of the Southwest Redevelopment Project are in a potential zone of inundation due to dam failure.

Risk of wildfire is not a significant hazard within the boundaries of the Project Areas due to the urbanized nature of the immediate area.

The City has adopted a Natural Hazards Mitigation Plan. This plan includes a hazard analysis for earthquake, flood, landslide and fire risk and is required to comply with FEMA requirements for disaster relief funding. A major earthquake could cause widespread destruction and significant loss of life in a populated area such as the City. If an earthquake were to substantially damage or destroy taxable property within the Project Areas, a reduction in taxable values of property in the Project Areas and a reduction in Pledged Tax Revenues available to pay debt service on the Bonds would be likely to occur. A reduction in taxable values of property in certain portions of the Project Areas and a reduction in Pledged Tax Revenues available to pay debt service on the Bonds would also be likely in the event of flooding.

Hazardous Substances. An additional environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of a hazardous substance that would limit the beneficial use of a property within the Project Areas. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner (or operator) may be required to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Areas be affected by a hazardous substance would be to reduce the marketability and value of the property, perhaps by an amount in excess of the costs of remedying the condition. The Successor Agency can give no assurance that future development will not be limited by these conditions.

Development Risks. The Successor Agency's collection of Pledged Tax Revenues is directly affected by the economic strength of the Project Areas. Potential development within the Project Areas will be subject to all the risks generally associated with real estate development projects, including unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in real estate market and interest rates, unexpected increases in development costs and other similar factors. Further, real estate development operations within the Project Areas could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If future development in the Project Areas is delayed or halted, the economy of the Project Areas could be affected, causing a reduction in Pledged Tax Revenues available to pay debt service on the Bonds.

Certain Bankruptcy Risks. The enforceability of the rights and remedies of the Owners of the Bonds and the obligations of the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or

affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Limited Obligations. The Successor Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provision of additional sources of income to Taxing Agencies having the effect of reducing the property tax rate must necessarily reduce the amount of Tax Increment Revenues, and consequently, Pledged Tax Revenues that would otherwise be available to pay the principal of, and interest on the Bonds.

Interpretation of and Future Changes in the Law; Voter Initiatives. The Redevelopment Law and the Dissolution Act are complex bodies of law and their application to the Successor Agency, the Redevelopment Plan and the Project Areas may be subject to different interpretations by the Successor Agency, the Department of Finance, the County Auditor-Controller, Taxing Agencies and other interested parties, including with respect to Tax Sharing Agreements and Statutory Tax Sharing obligations and enforceable obligations. Since the effectiveness of the Dissolution Act, the State Department of Finance and various successor agencies have from time to time disagreed about the interpretation of different language contained in the Dissolution Act, as well as whether or not the State Department of Finance has exceeded its authority in rejecting items from Recognized Obligation Payment Schedules submitted by successor agencies, as evidenced by numerous lawsuits. While the Successor Agency has covenanted in the Indenture to preserve and protect the security of the Bonds and the rights of the Bondholders (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency"), any such action taken by the Successor Agency could incur substantial time and cost that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the Bonds. Moreover, the Successor Agency cannot guarantee the outcome of any such action taken by the Successor Agency to preserve and protect the security of the Bonds and the rights of the Bondholders.

In addition to the existing limitations on Tax Increment Revenues described in this Official Statement under "FINANCIAL INFORMATION - Property Taxation in California," the California electorate or Legislature could adopt future limitations with the effect of reducing Tax Increment Revenues payable to the Successor Agency.

Real Estate and General Economic Risks

Tax Increment Revenues as presented herein as available for payment of any indebtedness of the Successor Agency are based upon the latest actual assessed values for the 2015/16 Fiscal Year. Redevelopment of real property within the Project Areas by the City, as well as private development in the Project Areas, may be adversely affected by changes in general economic conditions, fluctuations in the real estate markets and interest rates, unexpected increases in development costs, changes in or new governmental policies including governmental policies to restrict or control certain kinds of development and by other similar factors. If development and redevelopment activities in the Project Areas encounter significant obstacles of the kind described herein or other impediments, the economy of the area in and around the Project Areas could be adversely affected, causing reduced taxable valuation of property in the Project Areas, a reduction of the Tax Increment Revenues and a consequent reduction in Pledged Tax Revenues available to repay the Bonds. Due to the decline in the general economy of the region, owners of property within the Project Areas may be less able or less willing to make timely payments of property taxes, causing a delay or reduction of Tax Increment Revenues and consequently a reduction in Pledged Tax Revenues available to repay the Bonds.

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. The Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance 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. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules." In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to any six-month period, the availability of Pledged Tax Revenues to the Successor Agency could be adversely affected for such period.

The Successor Agency has covenanted to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds as well as any amount required under the Indenture to replenish the Reserve Account of the Debt Service Fund, in Recognized Obligation Payment Schedules for each six-month period of a Fiscal Year and to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period of a Fiscal Year, including listing a reserve on the Recognized Obligation Payment Schedule to the extent required by the Indenture or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the Bonds for the next payment due in the following six-month period (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency").

The Dissolution Act also contains certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for a Fiscal Year. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, the County Auditor-Controller, the State Department of Finance, and the State Controller no later than February 1 of each year. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 10th day after the February 1 deadline with respect to a Recognized Obligation Payment Schedule for the subsequent annual period.

The Successor Agency has submitted all Recognized Obligation Payment Schedules, duly approved by the Oversight Board, in a timely manner.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS" herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were executed and delivered as a result of future acts or omissions of the Successor Agency in violation of its covenants contained in the Indenture. Should such an event of taxability occur, the Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity.

In addition, Congress has considered in the past, is currently considering and may consider in the future, legislative proposals, including some that carry retroactive effective dates, that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. The Successor Agency can provide no assurance that federal tax law will not change while the Bonds are outstanding or that any such changes will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes. If the exclusion of the interest on the Bonds from gross income for federal income tax purposes were amended or eliminated, it is likely that the market price for the Bonds would be adversely impacted.

IRS Audit of Tax-Exempt Bond Issues

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

Risks Related to Insured Bonds

(to be completed)

Secondary Market

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

TAX MATTERS

[to be provided by Bond Counsel]

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in “APPENDIX F - PROPOSED FORM OF BOND COUNSEL OPINION.”

LEGAL MATTERS

Enforceability of Remedies

The remedies available to the Trustee and the Owners of the Bonds upon an event of default under the Indenture or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds and the Indenture are subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Approval of Legal Proceedings

Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Bond Counsel, will render an opinion which states that the Indenture is a valid and binding obligation of the Successor Agency and enforceable in accordance with its terms. The legal opinion of Bond Counsel will be subject to the effect of bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights and to the exercise of judicial discretion in accordance with general principles of equity. See “APPENDIX F” for the proposed form of Bond Counsel's opinion.

The Successor Agency has no knowledge of any fact or other information which would indicate that the Indenture is not so enforceable against the Successor Agency, except to the extent such enforcement is limited by principles of equity and by state and federal laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally.

Certain legal matters will be passed on for the Successor Agency by Glen R. Googins, City Attorney. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, will also pass on certain legal matters for the Successor Agency as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California. Fees payable to Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds. At times, Bond Counsel represents the Underwriter in matters unrelated to the Bonds.

No 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.

CONCLUDING INFORMATION

Ratings on the Bonds

Standard & Poor's has assigned its municipal bond rating of “__” with the understanding that the Policy insuring the payment when due of the principal of and interest on the Bonds will be issued concurrently by the Bond Insurer with the delivery of the Bonds. The Bonds have received the underlying rating of “__” by Standard & Poor's. Such ratings reflect only the views of Standard & Poor's, and any desired explanation of the significance of such ratings may be obtained from such rating agency at the following address: Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041, (212) 438-2000. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Except as otherwise required in the Continuing Disclosure Certificate, the Successor Agency undertakes no responsibility either to bring to the attention of the owners of any Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The Municipal Advisor

The material contained in this Official Statement was prepared by the Successor Agency with the assistance of Harrell & Company Advisors, LLC, Orange, California, an independent financial consulting firm, which advised the Successor Agency as to the financial structure and certain other financial matters relating to the Bonds. The information set forth herein has been obtained by the Successor Agency from sources which are believed to be reliable, but such information is not guaranteed by the Municipal Advisor as to accuracy or completeness, nor has it been independently verified. Fees paid to the Municipal Advisor are contingent upon the sale and delivery of the Bonds.

Continuing Disclosure

The Successor Agency will covenant to provide certain annual financial information (the “Annual Reports”) and notices of the occurrence of certain enumerated events in accordance with Rule 15c2-12 of the Securities Exchange Act of 1934 as amended (the “Rule”) by not later than March 31 in each year. Willdan Financial Services will act as Dissemination Agent. The specific nature of the information to be contained in the Annual Report or the notices of listed events and certain other terms of the continuing disclosure obligation are found in the form of the Successor Agency's Disclosure Certificate attached in “APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The City will assist the Successor Agency in complying with its continuing disclosure obligations.

The City and certain other entities related to the City, including the Former Agency, various community facilities districts and joint powers authorities (together, the “City Entities”), have entered into previous undertakings pursuant to the Rule. Within the last five years, the City and certain of the City Entities have failed to comply with their respective prior undertakings in the following respects: pursuant to the undertakings for the City's five series of Certificates of Participation (collectively, the “Certificates”) issued prior to 2011, the City's audit for Fiscal Year 2009-10 was timely filed on EMMA (by February 1, 2011) and referenced in the annual reports as being filed, however, the audit was not linked by CUSIP number to two series of Certificates until May 2011 and to the three other series of Certificates until February 2014; (ii) pursuant to the undertakings for certain of the community facilities districts, such community facilities districts were twelve days late in filing the City's audited financial statements in

2013; (iii) pursuant to the undertakings for three series of the Former Agency's bonds, the former Agency's annual reports due in February and March 2012 were not filed until July 2012 and financial statements due in February and March 2011 were not filed until February 2014, although financial statements were timely filed for all other years since 2011; (iv) notice of certain ratings changes resulting from changes in ratings on municipal bond insurance companies were not promptly filed and one notice of an underlying rating change was filed 37 days after the rating change occurred; and (v) in certain cases information was timely filed on EMMA under the applicable base CUSIP number for the issuer but not linked to all of the individual CUSIP numbers for a series of bonds.

The City has adopted policies and procedures regarding compliance with undertakings made by the City and the City Entities pursuant to the Rule and has retained the services of outside consultants to assist in the reporting process. The City's Finance Department has assigned a specific person to coordinate with the outside consultants and to monitor compliance.

Underwriting

The Bonds were sold to Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), who is offering the Bonds at the prices set forth on the inside cover page hereof. The initial offering prices may be changed from time to time and concessions from the offering prices may be allowed to dealers, banks and others.

The Underwriter has purchased the Bonds at a price equal to \$_____, which amount represents the principal amount of the Bonds plus a net original issue premium of \$_____, less an Underwriter's discount of \$_____. The Underwriter will pay certain of its expenses relating to the offering from the Underwriter's discount.

References

All statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Successor Agency and the purchasers or Owners of any of the Bonds.

Execution

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

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA

By: _____
Executive Director

APPENDIX A
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

[TO BE PROVIDED BY BOND COUNSEL]

APPENDIX B

CITY OF CHULA VISTA INFORMATION STATEMENT

The following information concerning the City of Chula Vista is presented as general background data. The Bonds are payable solely from Pledged Tax Revenues as described in the Official Statement. The Bonds are not an obligation of the City, and the taxing power of the City is not pledged to the payment of the Bonds.

General Information

Chula Vista is located on San Diego Bay in Southern California, 8 miles south of the City of San Diego and 7 miles north of the Mexico border, in an area generally known as “South Bay.” Chula Vista’s city limits cover approximately 50 square miles. Neighboring communities include the City of San Diego and National City to the north and the City of Imperial Beach and the communities of San Ysidro and Otay Mesa to the south. With a January 2015 estimated population of 257,989, Chula Vista is the second largest city in the County.

The City maintains an internet website (www.chulavistaca.gov) for various purposes, however, none of the information on that website is intended to assist investors in making any investment decision or to provide any continuing information with respect to the Certificates or any other bonds or obligations of the City.

Government Organization

Chula Vista was incorporated as a general law city on March 17, 1911, and operates under the council/manager form of government. It became a charter city in 1949. The City is governed by a five-member council consisting of four members and a Mayor, each elected at large for four-year alternating terms. The City Attorney is also elected at large. Beginning in 2016, City Council members will be elected by geographic districts. The positions of City Manager and City Clerk are filled by appointments of the Council. In Fiscal Year 2015/16, the City had 966 authorized full-time staff positions including sworn officers and fire personnel. Including part-time personnel, the City employs approximately 1,150 staff.

Governmental Services

Public Safety and Welfare

For Fiscal Year 2015/16, the City of Chula Vista Police Department has authorized total positions of 323, including sworn officers and non-sworn personnel providing patrol, traffic, animal control and investigations. There are nine fire stations located in and operated by the City, staffed by 27 fire personnel.

Community Services

Services provided by the City include building permit and inspection, planning and zoning, landscape and public infrastructure maintenance, street cleaning, traffic signal maintenance and municipal code compliance.

Public Services

Water is supplied to Chula Vista by the Otay Water District and the Sweetwater Water District. Sewer service is provided by the City. Electric power and natural gas are provided by San Diego Gas and Electric.

The Chula Vista Public Library is comprised of three individual libraries connected by a wide-area network. The Library's circulation is nearing 1 million. The Library delivers books in English and Spanish, videos and CDs, and community programming to the City's residents nearly every day of the year. The Library contains an Office of Cultural Arts dedicated to advancing the arts and culture in a manner designed to preserve the diverse cultures of the area.

Culture and Leisure

Chula Vista is the home to a variety of cultural and educational facilities such as the Chula Vista Heritage Museum, Onstage Playhouse, and the San Diego Junior Theater.

The Chula Vista Recreation Department provides citizens with a variety of park and recreational services on a year round basis. Facilities include nine community and recreation centers, including a youth community center and a senior center. The City also has two community pools open year round, 43 community and neighborhood parks, and a Memorial Bowl with seating for 700 at which the City's Summer Concert Series is hosted. The City also has after-school recreation programs throughout the community.

Community Information

Public educational instruction for kindergarten through high school is provided by the Chula Vista Elementary School District and Sweetwater Union High School District. There are also four adult education schools and numerous private schools. In addition to Southwestern College, a two year Community College, there are seven universities or colleges within 30 minutes commuting distance from Chula Vista in the San Diego metropolitan area.

There are two acute-care hospitals, two psychiatric hospitals and three convalescent hospitals in Chula Vista.

Transportation

U.S. Highways 5 (along the coast) and 805 (inland) provide full freeway access from Chula Vista north to San Diego and south to the Mexican border. Commuter rail service is provided by the San Diego Trolley, a light rail system. Eleven bus routes serve Chula Vista.

The City established Chula Vista Express, a three-part commuting program to promote public transportation, carpooling, vanpooling, biking and walking to work as alternatives to driving alone. It offers free bus service from the eastern part of the City to downtown San Diego, and a free shuttle from the eastern part of the City to the H Street Trolley Station to a cash incentive for riding or joining a vanpool or carpool.

Air cargo and passenger flight services are provided at San Diego's Lindbergh International Airport, 12 miles west, which is served by all major airlines. Cargo shipping is available at the Unified Port of San Diego, which serves as a transshipment facility for the region, which includes San Diego, Orange, Riverside, San Bernardino and Imperial counties, plus northern Baja California, Arizona and points east.

Population

Table No. B-1 summarizes population growth between 2011 and 2015 for the City and the County.

**TABLE NO. B-1
CHANGE IN POPULATION
CITY OF CHULA VISTA AND SAN DIEGO COUNTY
2011 – 2015**

January 1 Year	CHULA VISTA		SAN DIEGO COUNTY	
	Population	Percentage Change	Population	Percentage Change
2011	245,958		3,115,810	
2012	248,044	0.8%	3,128,387	0.4%
2013	252,586	1.8%	3,164,818	1.2%
2014	255,580	1.2%	3,192,457	0.9%
2015	257,989	0.9%	3,227,496	1.1%
% Change Between 2011 - 2015		4.9%	3.6%	

Source: State of California, Department of Finance, “E-4 Population Estimates for Cities, Counties and the State, 2011-2015, with 2010 Census Benchmark” Sacramento, California, May 2015.

Per Capita Personal Income

Per capita personal income information for the City, the County, the State and the United States are summarized in the following table.

**TABLE NO. B-2
PER CAPITA PERSONAL INCOME
CITY OF CHULA VISTA, SAN DIEGO COUNTY,
CALIFORNIA AND UNITED STATES ⁽¹⁾
2010 – 2014**

Year	City of Chula Vista	San Diego County	State of California	United States
2010	\$41,840	\$44,563	\$42,411	\$40,277
2011	43,000	47,095	44,852	42,453
2012	43,720	48,990	47,614	44,266
2013	43,240	49,907	48,125	44,438
2014	43,150	51,459	49,985	46,049

⁽¹⁾ For San Diego County, State of California and United States, per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2010-2014 reflect county population estimates available as of March 2015.

Note: All dollar estimates are in current dollars (not adjusted for inflation).

Last updated: November 19, 2015, new estimates for 2014; revised estimates for 2010-2013.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, City of Chula Vista Comprehensive Annual Financial Report.

Employment

As of December 2015, the civilian labor force for the City was approximately 119,800 of whom 112,600 were employed. The unadjusted unemployment rate as of December 2015 was 6.0% for the City as compared to 4.7% for the County and 5.8% for the State. Civilian labor force, employment and unemployment statistics for the City, County, the State and the nation, for the years 2010 through 2014 are shown in the following table:

**TABLE NO. B-3
CITY OF CHULA VISTA
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES**

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
<u>2010</u>				
City of Chula Vista	117,700	102,000	15,700	13.3%
San Diego County	1,516,000	1,353,100	162,900	10.7%
California	18,336,300	16,091,900	2,244,300	12.2%
United States	153,889,000	139,064,000	14,825,000	9.6%
<u>2011</u>				
City of Chula Vista	118,300	103,200	15,100	12.8%
San Diego County	1,526,000	1,368,700	157,300	10.3%
California	18,419,500	16,260,100	2,159,400	11.7%
United States	153,617,000	139,869,000	13,747,000	8.9%
<u>2012</u>				
City of Chula Vista	119,400	105,800	13,600	11.4%
San Diego County	1,544,600	1,403,600	141,000	9.1%
California	18,554,800	16,630,100	1,924,700	10.4%
United States	154,975,000	142,469,000	12,506,000	8.1%
<u>2013</u>				
City of Chula Vista	119,100	107,500	11,600	9.7%
San Diego County	1,546,200	1,425,800	120,400	7.8%
California	18,671,600	17,002,900	1,668,700	8.9%
United States	155,389,000	143,929,000	11,460,000	7.4%
<u>2014</u>				
City of Chula Vista	118,600	109,100	9,500	8.0%
San Diego County	1,546,400	1,447,100	99,200	6.4%
California	18,811,400	17,397,100	1,414,300	7.5%
United States	155,922,000	146,305,000	9,617,000	6.2%

Source: California State Employment Development Department.

Industry

The City is located in the San Diego-Carlsbad Metropolitan Statistical Area. As of December 2015, six major job categories constitute 82.0% of the work force. They are professional and business services (17.1%), government (16.9%), service producing (14.2%), educational and health services (14.1%), leisure and hospitality (12.7%), and manufacturing (7.0%). The number of wage and salary workers by industry for each of the years 2011 through 2015 in the Metropolitan Statistical Area is presented in Table No. B-4 below.

TABLE NO. B-4
SAN DIEGO-CARLSBAD METROPOLITAN STATISTICAL AREA
WAGE AND SALARY WORKERS BY INDUSTRY ⁽¹⁾
2011 - 2015
(in Thousands)

<u>Industry</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Government	229.8	231.2	233.1	236.6	240.3
Other Services	47.4	48.9	49.9	54.1	51.6
Leisure and Hospitality	155.4	162.2	170.9	178.8	180.9
Educational and Health Services	165.5	177.6	184.0	191.1	201.3
Professional and Business Services	212.3	221.8	230.7	237.2	244.2
Financial Activities	68.8	71.7	71.1	70.6	73.6
Information	24.3	24.6	24.7	24.9	25.8
Transportation, Warehousing and Utilities	26.8	28.5	27.2	27.5	27.8
Service Producing					
Retail Trade	143.3	147.4	152.4	152.4	156.3
Wholesale Trade	42.1	44.4	44.0	44.0	45.3
Manufacturing					
Nondurable Goods	22.5	23.5	24.7	24.7	25.0
Durable Goods	71.4	72.2	71.7	72.7	74.2
Goods Producing					
Construction	55.1	58.3	62.6	63.4	69.2
Natural Resources and Mining	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>
Total Nonfarm	1,265.1	1,312.7	1,347.4	1,378.4	1,415.9
Farm	<u>8.8</u>	<u>8.7</u>	<u>8.9</u>	<u>9.6</u>	<u>9.4</u>
Total (all industries)	<u>1,273.9</u>	<u>1,321.4</u>	<u>1,356.3</u>	<u>1,388.0</u>	<u>1,425.3</u>

⁽¹⁾ Annually, as of December.

Note: The unemployment rate is calculated using unrounded data. Data may not add due to rounding.

Source: State of California Employment Development Department, Labor Market Information Division, "Industry Employment & Labor Force - by month, March 2014 Benchmark."

The largest employers operating within the City and their respective number of employees as of June 2015 are as follows:

**TABLE NO. B-5
CITY OF CHULA VISTA
LARGEST EMPLOYERS**

<u>Name of Company</u>	<u>Employment</u>	<u>Type of Business/Service</u>
Sweetwater Union High School District	4,121	Education
Chula Vista Elementary School District	3,135	Education
Rohr Inc./Goodrich Aerospace	2,468	Aerospace Manufacturing
Southwestern Community College	1,918	Education
Sharp Chula Vista Medical Center	1,878	Hospital
Wal-Mart	1,239	General Merchandise
City of Chula Vista	1,178	Government
Scripps Mercy Hospital Chula Vista	1,058	Hospital
Costco	597	General Merchandise
24 Hour Fitness	559	Health Club

Source: City of Chula Vista Comprehensive Annual Financial Report.

Commercial Activity

The following table summarizes the volume of retail sales and taxable transactions for the City of Chula Vista for 2009 through 2013 (the most recent year for which statistics are available from the State Board of Equalization for the full year).

**TABLE NO. B-6
CITY OF CHULA VISTA
TOTAL TAXABLE TRANSACTIONS
(in \$ Thousands)
2009 – 2013**

<u>Year</u>	<u>Retail and Food Services (\$000's)</u>	<u>% Change</u>	<u>Retail and Food Services Permits</u>	<u>Total Taxable Transactions (\$000's)</u>	<u>% Change</u>	<u>Issued Sales Permits</u>
2009	\$1,976,176		2,543	\$2,199,592		4,005
2010	2,070,662	4.8%	2,649	2,303,400	4.7%	4,064
2011	2,184,654	5.5%	2,714	2,421,666	5.1%	4,095
2012	2,258,846	3.4%	2,778	2,501,497	3.3%	4,149
2013	2,333,365	3.3%	2,835	2,589,379	3.5%	4,182

Source: California State Board of Equalization, "Taxable Sales in California."

Taxable transactions by type of business for the City of Chula Vista for 2009 through 2013 (the most recent year for which statistics are available from the State Board of Equalization for the full year) are summarized in Table No. B-7.

TABLE NO. B-7
CITY OF CHULA VISTA
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
(in \$ Thousands)
2009 – 2013

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<i>Retail and Food Services</i>					
Clothing and Clothing					
Accessories Stores	\$ 118,759	\$ 134,611	\$ 139,282	\$ 147,168	\$ 150,789
General Merchandise Stores	617,638	649,020	657,146	668,390	675,819
Food and Beverage Stores	117,144	117,923	124,929	131,846	139,157
Food Services and Drinking Places	280,806	287,698	297,506	317,320	338,183
Home Furnishings and					
Appliance Stores	145,785	146,805	150,305	150,541	153,461
Building Materials and Garden					
Equipment and Supplies	94,134	94,588	99,766	105,472	109,437
Motor Vehicle and Parts Dealers					
Gasoline Stations	218,397	255,746	303,189	305,217	304,968
Other Retail Group	<u>194,997</u>	<u>198,423</u>	<u>203,410</u>	<u>202,547</u>	<u>215,390</u>
Total Retail and Food Services	1,976,176	2,070,661	2,184,654	2,258,846	2,333,365
<i>All Other Outlets</i>					
	<u>223,416</u>	<u>232,738</u>	<u>237,013</u>	<u>242,651</u>	<u>256,014</u>
Total All Outlets	<u>\$2,199,592</u>	<u>\$2,303,399</u>	<u>\$2,421,667</u>	<u>\$2,501,497</u>	<u>\$2,589,379</u>

Note: Detail may not compute to total due to rounding.

Source: California State Board of Equalization, "Taxable Sales in California."

Building Activity

Table No. B-8 summarizes building activity valuations for the City for the five-year period from 2010/11 through 2014/15.

**TABLE NO. B-8
CITY OF CHULA VISTA
BUILDING ACTIVITY AND VALUATION
2010/11 – 2014/15**

<u>Fiscal Year</u>	<u>Residential Building</u>		<u>Non-Residential Building</u>	
	<u>Units</u>	<u>Valuation</u>	<u>Buildings</u>	<u>Valuation</u>
2010/11	861	\$144,615,239	23	\$14,834,350
2011/12	479	120,416,023	12	4,281,013
2012/13	954	226,972,213	13	22,328,114
2013/14	571	116,869,207	26	53,222,385
2014/15				

Source: City of Chula Vista.

APPENDIX C
PROJECTED TAX REVENUES

APPENDIX D
AUDITED FINANCIAL STATEMENTS FOR THE FISCAL
YEAR ENDED JUNE 30, 2015

APPENDIX E
FORM OF CONTINUING DISCLOSURE CERTIFICATE

[to be provided by Disclosure Counsel]

APPENDIX F
PROPOSED FORM OF BOND COUNSEL OPINION

[to be provided by Bond Counsel]

APPENDIX G

THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given 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.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect

Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on such Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in

bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

APPENDIX H
SPECIMEN MUNICIPAL BOND INSURANCE POLICY