

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2016**NEW ISSUE—BOOK-ENTRY**

RATINGS: Insured Rating: S&P: “_”
Underlying Rating: S&P: “_”
See “CONCLUDING INFORMATION – Ratings”

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

\$ _____ *

**REDEVELOPMENT SUCCESSOR AGENCY OF THE CITY OF HAYWARD
 2016 TAX ALLOCATION REFUNDING BONDS**

Dated: Delivery Date

Due: September 1, as shown on the inside front cover

Purpose of the Bonds. The above captioned bonds (the "Bonds") are being issued by the Redevelopment Successor Agency of the City of Hayward (the "Successor Agency"), as successor agency to the former Redevelopment Agency of the City of Hayward (the "Former Agency") to (i) refund two outstanding series of bonds issued by the Former Agency (the "2004 Bonds" and the "2006 Bonds") payable from tax increment revenue generated in the Former Agency's Downtown Hayward Redevelopment Project Area (the "Project Area"), (ii) purchase a bond insurance policy and (iii) pay costs of issuance.

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

Payments. Annual principal of, premium if any, and semiannual interest on the Bonds due March 1 and September 1 of each year, commencing March 1, 2017 will be payable by The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"), to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds. See "THE BONDS."

Redemption*. The Bonds are subject to optional redemption and mandatory sinking account redemption prior to maturity. See "THE BONDS – Redemption."

Security for the Bonds. The Bonds are payable from and secured by a first lien and pledge of Tax Revenues (as described herein) allocable to the Successor Agency under the Dissolution Act (described herein) to be derived from parcels in the Project Area, and from moneys in certain funds and accounts established under the Indenture of Trust, dated as of _____ 1, 2016 (the "Indenture"), by and between the Successor Agency and the Trustee, as further described in this Official Statement. See "SECURITY FOR THE BONDS."

The Successor Agency will initially fund a reserve account for the Bonds with a debt service reserve fund surety policy. See "SECURITY FOR THE BONDS – Debt Service Reserve Account."

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

[Bond Insurance. The Successor Agency has applied for an insurance policy for the Bonds and a reserve fund insurance policy. The Successor Agency may purchase such insurance to be delivered concurrently with the delivery of the Bonds for some or all maturities. Any such decision will be made at the time of pricing.]

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

The Bonds are offered, when, as and if issued, subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, Bond Counsel to the Successor Agency. Jones Hall, A Professional Law Corporation, is also serving as Disclosure Counsel to the Successor Agency. In addition, certain legal matters will be passed upon for the Successor Agency by the City Attorney of the City, as Successor Agency general counsel. Certain legal matters will be passed on for the Underwriter by Stradling, Yocca, Carlson & Rauth, Newport Beach, California. It is anticipated that the Bonds will be available for delivery through the book-entry facilities of DTC, on or about _____, 2016.

[Underwriter's Logo- Hilltop/Stifel]

The date of this Official Statement is _____, 2016.

* Preliminary, subject to change.

MATURITY SCHEDULE*

<u>Maturity Date (September 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†] (Base _____)</u>
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*Preliminary; subject to change.

† Copyright 2016, CUSIP Global Services, and a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the Successor Agency nor the Underwriter assumes any responsibility for the accuracy of the CUSIP data.

**SUCCESSOR AGENCY TO THE
HAYWARD REDEVELOPMENT AGENCY**

CITY COUNCIL/SUCCESSOR AGENCY BOARD

Barbara Halliday, Mayor
Al Mendall, Councilmember
Francisco Zermeño, Councilmember
Marvin Peixoto, Councilmember
Mark Salinas, Councilmember
Sara Lamnin, Councilmember
Elisa Márquez, Councilmember

CITY/SUCCESSOR AGENCY STAFF

Kelly McAdoo, City Manager
Dustin Claussen, Acting Director of Finance
Michael Lawson, City Attorney
Miriam Lens, City Clerk

SPECIAL SERVICES

Financial Advisor

NHA Advisors, LLC
San Rafael, California

Bond & Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Trustee

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

Fiscal Consultant

HdL Coren & Cone
Diamond Bar, California

Verification Agent

_____, _____

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GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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

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

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

Application for Insurance. The Successor Agency has applied for a municipal bond insurance policy for the Bonds and a reserve fund insurance policy. The Successor Agency may purchase such insurance to be delivered concurrently with the delivery of the Bonds for some or all maturities. Any such decision will be made at the time of pricing.

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

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

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

OFFICIAL STATEMENT

\$ _____ *

**REDEVELOPMENT SUCCESSOR AGENCY OF THE CITY OF HAYWARD
2016 TAX ALLOCATION REFUNDING BONDS**

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the Redevelopment Successor Agency of the City of Hayward (the “**Successor Agency**”) of the above-captioned bonds (the “**Bonds**”).

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description and guide to, and is qualified by, the more complete and detailed information contained in the entire Official Statement including the cover page and the appendices hereto, and the documents summarized or described herein. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Authority and Use of Proceeds

The Successor Agency is issuing the Bonds pursuant to authority granted by Part 1 (commencing with Section 33000) and Part 1.85 of Division 24 (commencing with Section 34170) of the California Health and Safety Code (the “**Redevelopment Law**”), Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “**Refunding Law**”), including the Dissolution Act described herein, and an Indenture of Trust dated as of _____ 1, 2016 (the “**Indenture**”) by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as trustee (the “**Trustee**”). See “THE BONDS – Authority for Issuance.”

* Preliminary, subject to change.

The Successor Agency is issuing the Bonds in order to redeem and defease the following bonds issued by the Redevelopment Agency of the City of Hayward (the “**Former Agency**”):

- \$44,790,000 Redevelopment Agency of the City of Hayward 2003 Tax Allocation Bonds, Series A (the “**2004 Bonds**”), and
- \$20,625,000 Redevelopment Agency of the City of Hayward Downtown Hayward Redevelopment Project Tax Allocation Bonds, Series 2006 (the “**2006 Bonds**”).

The proceeds of the 2004 Bonds and the 2006 Bonds (together, the “**Prior Bonds**”) were used to finance or refinance redevelopment activities in the Former Agency’s Downtown Hayward Redevelopment Project Area (the “**Project Area**”).

Proceeds of the Bonds will also be used to pay the costs of issuing the Bonds, including the premium for a municipal bond insurance policy and/or reserve fund insurance policy for the Bonds, if applicable.

The City and the Successor Agency

The City. The City of Hayward (the “**City**”) is located fourteen miles south of Oakland in the San Francisco Bay area and includes sixty-one square miles lying between the eastern shore of the San Francisco Bay and the southern Oakland-Berkeley Hills. The City is the sixth largest city in the San Francisco Bay Area and the third largest city in Alameda County (the “**County**”). The City serves as a major transportation hub and center of commercial and industrial activity, with immediate access to major interstate freeways, rail lines, and public transit routes such as Bay Area Rapid Transit (BART). The community includes approximately 49,000 homes, residences of all types, and considerable commercial and industrial development. Major institutional facilities include California State University-East Bay, Chabot Community College, one major hospital, and state and county offices.

The Former Agency. The Successor Agency is the successor entity to the Former Agency, which was dissolved under the Dissolution Act (described herein). The Former Agency was activated in 1969, at which time the City Council declared itself to be the governing board of the Former Agency. The Former Agency adopted the redevelopment plan for the Project Area in 1975. The Project Area is the only redevelopment project area of the Former Agency.

Dissolution Act. On June 29, 2011, Assembly Bill No. 26 (“**AB 1X 26**”) was enacted together with a companion bill, Assembly Bill No. 27 (“**AB 1X 27**”). The provisions of AB 1X 26 provided for the dissolution of all redevelopment agencies statewide as of February 1, 2012. The provisions of AB 1X 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB 1X 26 and AB 1X 27. On December 19, 2012, the California Supreme Court largely upheld AB 1X 26, invalidated AB 1X 27, and held that AB 1X 26 may be severed from AB 1X 27 and enforced independently. As a result of AB 1X 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former

redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB 1X 26 relating to the dissolution and wind down of former redevelopment agency affairs are found in Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“**AB 1484**”) and on September 22, 2015 by Senate Bill 107 (as further amended from time to time, the “**Dissolution Act**”).

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

The Project Area

The Project Area includes the City’s commercial center, which contains numerous businesses, city buildings, and governmental and cultural facilities, including Centennial Hall (a multipurpose conference center), the main library, the Hayward Little Theater, Japanese Gardens, and several parks. Amendments to the redevelopment plan in 1987, 1998 and 2001 added a total of 1,108 acres to the Project Area. The assessed value of the Project Area in fiscal year 2016-17 was approximately \$2.219 billion and Tax Revenues are projected to be approximately \$16.28 million.

See “THE PROJECT AREA” for additional information on land use and property ownership within the Project Area.

Security for the Bonds - Tax Allocation Financing

The Dissolution Act authorizes the Successor Agency to issue refunding bonds secured by a pledge of, and lien on, and repaid from incremental property tax revenues (the “**Tax Revenues**,” as defined in the Indenture) deposited with respect to the Project Area from time to time in the Redevelopment Property Tax Trust Fund (the “**Redevelopment Property Tax Trust Fund**”) established and held by the Alameda County Auditor-Controller (the “**County Auditor-Controller**”). See “SECURITY FOR THE BONDS - Tax Revenues” for the definition of “Tax Revenues.” Section 34177.5(a)(1) authorizes the issuance of such refunding bonds to provide savings to the Successor Agency, provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness does not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness does not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance. See “SECURITY FOR THE BONDS.”

Prior to the enactment of AB 1X 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 dropped below the base year level, the taxing agencies receiving property taxes thereafter received only that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion of property taxes produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations.

As a consequence of the dissolution of redevelopment agencies, all property tax revenues that would have been allocated to redevelopment agencies are now allocated to the applicable redevelopment property tax trust fund created by the county auditor-controller for the “successor agency.” Such funds are to be used for payments on indebtedness and other “enforceable obligations” (as defined in the Dissolution Act), and to pay certain administrative costs, with amounts in excess of those to be considered property taxes that will be distributed to taxing agencies. In addition, under the Dissolution Act tax increment is no longer deemed to flow directly to the successor agency. Further, the Dissolution Act no longer requires successor agencies to deposit a portion of the tax increment into a low- and moderate-income housing fund. Rather, all funds are considered property taxes.

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency from the Project Area had the Former Agency not been dissolved pursuant to the operation of AB 1X 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same lien priority and legal effect as if the Bonds had been issued prior to the effective date of AB 1X 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedules. See “SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules.”

The Dissolution Act further provides that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Bonds, are taxes allocated to the successor agency pursuant to the provisions of the Redevelopment Law and the State Constitution.

Property tax revenues will be allocated to the Successor Agency on a semi-annual basis based on a Recognized Obligation Payment Schedule submitted by the Successor Agency to an oversight board established for the Successor Agency (the “**Oversight Board**”) and the State Department of Finance (the “**DOF**”). The County Auditor-Controller will distribute funds from the Redevelopment Property Tax Trust Fund for each six-month period in the order specified in the Dissolution Act. See “SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules.”

Successor agencies have no power to levy property taxes and must rely on the allocation of taxes as described above. See “RISK FACTORS.”

Bond Insurance

[[The Successor Agency has applied for an insurance policy for the Bonds. The Successor Agency may purchase such insurance to be delivered concurrently with the delivery of the Bonds for some or all maturities. Any such decision will be made at the time of pricing.]]

Limited Obligation

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

Debt Service Reserve Account

Simultaneously with the issuance of the Bonds, in order to further secure the payment of the principal and interest on the Bonds, a debt service reserve account (the “**Reserve Account**”) [[[will be funded by proceeds of the Bonds or the deposit of a “**Qualified Reserve Account Credit Instrument**” (as defined in the Indenture) in the form of a debt service reserve fund surety policy (the “**Reserve Policy**”)]]] in an amount equal to the “**Reserve Requirement**” (as defined herein) to be issued by the Bond Insurer. See “SECURITY FOR THE BONDS – Debt Service Reserve Account.”

Professionals Involved in the Offering

NHA Advisors, LLC, San Rafael, California, has served as financial advisor to the Successor Agency and has advised the Successor Agency with respect to the financial structure of the refinancing and as to other financial aspects of the transaction. *Payment of the fees and expenses of the financial advisor is contingent upon the sale and delivery of the Bonds.*

All proceedings in connection with the issuance of the Bonds are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the Successor Agency. Jones Hall is also acting as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by Stradling, Yocca, Carlson & Rauth. In addition, certain legal matters will be passed upon for the Successor Agency by the City Attorney of the City. *Payment of the fees and expenses of Bond Counsel, Disclosure Counsel and Underwriter’s Counsel is contingent upon the sale and delivery of the Bonds.*

Further Information

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

During the period of the initial offering of the Bonds, copies of the draft forms of all documents are available from the Underwriter or from the City Clerk, City of Hayward, 777 B Street, Hayward, CA 94541.

[End of Introduction]

REFUNDING PLAN

The Successor Agency is issuing the Bonds in order to refund on a current basis (i) the 2004 Bonds, which are currently outstanding in the aggregate principal amount of \$30,380,000, and (ii) the 2006 Bonds, which are currently outstanding in the aggregate principal amount of \$11,380,000. The 2004 Bonds are subject to optional redemption on any date on or after March 1, 2014 at a price equal to 100% of the principal amount thereon plus accrued and unpaid interest thereof; the 2006 Bonds are subject to optional redemption on any date on or after March 1, 2016 at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon.

The 2004 Bonds were issued (a) to refund on a current basis the Former Agency's outstanding Downtown Hayward Redevelopment Project 1996 Tax Allocation Refunding Bonds (the "**1996 Bonds**") and (b) finance certain public facilities. The 1996 Bonds were issued for the purpose of refunding on an advance basis the Former Agency's outstanding Downtown Hayward Redevelopment Project 1989 Tax Allocation Bonds (the "**1989 Bonds**"). The 1989 Bonds were issued for the purpose of financing certain public facilities.

The 2006 Bonds were issued to finance various redevelopment activities in the Project Area.

After the defeasance of the Prior Bonds, there will be no other outstanding bonds of the Successor Agency with a senior or parity pledge and lien on Tax Revenues.

Redemption of the Prior Bonds

At the time of issuance of the Bonds the Successor Agency will give Irrevocable Refunding Instructions to Wells Fargo Bank, N.A., as the Trustee for the Prior Bonds (the "**Prior Trustee**"), for the purpose of providing the terms and conditions relating to the deposit and application of proceeds of the Bonds and other moneys to provide for the payment and redemption of (i) all of the outstanding 2004 Bonds pursuant to an Indenture of Trust, dated as of May 1, 2004 (the "**2004 Indenture**"), by and between the Former Agency and the Prior Trustee and (ii) all of the outstanding 2006 Bonds pursuant to the 2004 Indenture, as supplemented by a First Supplement to Indenture of Trust, dated as of June 1, 2006 (the "**2006 First Supplement**"; the 2004 Indenture, as supplemented by the 2006 First Supplement, the "**2006 Indenture**"; together with the 2004 Indenture, the "**Refunded Bonds Indentures**"), by and between the Former Agency and the Prior Trustee.

Upon issuance of the Bonds, proceeds of the Bonds in the amount needed for redemption of the Prior Bonds will be transferred to the Redemption Accounts established under each Indenture to be applied, pursuant to the Irrevocable Refunding Instructions for redemption of the Prior Bonds on the Redemption Date. None of the amounts transferred to or on deposit in the Redemption Accounts will be applied for any purpose other than as provided in the Irrevocable Refunding Instructions.

Following redemption of the outstanding principal amount of all of the Prior Bonds, any monies remaining in each respective Redemption Account will be transferred to the Trustee for deposit into the Debt Service Fund established under the Indenture to be used to pay interest on the Bonds.

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

Verification of Mathematical Accuracy. The sufficiency of amounts on deposit in the Redemption Accounts together with investment earnings thereon to pay the principal and accrued interest with respect to the applicable Prior Bonds being refunded will be verified by _____, certified public accountants (the “**Verification Agent**”). The Verification Agent will deliver a report to that effect on the date of delivery of the Bonds.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds are summarized below.

Sources:

Principal Amount of Bonds

Plus: Prior Bonds - Available Funds

Plus: Net Original Issue Premium/*Less:* Net Original Issue

Discount

Total Sources

Uses:

Refunding of 2004 Bonds

Refunding of 2006 Bonds

Costs of Issuance Fund ⁽¹⁾

Underwriter's Discount

Total Uses

(1) Costs of Issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Financial Advisor, Trustee, Verification Agent, [premium for bond insurance, and reserve policy,] administrative costs, Successor Agency Counsel, printing expenses, rating fee, and other costs related to the issuance of the Bonds.

Debt Service Schedule

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

Bond Year Ending September 1	2016 Bonds Principal	2016 Bonds Interest	Total Debt Service
2017			\$2,924,681
2018			3,079,525
2019			3,053,975
2020			3,053,675
2021			3,050,375
2022			3,048,975
2023			3,044,375
2024			3,046,375
2025			3,044,775
2026			3,044,475
2027			2,883,575
2028			2,898,988
2029			2,078,825
2030			1,271,575
2031			1,276,700
2032			1,274,900
2033			1,276,400
2034			1,276,100
2035			1,274,000
2036			1,275,000
2037			--
Total			\$47,177,269

THE BONDS

Authority for Issuance

The issuance of the Bonds and the execution and delivery of the Indenture were authorized by the Successor Agency pursuant to Resolution No. _____ adopted on May 3, 2016 (the “**Resolution**”), and approved by the Oversight Board pursuant to Resolution No. 2016-03 adopted on June 28, 2016 (the “**Oversight Board Resolution**”).

Pursuant to the Dissolution Act, written notice of the Oversight Board Resolution was provided to the DOF. On September 14, 2016, the DOF provided a letter to the Successor Agency stating that, based on the DOF’s review and application of the law, the Oversight Board Resolution approving the Bonds is approved by the DOF. See “APPENDIX G – State Department of Finance Approval Letter.”

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

Description of the Bonds

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

Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) will be calculated on the basis of a 360-day year of twelve 30-day months at the rates shown on the inside cover page of this Official Statement, payable semiannually on March 1 and September 1 in each year, commencing on March 1, 2017 (each an “**Interest Payment Date**”), by check mailed to the registered owners thereof or upon the request of the Owners of \$1,000,000 or more in principal amount of Bonds, by wire transfer to an account in the United States which shall be designated in written instructions by such Owner to the Trustee on or before the Record Date preceding the Interest Payment Date. “**Record Date**” as defined in the Indenture means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

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

Redemption*

Optional Redemption. The Bonds maturing on or before September 1, 20__ are not subject to optional redemption prior to maturity. The Bonds maturing on and after September 1, 20__, are subject to redemption, at the option of the Successor Agency on any date on or after September 1, 20__, as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Account Redemption. The Bonds that are Term Bonds maturing September 1, 20__ shall 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, 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 (i) in lieu of redemption thereof such Term Bonds may be purchased by the Successor Agency pursuant to the Indenture, and (ii) if some but not all of such Term Bonds have been optionally redeemed, 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.

Term Bonds Maturing September 1, 20__

Sinking Account Redemption Date (September 1)	Principal Amount To Be Redeemed
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Purchase in Lieu of Redemption. In lieu of such redemption of the Bonds, amounts on deposit in the Debt Service Fund or in the Principal Account or Sinking Account may also be used and withdrawn by the Successor Agency and the Trustee, respectively, at any time, upon the Written Request of the Successor Agency, for the purchase of the Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Successor Agency may in its discretion determine. The par amount of any Term Bonds so purchased by the Successor Agency in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds required to be redeemed pursuant to subsection (d) on September 1 in each year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said July 1. In no event shall the Successor Agency purchase any Term Bonds in lieu of redemption without canceling such Term Bonds.

* Preliminary, subject to change.

Notice of Redemption. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than forty-five (45) days prior to the redemption date, to (i) to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to the Information Services; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state that optional redemption is conditioned upon the timely delivery of the redemption price by the Successor Agency to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Right to Rescind Notice. The Successor Agency has the right to rescind any notice of the optional redemption of Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default. The Successor Agency and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose will, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

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

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

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

Additional Bonds

Parity Debt. In the Indenture, the Successor Agency covenants that it will not issue any bonds, notes or other obligations that are payable from or secured by a lien on Tax Revenues that is superior to the lien under the Indenture. The Successor Agency may issue bonds, notes or other obligations that are payable from and secured by a lien on Tax Revenues that is on parity with the lien under the Indenture ("**Parity Debt**") to refund all or a portion of the Outstanding Bonds provided that with respect to any such refunding (i) annual debt service on such Parity Debt, as applicable, is lower than annual debt service on the obligations being refunded during every year the obligations would otherwise be outstanding (ii) the final maturity of any such Parity Debt does not exceed the final maturity of the obligations being refunded, (iii) the interest rate on the Parity Debt shall be fixed on the date of issuance of the Parity Debt, (iv) principal payments shall be on September 1 and interest payments on September 1 and March 1, and (v) prior to the issuance of any Parity Debt, the Successor Agency shall use commercially reasonable efforts, to the extent permitted by law, to subordinate all amounts, if any, payable to a taxing entity pursuant to Section 33607.5 and 33607.7 to the payment of debt service on such Parity Debt.

After the defeasance of the Prior Bonds, there will be no other outstanding bonds of the Successor Agency with a senior or parity pledge and lien on Tax Revenues.

Subordinate Debt. The Indenture permits the Successor Agency to issue subordinated obligations which are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues, including revenue bonds and other debts and obligations scheduled for payment pursuant to Section 34183(a)(2) of the Redevelopment Law; or (b) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues under the Indenture for the security of the Bonds and any Parity Debt ("**Subordinate Debt**"). Any Subordinate Debt shall be payable on the same dates as the Bonds and shall be in all respect, including security and payments, subordinate and junior to the Bonds.

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TAX INCREMENT FINANCING GENERALLY

Property Tax Allocation and Collection Procedures

Tax Revenues to be used for payment of the Bonds are generated from increases in the total assessed value above the base year value. See "SECURITY FOR THE BONDS." The method by which a county allocates property taxes and tax increment revenues can have a significant impact on the receipt of such revenues. The County calculates tax increment to the Project Area by applying the one percent tax rate and certain overrides to incremental taxable value. Tax rates in excess of one percent are not levied in the Project Area. The County also allocates supplemental property tax revenues to the Project Area.

The County Auditor-Controller reduces the total amount of tax increment revenue by administrative expenses and the amount of property tax revenue to be distributed to those taxing entities which have elected to receive additional property tax allocations pursuant to former Health and Safety Code Section 33676, and also pursuant to Section 33401 tax sharing agreements. The County annually reports the tax increment levy due the Project Area to the Successor Agency.

Tax increment is allocated based on 100% of the County calculated levy, under the Teeter Plan. See "Teeter Plan" below.

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

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

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

Penalty. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each fiscal year. Such property may thereafter be redeemed by payment of

the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

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

Unitary Property. Assembly Bill 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, tax revenues derived from unitary property and assessed by the State Board of Equalization are accumulated in a single Tax Rate Area for the County. The tax revenues are then to be allocated to each taxing entity county-wide in accordance with AB 454 (Statutes of 1987, Chapter 921) which provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Beginning in fiscal year 2007-08, unitary railroad values have been and continue to be reported on a countywide basis and allocated based on a formula pursuant to State law. State-assessed non-unitary values are reported at the local tax rate area level.

The amount of unitary revenues to be allocated to the Successor Agency from the Project Area for fiscal year 2016-17 is estimated to be [\$129,054].

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

Property Tax Administrative Costs. In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges.

In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 2557/SB 1559 amounts, to be deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund available as Tax Revenues for payment of the Bonds. For Fiscal Year 2015-16, the County's administrative change to the Successor Agency for the Project Area was \$108,475, or approximately 0.74% of the Project Area's Gross Tax Revenue for 2015-16. The County Collection charges for 2016-17 are not yet available.

Article XIII A of the State Constitution

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

Article 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.

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

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

In the general election held on November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIII A. Proposition 58 amended Article XIII A to provide that the terms "purchase" and "change of ownership," for the purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (a) real property between spouses; and (b) the principal residence and

the first \$1,000,000 of other property between parents and children. This amendment to Article XIII A may reduce the rate of growth of local property tax revenues.

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

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

Each year the State Board of Equalization announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. The changes in the California Consumer Price Index from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. Through fiscal year 2010-11 there were six occasions when the inflation factor was less than 2%. Until fiscal year 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels; however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was -0.237% and this resulted in a reduction to the adjusted base year value of parcels. The table below reflects the inflation adjustment factors for the current fiscal year and 12 prior fiscal years. The State Board of Equalization announced an inflation factor of 1.525% for fiscal year 2016-17; consequently the projections of Tax Revenues in Table 6.2 herein assumes an annual growth factor of 1.525% in fiscal year 2016-17 and 2% thereafter. See "THE PROJECT AREA - Projected Tax Revenues and Estimated Debt Service Coverage."

14-Year Summary of Inflation Adjustment Factors

<u>Fiscal Year</u>	<u>Base Year Value Change</u>
2003-04	2.000%
2004-05	1.867
2005-06	2.000
2006-07	2.000
2007-08	2.000
2008-09	2.000
2009-10	2.000
2010-11	(0.237)
2011-12	0.753
2012-13	2.000
2013-14	2.000
2014-15	0.454
2015-16	1.998
2016-17	1.525

Appropriations Limitation – Article XIII B

On November 6, 1979, State voters approved Proposition 4 (also known as the Gann Initiative), which added Article XIII B to the State Constitution. Article XIII B limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior

fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The “base year” for establishing such appropriations limit is State fiscal year 1978-79, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

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

Articles XIII C and XIII D of the State Constitution

At the election held on November 5, 1996, Proposition 218 was passed by the voters of the State. The initiative added Articles XIII C and XIII D to the State Constitution. Provisions in the two articles affect the ability of local government to raise revenues. The Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218.

Proposition 87

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

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

The various amendments adopted by the City and the Former Agency included changes to the financial and time limits of the Project Area, however under SB 107 enacted in September 2015 the applicability of plan limits have been eliminated; as such, all provisions of the Redevelopment Law that depend on the allocation of tax increment to redevelopment agencies became inoperative commencing January 1, 2016, and it provides further that, solely for the purposes of the payment of enforceable obligations under the Dissolution Act, the limitations relating to time, number of tax dollars or any other matters no longer apply to successor agencies.

Future Initiatives

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

Appeals of Assessed Values

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

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

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

In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals. Under this section of the code, the value of property can be reduced due to damage, destruction, removal of property or other factors that cause a decline in value.

Any county may, on its own initiative, also process temporary assessed value reductions for certain properties (where the assessed values exceeded the market value of properties as of the January 1 lien date) without prompting from individual taxpayers. Typically, the properties to be reviewed by the various counties for these “automatic” reductions were single-family homes and condominiums which transferred ownership between 2003 and 2010. These reductions were triggered because residential property values decreased in many areas of the State through the 2012-13 fiscal year. Between 2008-09 and 2012-13 the County made across the board reductions pursuant to Proposition 8 to residential property that reduced value significantly, however reversals of some of the reductions have occurred since then. See “THE PROJECT AREA - Appeals of Assessed Values; Proposition 8 Reductions.”

Any reduction in the assessed value ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See also “RISK FACTORS – Reduction in Inflationary Rate.”

Base Year Appeals. A second type of assessment appeal is called a Base Year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the “base year” value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Low and Moderate Income Housing

Before the Dissolution Act, the Redevelopment Law required the Former Agency to set aside not less than 20% of all tax increment generated in the Project Area into a low- and moderate-income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low- and moderate-income housing. These tax increment revenues were commonly referred to as “**Housing Set-Aside.**”

The Dissolution Act eliminated the Housing Set-Aside requirement. As a result, and because the Successor Agency has no obligations that are payable from Housing Set-Aside, the amount of tax increment that would have been the former Housing Set-Aside is available to pay debt service on the Bonds. Accordingly, the projection of Tax Revenues set forth in the section of this Official Statement entitled “PROJECTED TAX REVENUES AND DEBT SERVICE COVERAGE” assumes the availability of the former Housing Set-Aside for payment of the Bonds.

Adjustments to Revenue

State law allows counties to charge taxing entities, including redevelopment agencies, for the cost of administering the property tax collection system. In addition, the Dissolution Act allows counties to recover their costs in implementing the redevelopment Dissolution Act.

Tax Sharing Payments. The Redevelopment Law authorized the Former Agency to enter into agreements with taxing agencies whose territory was located within the Project Area, whereby the Former Agency would pay tax increment revenues to such taxing agencies to

alleviate the financial burden or detriment caused by the redevelopment project. Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law require successor agencies, under certain circumstances, to make statutory pass-through payments to taxing agencies whose territory is located within the Project Area, to alleviate the financial burden or detriment caused by the redevelopment project. See “THE PROJECT AREA - Tax Sharing Payments” below.

THE DISSOLUTION ACT

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

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

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

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

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

collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

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

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

SECURITY FOR THE BONDS

Limited Obligation

The Bonds are limited obligations of the Agency secured by and payable from a pledge of, and lien on, and repaid from certain incremental property tax revenues (the “**Tax Revenues**,” as defined below) deposited with respect to the Project Area from time to time in the Redevelopment Property Tax Trust Fund described herein and held by the County Auditor-Controller. See “- Tax Revenues” below.

The Bonds are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State or any of their political subdivisions except the Successor Agency are liable therefor. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. No member of the Successor Agency, the Oversight Board or the Board of Supervisors of the County shall be individually or personally liable for the payment of the principal of or interest or redemption premium, if any, on the Bonds.

Tax Revenues

“**Tax Revenues**” is defined in the Indenture to mean, for each Fiscal Year, all moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Law, excluding amounts if any, payable by the Successor Agency pursuant to Sections 33676, 33607.5 and 33607.7 of the Law and Section 34183(a)(1) of the Dissolution Act, except to the extent such amounts are payable on a basis subordinate to the payment of Annual Debt Service on the Bonds or any Parity Debt pursuant to Section 33607.5(e) of the Law and 34177.5(c) of the Dissolution Act.

Pledge Under the Indenture

Except as described in “- Redevelopment Obligation Retirement Fund” below and as required to compensate or indemnify the Trustee, the Bonds and any Parity Debt are equally secured by a pledge of, security interest in and lien on all of the Tax Revenues including all of the Tax Revenues in the Redevelopment Obligation Retirement Fund and by a first and exclusive pledge and lien upon all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account, the Sinking Account, and the Redemption Account) without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Bonds (and any Parity Debt that is issued pursuant to a Supplemental Indenture) are additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Reserve Account established for the Bonds by the Indenture.

The County Auditor-Controller will deposit property tax revenues into the Redevelopment Property Tax Trust Fund pursuant to the requirements of the Dissolution Act, including *inter alia* Health and Safety Code sections 34183 and 34170.5(b). Except for the Tax Revenues and the moneys described in the previous paragraph, no funds or properties of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

After the defeasance of the Prior Bonds, there will be no other outstanding bonds of the Successor Agency with a senior or parity pledge and lien on Tax Revenues.

In consideration of the acceptance of the Bonds by purchasers of the Bonds, the Indenture will be deemed to be and will constitute a contract between the Successor Agency and the Trustee for the benefit of the Owners from time to time of the Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Successor Agency are for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

Flow of Funds Under the Indenture

General. The Successor Agency previously established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Dissolution Act and agrees to hold and maintain the Redevelopment Obligation Retirement Fund as long as any of the Bonds are Outstanding.

Deposit in Redevelopment Obligation Retirement Fund; Transfer to Debt Service Fund. The Indenture provides that the Successor Agency shall deposit all of the Tax Revenues into the Redevelopment Obligation Retirement Fund promptly upon receipt. All Tax Revenues received by the Successor Agency in excess of the amounts required to pay debt service on the Bonds during the applicable period or as additionally required pursuant to a Supplemental Indenture or authorizing document for Parity Debt, shall be released from the pledge and lien under the Indenture and shall be applied in accordance with the Redevelopment Law, including but not limited to the payment of debt service on any Subordinate Debt. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indentures, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

Deposit of Amounts by Trustee. A trust fund to be known as the Debt Service Fund will be established and held in trust by the Trustee under the Indenture. Concurrently with making transfers with respect to Parity Debt, the Successor Agency will transfer moneys on deposit in the Redevelopment Obligation Retirement Fund that have been deposited therein for the payment of debt service on the Bonds or for the replenishment of the Reserve Account to the Trustee for deposit in the Debt Service Fund. The Trustee will transfer amounts on deposit in the Debt Service Fund in the following amounts, at the following times and in the following respective special accounts, which are established in the Debt Service Fund, and in the following order of priority:

Interest Account. On or before the fifth Business Day preceding each Interest Payment Date, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee, for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. All moneys in the Interest Account shall be used and withdrawn by

the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable.

Principal Account. On or before the fifth Business Day preceding each September 1 on which the principal of the Bonds becomes due and payable, and at maturity, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Bonds. No such deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next September 1 on all of the Outstanding Bonds and any Parity Debt. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds and any Parity Debt as it shall become due and payable.

Sinking Account. No later than the fifth Business Day preceding each September 1 on which any Term Bond becomes subject to mandatory sinking account redemption, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required to be redeemed on such September 1. No such deposit need be made to the Sinking Account if the amount contained therein is at least equal to the Sinking Account payments to become due on the next September 1 on all of the Outstanding Bonds. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon redemption or purchase pursuant to the Indenture.

Reserve Account. Within the Debt Service Fund there will be established a separate account known as the "Reserve Account" solely as security for payments payable by the Successor Agency pursuant to the Indenture, which shall be held by the Trustee in trust for the benefit of the Owners of the Bonds. See "Debt Service Reserve Account" below.

If the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Upon receipt of any such notice and as promptly as is permitted by the Redevelopment Law, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account.

Redemption Account. On or before the Business Day preceding any date on which Bonds are to be redeemed pursuant to the optional redemption provisions of the Indenture, other than mandatory Sinking Account redemption of Term Bonds, the Trustee will withdraw from the Debt Service Fund any amount transferred by the Successor Agency for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such date. All moneys in the Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed pursuant to an optional redemption on the date set for such redemption, other than mandatory Sinking Account redemption of Term Bonds.

Interest due on the Bonds to be redeemed on the date set for redemption will, if applicable, be paid from funds available therefor in the Interest Account.

Debt Service Reserve Account

Definition of Reserve Requirement. The Indenture defines “**Reserve Requirement**” to mean, with respect to the 2016 Bonds and any Parity Debt issued as Bonds pursuant to a Supplemental Indenture, the lesser of (i) 10% of the original aggregate principal amount of the 2016 Bonds and such Parity Debt (if there is more than a de minimis amount of original issue discount or premium (as defined in the Code), the issue price shall be used instead of principal amount) or (ii) 125% of the average Annual Debt Service with respect to the 2016 Bonds and such Parity Debt, as applicable or (iii) Maximum Annual Debt Service with respect to the 2016 Bonds and such Parity Debt, as applicable. The Supplemental Indenture for a Parity Debt issued as Bonds pursuant to a Supplemental Indenture may provide that the Successor Agency may meet all or a portion of the Reserve Requirement for such Parity Debt by depositing a Qualified Reserve Account Credit Instrument in a reserve account for the Parity Debt. [The Successor Agency will meet the Reserve Requirement in connection with the issuance of the 2016 Bonds by depositing the 2016 Reserve Policy in the Reserve Account.]

The amount on deposit in the Reserve Account will be maintained at the Reserve Requirement at all times prior to the payment of the Bonds in full. If there are insufficient Tax Revenues to maintain the Reserve Requirement, the Successor Agency is obligated under the Indenture to continue making transfers as Tax Revenues become available until there is an amount sufficient to maintain the Reserve Requirement (including the payment of all amounts due and payable to the Insurer in connection with the Reserve Policy on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there is on deposit therein a sum at least equal to the Reserve Requirement.

Initial Deposit into the Reserve Account. On the date of issuance of the Bonds, the Successor Agency [[[may elect]]] to purchase a Qualified Reserve Account Credit Instrument in the form of the Reserve Policy in that amount, which is equal to the initial Reserve Requirement. In that event, the Indenture provides that if, at any time that the Bonds are Outstanding, amounts are not available under the Reserve Policy other than in connection with a draw on the Reserve Policy, the Successor Agency has no obligation to replace the Reserve Policy or to fund the Reserve Account with cash.

Use of Moneys in the Reserve Account. All money in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement will be withdrawn from the Reserve Account semiannually on or before two Business Days preceding each March 1 and September 1 by the Trustee and deposited in the Interest Account.

All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date will be withdrawn from the Reserve Account and will be transferred to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made from the Reserve Account.

If the Reserve Requirement with respect to the Bonds, or a particular issue of Parity Debt issued pursuant to a Supplemental Indenture, is secured by a Qualified Reserve Account Credit Instrument that relates only to the Bonds or such series of Parity Debt, the calculation of Reserve Requirement for such series of Parity Debt shall be calculated on a stand alone basis. The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of the Bonds or separate issues of Parity Debt issued under a Supplemental Indenture in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee.

Recognized Obligation Payment Schedules

Submission of Recognized Obligation Payment Schedule. When initially enacted, the Dissolution required that not less than 90 days prior to each January 2 and June 1 successor agencies prepare and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule (the "**Recognized Obligation Payment Schedule**" or "**ROPS**") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. On September 22, 2015, the Governor of the State signed into law legislation adopted by the Legislature in Senate Bill 107 ("**SB 107**"), which requires the preparation of a ROPS process once each year (rather than twice each year under the former law) beginning with the annual ROPS period that commences on July 1, 2016. SB 107 alternatively allows, subject to meeting certain conditions, an optional "Last and Final Recognized Obligation Payment Schedule" to be submitted on or after January 1, 2016. The Last and Final ROPS is binding on all parties and the successor agency would no longer submit a periodic ROPS. Under that procedure, the county auditor-controller remits the authorized funds to the successor agency in accordance with the approved Last and Final ROPS until each remaining enforceable obligation has been fully paid. SB 107 provides that a Last and Final ROPS can only be amended twice, and only with DOF and county auditor-controller approval.

Pursuant to the Dissolution Act, not later than each date a Recognized Obligation Payment Schedule is due, the Successor Agency shall submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule. The Successor Agency shall take all actions required under the Law to include in the Recognized Obligation Payment Schedule for each Semiannual Period (i) debt service on the Bonds and (ii) all amounts due and owing to the Bond Insurer, so as to enable the Alameda County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on each January 2 and June 1, as applicable, amounts required to enable the Successor Agency to pay timely principal of, and interest on, the Bonds on a timely basis, as well as all amounts due and owing to the Bond Insurer.

Thereafter, in order to ensure that amounts are available for the Trustee to pay debt service on all Outstanding Bonds and all amounts due and owing to the Bond Insurer on a timely basis, the Successor Agency shall, not later than February 1, 2017 (or at such earlier time as may be required by the Dissolution Act), submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the Alameda County Auditor-Controller that shall include (i) all of the debt service due on all Outstanding Bonds on September 1, 2017, which shall be distributed to the Successor Agency on June 1, 2017 (but only to the extent that there are not other amounts previously reserved therefor), and (ii) all of the debt service due on the 2017 Bonds on March 1, 2018, which shall be distributed to the Successor Agency on January 2, 2018. Thereafter, not later than each February 1 (or at such earlier time as may be required by the Dissolution Act), for so long as

any Bonds are outstanding, the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the Alameda County Auditor-Controller that shall include (a) interest on all Outstanding Bonds due on the immediately succeeding September 1 plus principal due on the Outstanding Bonds on such September 1, which amounts shall distributed to the Successor Agency on such June 1, (b) interest on all Outstanding Bonds due on the immediately succeeding March 1 plus principal due on all Outstanding Bonds on such March 1 in the following calendar year, which amounts shall distributed to the Successor Agency on the following January 2, and (c) any amount required to cure any deficiency in the Reserve Account pursuant to this Indenture (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument as well as all amounts due and owing to the Bond Insurer.

In the event the provisions set forth in the Dissolution Act as of the date of the Bonds that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Successor Agency agrees to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Bonds and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the receipt of (i) not less than the debt service due on March 1 on all Outstanding Bonds prior to March 1 of such Bond Year, and (ii) all of the debt service due on September 1 on all Outstanding Bonds prior to the next succeeding September 1.

To date, all ROPS submissions have been made by the Successor Agency at the required times.

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

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

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

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

obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the redevelopment agency, as approved by the oversight board).

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

Order of Priority of Distributions from Redevelopment Property Tax Trust Fund.

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

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

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

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

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

Failure to Submit a Recognized Obligation Payment Schedule. The Recognized Obligation Payment Schedule must be approved by the oversight board and must be submitted by a successor agency to the county administrative office, the county auditor-controller, the DOF, and the State Controller by each February 1. If the successor agency does not submit a Recognized Obligation Payment Schedule by the applicable deadline, the city or county that established the former redevelopment agency will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the DOF. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see "RISK FACTORS – Recognized Obligation Payment Schedule."

Adjustments to Revenue

State law allows counties to charge taxing entities, including redevelopment agencies, for the cost of administering the property tax collection system. In addition, the Dissolution Act allows counties to recover their costs in implementing the redevelopment Dissolution Act.

For project areas adopted prior to 1994, taxing entities could elect to receive additional property taxes above the base year revenue amount pursuant to former Section 33676 of the Health and Safety Code. Such amounts are calculated by increasing the real property portion of base year values by an inflation factor of up to 2% annually. Taxing entities can receive a proportionate share of such revenues if they elected to do so prior to adoption of the redevelopment plan. The Project Area is subject to the provisions of former Section 33676 and such allocations have been deducted prior to determining Tax Revenues.

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THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

As described in "INTRODUCTION," the Dissolution Act dissolved the Former Agency as of February 1, 2012. Thereafter, pursuant to Section 34173 of the Dissolution Act, the City became the Successor Agency to the Former Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

Successor Agency Powers

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

Status of Compliance with Dissolution Act

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

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

The Successor Agency received DOF approval of its finding of completion on November 8, 2013 and its Long Range Property Management Plan on _____, 2015.

THE PROJECT AREA

General

The Project Area includes the City's commercial center, which contains numerous businesses. Amendments in 1987, 1998 and 2001 added 18 acres, 370 acres and 738 acres, respectively, to the original 222-acre Project Area. The downtown area is accessible to major residential and major employment centers in the region via several freeways, including State Route 92 and Interstate highways I-580 and I-880. The downtown Hayward Bay Area Rapid Transit System ("BART") station, which is on the San Francisco-Fremont line serves as a hub for additional public transportation, including bus connections via Alameda-Contra Costa Transit District ("AC Transit") and San Mateo Transit District ("SamTrans"). In addition, the downtown area is served by the Amtrak-Capitol Corridor line that extends from San Jose to Sacramento.

The Project Area was originally adopted by the Former Agency on December 30, 1975. On December 26, 1986 the Former Agency adopted an amendment to incorporate changes to the Project Area redevelopment plan so as to conform to amendments to the Law. The Former Agency adopted the Project Area and added territory to the Project Area with three subsequent amendments. The first territory added was designated Project Expansion Area No. 1 and the territory was added to the Project Area in 1987 (the "**1987 Subarea**"). The second territory added was designated Project Expansion Area No. 2, and the territory was added to the Project Area in 1998. Project Expansion Area No. 2 is known as the "**Burbank/Cannery Subarea.**" The third territory added was designated Project Expansion Area No. 3, and this territory was added to the Project Area in 2001. Project Expansion Area No. 3 is known as the "**Mission/Foothill Subarea.**"

Land Use

The table below shows the land uses in the Project Area based on the 2015-16 property tax roll. As shown below, the majority of the 2015-16 assessed value is used for residential purposes.

TABLE 1
REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Community Development Project
2015-16 Secured Valuation and Number of Parcels by Land Use Category

	Number of Parcels	2015-16 Taxable Value	Percent of Total
Residential	3,548	\$1,372,342,150	61.84%
Commercial	520	573,623,556	25.85
Industrial	47	73,942,478	3.33
Vacant	225	106,375,926	4.79
Recreational	8	8,583,031	0.39
Institutional	26	9,636,234	0.43
Exempt	309	0	0.00
Unsecured		74,639,377	3.36
Total	4,683	\$2,219,142,752	100.00%

Source: HdL Coren & Cone

Major Taxable Property Owners. The following table lists the ten largest taxable property owners within the Project Area for fiscal year 2016-17. Based on fiscal year 2016-17 locally assessed taxable valuations, the top ten taxable property owners in the Project Area represent approximately 16.2% of the secured value of the Project Area and 22.6% of the secured incremental value. As indicated, among the top ten taxpayers several have assessment appeals pending.

The top taxpayer in the Project Area is Wesco IV LLC that controls 4 secured parcels with a combined valuation of \$57,201,006. The value of the Wesco IV LLC parcels is 3.58% of the Project Area's total incremental value. The second largest taxpayer in the Project Area is CP IV Creekwood LLC that controls a total of \$54,213,343 in secured assessed value. This amount is 3.40% of the Project Area's incremental value.

**TABLE 2
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
10 Largest Taxpayers in Fiscal Year 2016-17**

Assessee	Primary Land Use	2016-17 Total Assessed Value	% of Total Assessed Value	% of Incremtl. Assessed Value ⁽¹⁾
1. Wesco IV LLC ⁽¹⁾	City Centre Apartments	\$57,201,006	2.58%	3.58%
2. CP IV Creekwood LLC ⁽¹⁾	Creekwood Apartments	54,312,343	2.45	3.40
3. NGP Alameda LLC ⁽¹⁾	Commercial Office Buildings	47,077,872	2.12	2.95
4. TC Metro Six55 LLC	Metro 6-55 Apartments	35,357,760	1.59	2.22
5. Standard Summerwood LLC	Summerwood Apartments	32,679,335	1.47	2.05
6. DCT Hathaway LLC	Industrial Warehouse	30,965,123	1.40	1.94
7. City Center Commercial	Commercial Retail & Office	29,252,473	1.32	1.83
8. Sobrato Interest II	Amador Village Apartments	25,108,054	1.13	1.57
9. Auto Mission Limited ⁽¹⁾	Automobile Dealership (Vacant)	24,664,053	1.11	1.55
10. Tri Pointe Homes Inc.	Blackstone at the Cannery	23,750,000	1.07	1.49
Total, 2016-17 Secured Value Project Area Assessed Value Project Area Increment Value		\$360,368,019 \$2,219,142,752 \$1,596,212,337	16.24%	22.58%

(1) Property owners with pending appeals.

Source: HdL Coren & Cone

Summary of Assessed Value History in the Project Area

General. Taxable values are prepared and reported by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties that are part of the Project Area. The parcels are assigned to Tax Rate Areas which collectively have the same boundaries as the Project Area.

The following table summarizes the historic assessed valuation for the Project Area since Fiscal Year 2011-12:

TABLE 3
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Historical Assessed Valuation and Incremental Value

	Base Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Secured:							
Land	\$582,541,260	\$567,526,553	\$560,258,898	\$594,649,816	\$666,529,458	\$711,092,987	\$779,944,826
Improvements	1,127,638	938,706,980	991,484,499	1,079,537,418	1,213,141,451	1,322,018,818	1,419,957,611
Personal Prop.	0	9,550,212	10,150,358	10,140,755	11,600,433	10,410,882	10,897,107
Exemptions	0	(68,923,575)	(72,023,745)	(58,835,586)	(62,868,764)	(65,320,053)	(66,296,169)
Total Secured	583,668,898	1,446,860,170	1,489,870,010	1,625,492,403	1,828,402,578	1,978,202,634	2,144,503,375
Unsecured:							
Land	0	11,201,890	11,985,788	12,529,153	12,141,569	6,370,095	12,486,782
Improvements	0	32,456,126	23,771,762	25,272,562	23,957,045	29,698,000	26,618,137
Personal Prop.	39,261,517	33,635,777	39,566,359	30,186,674	32,102,504	32,270,697	35,654,840
Exemptions	0	(431,451)	(393,437)	(514,057)	(154,727)	(114,496)	(120,382)
Total Unsecured	39,261,517	76,862,342	74,930,472	67,474,332	68,046,391	68,224,296	74,639,377
Total Assessed Value	\$622,930,415	\$1,523,722,512	\$1,564,800,482	\$1,692,966,735	\$1,896,448,969	\$2,046,426,930	2,219,142,752
Incremental Value		900,792,097	941,870,067	1,070,036,320	1,273,518,554	1,423,496,515	1,596,212,337
Percent Change		-6.77%	4.56%	13.61%	19.02%	11.78%	12.13%

Source: HdL Coren & Cone

Unitary Property

Unitary revenues are allocated to the Project Area based on a formula contained in AB 454. Generally, the Agency receives unitary revenues on the basis of amounts that were received in the prior fiscal year. The prior year allocations are adjusted annually based on changes in unitary revenue on a countywide basis. See "TAX INCREMENT FINANCING GENERALLY- Property Tax Allocation and Collection Procedures - Unitary Revenue." The Auditor Controller allocated an aggregate total of \$412,395 of unitary tax revenue to the Project Area for 2015-16. The amount of unitary tax revenue to be allocated for 2016-17 is not yet available. For purposes of the projections, the Fiscal Consultant estimates that this same amount of unitary tax revenue will be allocated annually for each fiscal year of the projection.

Tax Rates

Tax rates will vary from area to area within the State, as well as within a community and a redevelopment project area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of \$1.00 per \$100 of taxable value and any over-ride tax rate. The over-ride rate is that portion of the tax rate that exceeds the general levy tax rate and is levied to pay voter approved indebtedness or contractual obligations that existed prior to the enactment of Proposition XIII.

Section 34183(a)(1) of the Dissolution Act requires the County Auditor-Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal of and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. As a result, the tax increment revenues being deposited

into the Redevelopment Property Tax Trust Fund include only revenues derived from the general 1% levy and includes no revenues derived from over-ride tax rates that had been included in tax increment revenues prior to the dissolution of redevelopment agencies. The projections of tax increment available to pay debt service on the Bonds are based only on revenue derived from the general levy tax rate.

Appeals of Assessed Values; Proposition 8 Reductions

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

After the applicant and the assessor have presented their arguments, the Appeals Board makes a final decision on the proper assessed value. The Appeals Board may rule in the assessor's favor, in the applicant's favor, or the Board may set their own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion.

Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is made and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Appeals may also be filed under Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under this code section may be initiated by the County Assessor or requested by a property owner. After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and it may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See "TAX INCREMENT FINANCING GENERALLY- Appeals of Assessed Value" above.

The table below shows the history of appeals between fiscal years 2011-12 and 2015-16 and the appeals that are currently pending (as of January 6, 2016).

**TABLE 4
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Historical Appeals**

Sub-Area	Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Avg. Reduction	No. of Pending Appeals	Assessed Value under Appeal	Est. No. of Appeals Allowed	Est. Loss on Pending Appeals Allowed (2017-18 Value Adjustment)
Original Sub-area	93	67	53	18.99%	21	\$ 122,427,015	17	\$18,392,815
1987 Sub-area	3	2	1	25.00	1	172,606	1	21,576
Burbank/Cannery	227	218	214	24.48	6	53,167,554	6	12,774,075
Mission/Foothill	135	97	60	14.22	32	68,204,671	20	6,000,224
Project Area	458	384	323	18.30%	60	\$243,971,846	43	\$37,188,690

Source: Office of the Alameda County Assessor and HdL Coren & Cone.

As shown above, there are 60 pending assessment appeals within the Project Area. The values under appeal total approximately \$244 million and the owners are seeking reductions totaling \$83.6 million. Based on the average number of appeals allowed over the past five years and the average reduction in value achieved in those successful appeals, the Fiscal Consultant estimates that 43 of the currently pending appeals will be allowed with a reduction of \$37.2 million. The expected reduction in value has been incorporated into the projection as a reduction in assessed value for fiscal year 2017-18 in each of the Project Area sub-area projections.

Four of the Project Area's top ten taxpayers have pending appeals of their assessed value. Wesco IV LLC, CP IV Creekwood LLC, NGP Alameda LLC and Auto Mission Limited all have assessment appeals pending (see Table G of the Fiscal Consultant's Report in Appendix C).

Tax Sharing Payments

Negotiated Tax Sharing Payments. The Former Agency had not entered into any tax sharing agreements with respect to the Project Area whereby portions of the Tax Revenues are to be paid to certain other taxing agencies

Statutory Tax Sharing Payments. For project areas adopted prior to 1994, taxing entities could elect to receive additional property taxes above the base year revenue amount pursuant to former Section 33676 of the Health and Safety Code. Such amounts are calculated by increasing the real property portion of base year values by an inflation factor of up to 2% annually. Taxing entities can receive a proportionate share of such revenues if they elected to do so prior to adoption of the redevelopment plan. The Project Area is subject to the provisions of former Section 33676 and such allocations have been deducted prior to determining Tax Revenues. Alameda County General Fund (17.50%), Alameda County Flood Control District (0.124%), Bay Area Rapid Transit (0.606%), Hayward Area Rec. and Parks District (5.351%) and Alameda County MAD (0.085%) adopted resolutions pursuant to Section 33676 of the Health and Safety Code opting to receive their shares of inflationary growth base year real property value. The Hayward USD (19.92%), Chabot-Las Positas CCD (2.49%) and the Alameda County Office of Education (0.49%) did not adopt resolutions under Section 33676 but as of 2001 receive these payments under a judicial ruling from Orange County. These Base

Year Adjustments apply only to the 1987 Annex portion of the Project Area. See “APPENDIX C - FISCAL CONSULTANT’S REPORT- Statutory Tax Sharing Payments.”

The Successor Agency’s obligation to make statutory (2% election) pass-through payments to the aforementioned taxing entities is senior to its obligation to pay debt service on the Bonds.

Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law require successor agencies, under certain circumstances, to make statutory pass-through payments to taxing agencies whose territory is located within the Project Area, to alleviate the financial burden or detriment caused by the redevelopment project. The Successor Agency has no obligations arising from these statutory pass-through payment requirements.

Housing Set-Aside

Before it was amended by the Dissolution Act, the Redevelopment Law required the Former Agency to set aside not less than 20% of all tax increment generated in the Project Area into a low- and moderate-income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low- and moderate-income housing. These tax increment revenues were commonly referred to as “Housing Set-Aside.”

The Dissolution Act eliminated the Housing Set-Aside requirement. As a result, and because the Successor Agency has no obligations that are payable from the former Housing Set-Aside, amounts formerly required to be set aside for such purpose are included in Tax Revenues pledged to the payment of debt service on the Bonds. Accordingly, the projection of Tax Revenues set forth on Tables 6.1 and 6.2 assumes the availability of the former Housing Set-Aside for this purpose. The Successor Agency has no obligations payable from the Housing Set-Aside.

New Development

Changes in value due to transfers of ownership occurring after the lien date for the 2016-17 fiscal year will affect the taxable values for fiscal year 2017-18. New development continues to occur within the Project Area that is above and beyond changes of ownership but the Fiscal Consultant has not added additional value due to new construction in the projections. However, value changes as a result of the transfers of ownership of \$19,931,453 for fiscal year 2017-18 were incorporated into the projections shown on Tables 6.1 and 6.2. See “APPENDIX C - FISCAL CONSULTANT’S REPORT- Development Activities.”

Projected Tax Revenues and Estimated Debt Service Coverage

The projection of Tax Revenues set forth below assumes the availability of the former Housing Set-Aside for this purpose, followed by a table showing the projected debt service coverage on the Bonds.

2016-17 Estimate of Tax Revenue. The following table shows the estimated Tax Revenues for Fiscal Year 2016-17.

**TABLE 5
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Estimate of Incremental Value and Tax Increment Revenue
Fiscal Year 2016-17⁽¹⁾**

Local Secured:	
Real Property	
Homeowners Exemption	
Net Local Secured	
State Assessed	
Unsecured Property	
Total Assessed Value	
Base Year Value	
Incremental Value	
Incremental Revenue ⁽¹⁾	
Unitary Revenue	
Total Tax Increment	
Senior Obligations	
County Administration Fee ⁽²⁾	
Senior Pass-Through Payments ⁽³⁾	
Total Tax Senior Obligations	
Tax Revenue	

(1) Incremental Revenue equals 1.00% of Incremental Value.

(2) County Administration Fee equals 2.00% of Incremental Revenue.

(3) Certain pass-through payments payable pursuant to H&S Code Section 33676 (e.g. the 2% Election) are not eligible to be subordinated to the payment of debt service on the Bonds.

Source: Office of the Alameda County Auditor-Controller and HdL Coren & Cone.

Estimated Debt Service Coverage- Annual Growth. The following Table 6.1 shows estimated annual debt service coverage for the Bonds. Table 6.1 assumes:

- Taxable values increased for inflation at 1.525% in 2016-17 and at 2.00% annually thereafter.
- Taxable values for 2016-17 were adjusted for estimated losses of \$31.19 million from pending appeals.
- Taxable values for 2016-17 have been increased by \$53.8 million for 213 transfers of ownership occurring after 1/1/2015.
- Taxable values for 2017-18 have been increased by \$19.93 million for 140 sales occurring after the 1/1/2016 lien date.
- Personal property is held constant at 2016-17 level.

- Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of \$1.00 per \$100.
- County Administration charges are estimated at 0.74% of Gross Revenue.

See “APPENDIX C - FISCAL CONSULTANT’S REPORT- Table 1” for a more detailed breakout of taxable values, pass-through payments and statutory pass-through payments.

TABLE 6.1
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Estimate of Incremental Value and Tax Revenues
Annual Growth- 1.525% in Fiscal Year 2016-17; 2% Thereafter

Fiscal Year	Total Taxable Value ⁽¹⁾	Incremental Value	Gross Tax Revenue ⁽¹⁾	County Admin. Fee ⁽²⁾	Senior Pass-Through Payments ⁽³⁾	Tax Revenues	Estimated Debt Service*	Estimated Debt Service Coverage*
2017	\$2,219,142,752	\$1,596,212,337	\$16,430,686	(\$121,466)	(\$21,182)	\$16,288,037	\$2,924,681	5.57
2018	2,244,595,964	1,621,665,549	16,684,944	(123,346)	(22,228)	16,539,370	3,079,525	5.37
2019	2,289,559,573	1,666,629,158	17,134,300	(126,668)	(23,294)	16,984,339	3,053,975	5.56
2020	2,334,422,133	1,711,491,718	17,582,641	(129,982)	(24,382)	17,428,277	3,053,675	5.71
2021	2,380,181,945	1,757,251,530	18,039,949	(133,363)	(25,491)	17,881,094	3,050,375	5.86
2022	2,426,856,952	1,803,926,537	18,506,402	(136,811)	(26,623)	18,342,968	3,048,975	6.02
2023	2,474,465,460	1,851,535,045	18,982,185	(140,328)	(27,777)	18,814,079	3,044,375	6.18
2024	2,523,026,138	1,900,095,723	19,467,483	(143,916)	(28,955)	19,294,612	3,046,375	6.33
2025	2,572,558,030	1,949,627,615	19,962,487	(147,575)	(30,156)	19,784,756	3,044,775	6.50
2026	2,623,080,559	2,000,150,144	20,467,392	(151,308)	(31,381)	20,284,703	3,044,475	6.66
2027	2,674,613,539	2,051,683,124	20,982,394	(155,115)	(32,630)	20,794,649	2,883,575	7.21
2028	2,727,177,178	2,104,246,763	21,507,697	(158,999)	(33,905)	21,314,793	2,898,988	7.35
2029	2,780,792,090	2,157,861,675	22,043,505	(162,960)	(35,205)	21,845,341	2,078,825	10.51
2030	2,835,479,301	2,212,548,886	22,590,030	(167,000)	(36,531)	22,386,499	1,271,575	17.61
2031	2,891,260,256	2,268,329,841	23,147,485	(171,121)	(37,883)	22,938,481	1,276,700	17.97
2032	2,948,156,830	2,325,226,415	23,716,090	(175,324)	(39,263)	23,501,502	1,274,900	18.43
2033	3,006,191,335	2,383,260,920	24,296,066	(179,612)	(40,670)	24,075,784	1,276,400	18.86
2034	3,065,386,530	2,442,456,115	24,887,642	(183,985)	(42,105)	24,661,551	1,276,100	19.33
2035	3,125,765,630	2,502,835,215	25,491,050	(188,446)	(43,570)	25,259,034	1,274,000	19.83
2036	3,187,352,311	2,564,421,896	26,106,525	(192,996)	(45,063)	25,868,466	1,275,000	--
2037	3,250,170,726	2,627,240,311	26,734,310	(197,637)	(46,586)	26,490,087	--	--

(1) Taxable values as reported by Alameda County. Real property consists of land and improvements. Values increased for inflation at 1.525% in 2016-17 and at 2.00% annually thereafter. Values for 2016-17 were adjusted for estimated losses of \$31.19 million from pending appeals. Values for 2017-18 have been increased by \$19.93 million for 140 transfers of ownership occurring after 1/1/2016.

(2) County Administration Fee equals 2.00% of Incremental Revenue.

(3) Certain pass-through payments payable pursuant to H&S Code Section 33676 (e.g. the 2% Election) are not eligible to be subordinated to the payment of debt service on the Bonds.

Source: HdL Coren & Cone and Underwriter.

* Preliminary, subject to change.

Estimated Debt Service Coverage- No Growth. The following Table 6.2 shows estimated annual debt service coverage for the Bonds, with the 2016-17 assessed value held constant.

TABLE 6.2
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Estimate of Incremental Value and Tax Revenues
Annual Growth- 1.525% in Fiscal Year 2016-17; 0% Thereafter

Fiscal Year	Total Taxable Value⁽¹⁾	Incremental Value	Gross Tax Revenue⁽¹⁾	County Admin. Fee⁽²⁾	Senior Pass-Through Payments⁽³⁾	Tax Revenues	Estimated Debt Service*	Estimated Debt Service Coverage*
2017	\$2,219,142,752	\$1,596,212,337	\$16,430,685	(\$121,466)	(\$21,182)	\$16,288,037		
2018	2,201,885,514	1,578,955,099	16,258,113	(120,190)	(21,182)	16,116,740		
2019	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2020	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2021	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2022	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2023	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2024	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2025	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2026	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2027	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2028	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2029	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2030	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2031	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2032	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2033	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2034	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2035	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2036	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		
2037	2,202,885,835	1,579,955,420	16,268,116	(120,264)	(21,182)	16,126,670		

(1) Taxable values as reported by Alameda County for fiscal year 2016-17, and held constant.

(2) County Administration Fee equals 2.00% of Incremental Revenue.

(3) Certain pass-through payments payable pursuant to H&S Code Section 33676 (e.g. the 2% Election) are not eligible to be subordinated to the payment of debt service on the Bonds.

Source: HdL Coren & Cone and Underwriter.

* Preliminary, subject to change.

RISK FACTORS

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

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

Recognized Obligation Payment Schedule

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

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

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

No Validation Proceedings Undertaken

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

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

Reduction in Taxable Value

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

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

As described in greater detail under the heading “PROPERTY TAXATION IN CALIFORNIA – Article XIII A of the State Constitution,” Article XIII A provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year

to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce tax increment available to pay debt service on the Bonds.

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

Risks Associated with the Insurer

The Successor Agency has applied for a financial guaranty insurance policy. In the event that the Bonds qualify for bond insurance, before the delivery of the Bonds, the Successor Agency may determine to purchase and pay the premium for the Bond Insurance Policy for the Bonds, and the Reserve Policy. The Successor Agency can provide no assurances that the Bond Insurer will be able to meet its obligations under the Bond Insurance Policy or the Reserve Policy, if and when required to do so. In addition, any change in the ratings of the Insurer could impact the price of the Bonds in the secondary market.

Risks to Real Estate Market

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

Reduction in Inflationary Rate

As described in greater detail below, Article XIII A of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. The Successor Agency is unable to predict if any further adjustments to the full cash value base of real property within the Project Area, whether an increase or a reduction, will be realized in the future.

Levy and Collection of Taxes

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

Although delinquencies in the payment of property taxes by the owners of land in the Project Area, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Successor Agency's ability to make timely payments on the Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided net tax increment. In addition, the County could elect to alter or terminate its Teeter Plan policy and, in such event, the amount of the levy of property tax revenue that could be allocated to the Successor Agency would depend upon the actual collections of the secured taxes within the Project Area. Substantial delinquencies in the payment of property taxes could impair the timely receipt by the Successor Agency of Tax Revenues. See "THE PROJECT AREA - Projected Tax Revenues and Estimated Debt Service Coverage" for a description of the debt service coverage on the Bonds.

Bankruptcy and Foreclosure

The payment of the property taxes from which Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Although such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided by fiscal year 2016-17 net tax increment. See "THE PROJECT AREA - Projected Tax Revenues and Estimated Debt Service Coverage" for a description of the debt service coverage on the Bonds.

Estimated Revenues

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

Hazardous Substances

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

Natural Disasters

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

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

Changes in the Redevelopment Law

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Dissolution

Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of tax increment available to pay debt service on the Bonds.

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

Loss of Tax-Exemption

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

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

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

Secondary Market

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

TAX MATTERS

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

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

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

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

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

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

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

CONCLUDING INFORMATION

Underwriting

The Bonds are being purchased by _____ (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of \$_____ (being the principal amount of the Bonds [less a net original issue discount/plus a net original issue premium] of \$_____ and less an Underwriter's discount of \$_____). The Underwriter will purchase all of the Bonds if any are purchased.

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

Legal Opinion

The final approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will be furnished to the purchaser at the time of delivery of the Bonds. A copy of the proposed form of Bond Counsel's final approving opinion with respect to the Bonds is attached hereto as Appendix B.

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

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

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

Litigation

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

Ratings

The Successor Agency has applied for a bond insurance policy for the Bonds. The Successor Agency may purchase such insurance to be delivered concurrently with the delivery of the Bonds for some or all maturities. Any such decision will be made at the time of pricing.

Standard & Poor’s Ratings Services (“**S&P**”) has assigned an underlying rating of “___” to the Bonds.

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

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Successor Agency has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement).

There is no assurance that these ratings will continue for any given period of time or that these ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating on the Bonds may have an adverse effect on the market price or marketability of the Bonds.

Continuing Disclosure

The Successor Agency has covenanted for the benefit of the holders and beneficial owners of the Bonds pursuant to a Continuing Disclosure Certificate, dated the date of issuance of the Bonds (the “**Continuing Disclosure Certificate**”), to provide certain financial information and operating data (the “**Annual Report**”) no later than March 31st following the end of each fiscal year, commencing with the report for the Fiscal Year ending June 30, 2017, and to provide notice of the occurrence of certain enumerated events under Securities Exchange Commission Rule 15c2-12 (the “**Rule**”) through the EMMA System. The specific information to be contained in the Annual Report and the enumerated events are set forth in “APPENDIX E - FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE,” attached to this Official Statement. These covenants have been made in order to assist the Underwriter (as defined below) in complying with the Rule.

As an obligated party under the Rule, the Successor Agency is, or was during the past five years prior to the issuance of the Bonds, responsible for providing continuing disclosure with respect its bond issues, and on one occasion during that time failed to fully comply with

filing requirements by failing to file a material event notice. The filing of the notice was late, being filed in January 2016.

As of the date of this Official Statement, the Successor Agency, as well as the City, report that all of the items of their respective non-compliance with continuing disclosure obligations that relate to their respective outstanding bond issues have been corrected by filing on a late basis, and as such, as of the date of this Official Statement, the City/Agency believe they are presently in material compliance with all of their continuing disclosure undertakings.

The Successor Agency and the City engage Willdan Financial Services for the preparation and filing of continuing disclosure reports to ensure compliance with continuing disclosure obligations. The City and the Successor Agency are separate obligated parties for purposes of the Rule and the City is not obligated for purposes of the Rule with respect to the Bonds.

Audited Financial Statements

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

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

Miscellaneous

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

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

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

**REDEVELOPMENT SUCCESSOR
AGENCY OF THE CITY OF HAYWARD**

By: _____
Executive Director

APPENDIX A
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX B
FORM OF BOND COUNSEL OPINION

_____, 2016

Successor Agency to the
Hayward Redevelopment Agency
777 B Street
Hayward, CA 94541

OPINION: \$_____ Redevelopment Successor Agency of the City of Hayward
2016 Tax Allocation Refunding Bonds

Members of the Successor Agency:

We have acted as bond counsel in connection with the issuance by the Redevelopment Successor Agency of the City of Hayward (the "Successor Agency") of the captioned bonds (the "Bonds") pursuant to the Community Redevelopment Law, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Law"), Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (the "Dissolution Act"), and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Refunding Law").

The Bonds are being issued pursuant to an Indenture of Trust, dated as of _____ 1, 2016 (the "Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Successor Agency contained in the Indenture, and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Successor Agency is duly created and validly existing as a public entity, with the power to enter into the Indenture, perform the agreements on its part contained therein, and issue the Bonds.

2. The Indenture has been duly approved by the Successor Agency, and constitutes a valid and binding obligation of the Successor Agency, enforceable against the Successor Agency in accordance with its terms.

3. Pursuant to the Law, the Dissolution Act and the Refunding Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds, subject to no prior lien granted under the Law, the Dissolution Act and the Refunding Law, except to the extent described in the Indenture.

4. The Bonds have been duly authorized, executed and delivered by the Successor Agency, and are valid and binding special obligations of the Successor Agency, payable solely from the sources provided therefor in the Indenture.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; although for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

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

The rights of the owners of the Bonds, and the enforceability of the Bonds and the Indenture, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and may also be subject to the exercise of judicial discretion in appropriate cases. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX C
FISCAL CONSULTANT'S REPORT

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix C concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing Successor Agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the

Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Principal, premium (if any), and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Bonds to

Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Successor Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

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

APPENDIX E**FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE CERTIFICATE**

This CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD (the "Successor Agency") in connection with the issuance of \$_____ Redevelopment Successor Agency of the City of Hayward 2016 Tax Allocation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust dated as of _____, 2016 (the "Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee. The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Dissemination Agent*" shall mean Willdan Financial Services, or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.

"EMMA System" shall mean the Electronic Municipal Market Access system of the MSRB or such other electronic system designated by the MSRB or the Securities and Exchange Commission for compliance with S.E.C Rule 15c2-12(b).

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Participating Underwriter*" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Successor Agency's fiscal year (which date currently would be March 31, based upon the June 30 end of the Successor Agency's fiscal year), commencing with the report for the 2016-17 fiscal year, provide to the MSRB through the EMMA System an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Successor Agency is unable to provide to the MSRB through the EMMA System an Annual Report by the date required in subsection (a), the Successor Agency shall provide to the MSRB, in electronic format as prescribed by the MSRB through the EMMA System, a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB through the EMMA System pursuant to this Disclosure Certificate.

Section 4. Content of Annual Reports. The Successor Agency's Annual Report shall contain or incorporate by reference the following:

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

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for the Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Successor Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the Official Statement for the Bonds, as follows:

- (i) identity of pending and successful appeals of assessed values in the Project Area, but only if total appeals exceed, in the aggregate, 5% of assessed value in the Project Area;
- (ii) summary of taxable value in the Project Area for the most recent fiscal year;
- (iii) a listing of the ten major property tax assessesees in the Project Area;
- (iv) summary of the Tax Revenues, the debt service for the Bonds and any Parity Debt and the debt service coverage ratio for the Bonds and any Parity Debt for the current fiscal year; and
- (v) assessed values in the Project Area for the most recent fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which have been submitted to the MSRB through the EMMA System or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.

- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB through the EMMA System, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material." The Successor Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the Successor Agency determines the event's occurrence is material for purposes of U.S. federal securities law. The Dissemination Agent shall not be responsible for determining whether an event is material.

Section 6. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the delivery to the Dissemination Agent of an opinion of nationally recognized bond counsel retained by the Successor Agency to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent.

(a) The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Successor Agency pursuant to this Disclosure Certificate, unless the Successor Agency is the Dissemination Agent, as provided herein. The initial Dissemination Agent shall be Willdan Financial Services. If at any time there is no designated Dissemination Agent appointed by the Successor Agency, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of Dissemination Agent hereunder, the Successor Agency shall be the Dissemination Agent and undertake or assume its obligations hereunder. The Dissemination Agent may resign by providing thirty days written notice to the Successor Agency and the Trustee.

Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act. The Dissemination Agent may resign its duties hereunder at any time upon written notice to the Successor Agency.

(b) The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Successor Agency from time to time and for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent (unless the Successor Agency is the Dissemination Agent) shall have no duty or obligation to review any information provided to it by the Successor Agency hereunder and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, holders or beneficial owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel retained by the Successor Agency.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided no amendment or waiver shall be made that affects the duties or rights of the Dissemination Agent without its written consent):

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel retained by the Successor Agency, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel retained by the Successor Agency, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB through the EMMA System in the same manner as for a Listed Event under Section 5(c).

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

Section 10. Default. In the event of a failure of the Successor Agency to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. All of the immunities, indemnities, and exceptions from liability in Article VI of the Indenture insofar as they relate to the Trustee shall apply to the Trustee and the Dissemination Agent in this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of

defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel retained by the Successor Agency. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person, other than the Successor Agency, shall have any right to commence any action against the Trustee or Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____

SUCCESSOR AGENCY OF THE
REDEVELOPMENT AGENCY OF THE CITY OF
HAYWARD

By _____

Name _____

Title _____

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING
BOARD OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Successor Agency of the Redevelopment Agency of the City of
Hayward

Name of Bond Issue: \$_____ Redevelopment Successor Agency of the City of
Hayward 2016 Tax Allocation Refunding Bonds

Date of Issuance: _____, 2016

NOTICE IS HEREBY GIVEN that the Successor Agency of the Redevelopment Agency
of the City of Hayward (the "Issuer") has not provided an Annual Report with respect to the
above-named Bonds as required by the Indenture of Trust, dated as of _____ 1, 2016, by
and between the Successor Agency of the Redevelopment Agency of the City of Hayward and
The Bank of New York Mellon Trust Company, N.A., as trustee. The Issuer anticipates that the
Annual Report will be filed by _____.

Dated: _____

REDEVELOPMENT SUCCESSOR AGENCY OF
THE CITY OF HAYWARD

By _____

Name _____

Title _____

cc: Trustee

APPENDIX F

**SUCCESSOR AGENCY FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2015**

APPENDIX G

STATE DEPARTMENT OF FINANCE APPROVAL LETTER

APPENDIX H

CITY OF HAYWARD AND ALAMEDA COUNTY GENERAL INFORMATION

The following information in this section of the Official Statement concerning the City of Hayward (the “City”) and surrounding areas is included only for the purpose of supplying general information regarding the community. The taxing power of the City, the County of Alameda (the “County”), the State of California (the “State”), and any political subdivision thereof is not pledged to the payment of the Bonds. The Bonds are not a debt of the City, the County, the State, or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

The City

The City was given the official name of “Haywood,” due to a clerical error the same year the post office was established, 1860. In 1876, “Haywood” was incorporated as the “Town of Haywards,” with a population of 1,100. In 1894, the “s” in “Haywards” was dropped and on September 18, 1928, the status of the community was changed to the “City of Hayward.” In the early decades of the 20th Century, the Hayward Area became known as the “Heart of the Garden of Eden” because of its temperate climate and fertile soil. Everything – produce, chickens, cattle, flowers – grew in abundance. By 1950, the City grew to a population of 14,000, had become the “Apricot City” and home to Hunt’s Cannery.

On March 7, 1956, the City adopted the City of Hayward Charter. By 1960, the population had swelled to 72,700. By the mid-1960’s, the City’s landscape changed from apricot trees and canneries to subdivisions and shopping centers. The City’s growth continued through the 1970’s and 1980’s. On March 11, 1876, the City was chartered into the State and officially recognized as a City. By 1990, with a population of 121,000, the City became one of the top 15 most ethnically-diverse communities in the nation. Here, people from many cultures live and work together to build a community reflective of its residents.

Today, the City is known as the “Heart of the Bay,” not only for its central location but also for its accepting and caring environment. The City continues to plan for the future, maintaining a balance between the needs of our diverse residents and a growing business community.

The County

The County is located on the east side of the San Francisco Bay, extending to the City of Albany on the north, the City of Fremont on the south, and to the City of Livermore on the east, and is approximately ten miles west of San Francisco. Automobile access to San Francisco is provided by the San Francisco-Oakland Bay Bridge.

The northern part of the County has direct access to San Francisco Bay and the City of San Francisco. It is highly diversified with residential areas, active commercial areas, traditional heavy industry, the University of California at Berkeley, the Port of Oakland, and sophisticated manufacturing, computer services and biotechnology firms. The middle of the County is also highly developed including older established residential and industrial areas. The southeastern corner of the County, including the cities of Pleasanton and Livermore, has seen strong growth in residential development and manufacturing. Many high-tech firms have moved from neighboring Silicon Valley in Santa Clara County to the County.

Population

The following table lists population estimates for the County and its cities for the last five calendar years, as of January 1.

**ALAMEDA COUNTY
Population Estimates
Calendar Years 2012 through 2016 as of January 1**

	2012	2013	2014	2015	2016
Alameda	75,210	76,074	76,785	77,657	79,277
Albany	18,625	18,668	18,682	18,841	18,893
Berkeley	115,199	116,074	117,399	118,923	119,915
Dublin	46,956	50,079	53,512	56,014	57,349
Emeryville	10,361	10,592	10,822	10,967	11,721
Fremont	218,810	221,397	224,836	227,582	229,324
Hayward	149,078	152,590	154,832	157,305	158,985
Livermore	82,772	83,768	85,049	86,368	88,138
Newark	43,189	43,464	43,835	44,284	44,733
Oakland	400,281	408,822	413,626	419,539	422,856
Piedmont	10,844	10,921	11,018	11,138	11,219
Pleasanton	71,117	71,153	71,990	73,776	74,982
San Leandro	85,889	85,847	86,453	87,209	87,700
Union City	70,733	71,172	71,719	72,412	72,952
Balance Of County	143,963	145,718	147,079	148,750	149,821
Incorporated	1,399,064	1,420,621	1,440,558	1,462,015	1,478,044
County Total	1,543,027	1,566,339	1,587,637	1,610,765	1,627,865

Source: State Department of Finance estimates (as of January 1).

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Employment and Industry

The unemployment rate in the Oakland-Hayward-Berkeley MD was 4.9% in July 2016, up from a revised 4.8% in June 2016, and below the year-ago estimate of 5.2%. This compares with an unadjusted unemployment rate of 5.9% for California and 5.1% for the nation during the same period. The unemployment rate was 4.8% in the County and 5.0% in Contra Costa County.

The table below list employment by industry group for Alameda and Contra Costa Counties for the years 2011 to 2015.

**OAKLAND-HAYWARD-BERKLEY MD
(Alameda and Contra Costa Counties)
Annual Averages Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2015 Benchmark)**

	2011	2012	2013	2014	2015
Civilian Labor Force ⁽¹⁾	1,316,300	1,336,300	1,344,100	1,355,600	1,374,800
Employment	1,182,400	1,218,700	1,245,500	1,275,000	1,308,100
Unemployment	133,900	117,500	98,600	80,600	66,700
Unemployment Rate	10.2%	8.8%	7.3%	5.9%	4.8%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	1,500	1,500	1,400	1,300	1,200
Mining, Logging and Construction	48,600	52,900	57,300	59,400	63,300
Manufacturing	79,700	79,900	80,100	82,800	86,600
Wholesale Trade	42,200	43,700	45,200	46,200	47,600
Retail Trade	101,200	104,100	107,700	109,900	113,000
Transportation, Warehousing, Utilities	32,200	32,900	33,500	35,600	38,300
Information	22,600	22,100	21,500	21,300	22,400
Finance and Insurance	32,900	33,400	33,500	32,600	32,800
Real Estate and Rental and Leasing	14,900	15,400	16,200	16,800	16,800
Professional and Business Services	157,500	166,500	173,400	178,800	183,000
Educational and Health Services	158,900	164,700	170,500	173,100	178,400
Leisure and Hospitality	88,200	91,800	97,200	102,100	106,300
Other Services	35,700	36,400	37,000	37,500	38,000
Federal Government	14,600	14,200	13,800	13,800	13,800
State Government	38,300	38,500	38,900	39,300	39,800
Local Government	111,000	110,100	110,600	113,400	115,200
Total, All Industries ⁽³⁾	980,100	1,008,000	1,037,500	1,063,600	1,096,300

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Principal Employers

The following table shows the principal employers in the County, as shown in the County's Comprehensive Annual Financial Report for fiscal year ending June 30, 2015.

ALAMEDA COUNTY Principal Employers⁽¹⁾

Employer	Type of Business	Number of Employees June 30, 2015³
University of California Berkeley (including Berkeley National Labs)	Education	23,962
Kaiser Permanente Medical Group Inc. ¹	Health Care	18,450
State of California	State Government	8,930
County of Alameda	Local Government	8,868
Chevron Corporation	Energy	6,361
Safeway Inc.	Supermarkets & Other Grocery	6,270
United States Postal Service	Postal Service	5,948
John Muir Health	Health Care	5,857
Wells Fargo Bank	Financial Services	5,400
City of Oakland	Local Government	5,055

(1) The number of employees, except for County of Alameda and City of Oakland include Alameda County and Contra Costa County employees. Total employment within County of Alameda is unavailable
 Source: Alameda County, Comprehensive Annual Financial Report for the year ending June 30, 2015.

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Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the median household effective buying income for the City, the County, the State and the United States for the period 2011 through 2015. Effective buying income data is not yet available for the calendar year 2016.

**CITY OF HAYWARD, COUNTY OF ALAMEDA, THE STATE OF CALIFORNIA,
AND THE UNITED STATES
Effective Buying Income and Median Household
As of January 1, 2011 Through 2015**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2011	City of Hayward	\$2,666,333	\$49,177
	Alameda County	39,064,683	54,542
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Hayward	\$2,897,058	\$49,135
	Alameda County	43,677,855	55,396
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	City of Hayward	\$3,006,695	\$51,992
	Alameda County	43,770,518	57,467
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Hayward	\$3,301,423	\$54,476
	Alameda County	47,744,408	60,575
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	City of Hayward	\$3,621,095	\$56,200
	Alameda County	52,448,661	640,030
	California	981,231,666	53,589
	United States	7,757,960,399	46,738

Source: The Nielsen Company (US), Inc.

Major Employers

The tables below lists the major employers in the County and the City.

ALAMEDA COUNTY Major Employers

Employer Name	Location	Industry
Alameda County Law Enforcement	Oakland	Government Offices-County
Alameda County Sheriff's Ofc	Oakland	Government Offices-County
Alta Bates Summit Medical Ctr	Berkeley	Hospitals
Bayer Health Care	Berkeley	Laboratories-Pharmaceutical (mfrs)
California State-East Bay	Hayward	Schools-Universities & Colleges Academic
Coopervision Inc Advanced	Pleasanton	Optical Good-Wholesale
East Bay Water	Oakland	Transit Lines
EMC Corp	Pleasanton	Computer Software
Grifols Diagnostic Solutions	Emeryville	Pharmaceutical Research Laboratories
Highland Hospital	Oakland	Hospitals
Kaiser Permanente Medical Ctr	Oakland	Health Services
Lawrence Livermore Natl Lab	Livermore	Laboratories
Life Scan Inc	Fremont	Physicians & Surgeons Equip & Supls-Mfrs
Merritt Pavilion Lab	Oakland	Laboratories-Medical
Residential & Student Svc Prog	Berkeley	Schools-Universities & Colleges Academic
Safeway Inc	Pleasanton	Grocers-Retail
Tesla Motors	Fremont	Automobile Dealers-Electric Cars
Transportation Dept-California	Oakland	Government Offices-State
UCSF Benioff Children's Hospital	Oakland	Hospitals
University of Ca-Berkeley	Berkeley	Schools-Universities & Colleges Academic
University of California	Berkeley	Schools-Universities & Colleges Academic
Valley Care Health System	Livermore	Hospitals
Washington Hospital Healthcare	Fremont	Hospitals
Waste Management	Oakland	Garbage Collection
Western Digital Corp	Fremont	Electronic Equipment & Supplies-Mfrs

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2016 2nd Edition.

CITY OF HAYWARD Major Employers

Employer Name
Alameda County Sheriff's Dept
Bay City Auto Auction
Berkeley Farms, LLC
California University East Bay
Chabot College
Hayward Unified School District
Gillig Corporation
Impax Laboratories, Inc.
Marelich Mechanical
Pentagon Technologies
Siemines Building Tech
St. Rose Hospital
Kaiser Permanente Medical Center*
Mervyn's**
City of Hayward
SBC

Source: City of Hayward Adopted Operating Budget FY15

Note: FY15 data not available for ranking or total employment.

* Closed in November 2013

** Filed for bankruptcy in November 2008

Commercial Activity

Summaries of the historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables. Annual figures for calendar years 2015 and 2016 are not yet available.

Total taxable sales during calendar year 2014 in the City were reported to be \$2.7 billion, a 4.6% increase over total taxable sales of \$2.6 billion reported during calendar year 2013.

CITY OF HAYWARD
Taxable Transactions
Number Of Permits And Valuation Of Taxable Transactions
(Dollars In Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2010	2,170	\$1,308,073	3,888	\$2,213,002
2011	2,082	1,367,585	3,747	2,356,230
2012	2,194	1,468,997	3,863	2,591,046
2013	2,113	1,517,518	3,773	2,621,767
2014	2,051	1,557,982	3,705	2,743,672

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable sales during calendar year 2014 in the County were reported to be \$28.4 billion, a 6.6% increase over total taxable sales of \$26.6 billion reported during the first three quarters of calendar year 2013.

ALAMEDA COUNTY
Taxable Transactions
Number Of Permits And Valuation Of Taxable Transactions
(Dollars In Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2010	26,241	\$13,374,283	40,348	\$21,541,741
2011	24,809	14,519,756	38,577	23,430,799
2012	26,027	15,781,349	39,706	25,181,571
2013	27,017	16,893,102	40,662	26,624,571
2014	27,152	17,820,857	40,746	28,377,714

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

Provided below are the building permits and valuations for the City and the County for the past five available years.

CITY OF HAYWARD Total Building Permit Valuations Calendar Years 2011 through 2015 (Valuations in Thousands)

	2011	2012	2013	2014	2015
<u>Permit Valuation</u>					
New Single-family	\$48,814.6	\$30,265.9	\$41,605.6	\$62,010.3	\$94,955.0
New Multi-family	0.0	5,750.9	17,563.3	76,696.1	5,401.7
Res. Alterations/Additions	<u>8,353.5</u>	<u>7,144.5</u>	<u>5,640.7</u>	<u>8,748.7</u>	<u>12,144.7</u>
Total Residential	57,168.1	43,161.3	64,809.6	147,455	\$112,501.4
New Commercial	2,630.0	2,607.1	29,215.7	6,166.1	14,586.2
New Industrial	0.0	162.9	4,390.0	0.0	0.0
New Other	275.0	120.0	2,420.6	24,580.0	13,148.7
Com. Alterations/Additions	<u>16,435.4</u>	<u>17,760.8</u>	<u>16,123.5</u>	<u>48,090.4</u>	<u>36,328.7</u>
Total Nonresidential	19,340.4	20,650.8	52,149.8	78,836.5	64,063.6
<u>New Dwelling Units</u>					
Single Family	223	148	170	240	280
Multiple Family	<u>0</u>	<u>42</u>	<u>79</u>	<u>393</u>	<u>24</u>
TOTAL	223	190	249	633	304

Source: Construction Industry Research Board, Building Permit Summary.

ALAMEDA COUNTY Total Building Permit Valuations Calendar Years 2011 through 2015 (Valuations in Thousands)

	2011	2012	2013	2014	2015
<u>Permit Valuation</u>					
New Single-family	\$269,312.8	\$372,939.4	\$451,279.5	\$400,498.1	\$576,948.5
New Multi-family	249,684.1	343,669.8	300,514.9	392,331.4	456,361.3
Res. Alterations/Additions	<u>273,631.8</u>	<u>235,264.8</u>	<u>227,675.7</u>	<u>325,493.9</u>	<u>344,975.9</u>
Total Residential	792,628.7	951,874.0	979,470.2	1,118,323.3	1,378,285.7
New Commercial	261,804.2	94,705.8	122,360.6	242,257.3	187,303.4
New Industrial	17,485.7	29,808.2	140,059.5	102,926.6	92,470.2
New Other	37,504.6	6,764.1	49,801.8	81,646.2	193,029.9
Com. Alterations/Additions	<u>392,163.7</u>	<u>352,261.1</u>	<u>364,237.6</u>	<u>599,941.3</u>	<u>673,633.6</u>
Total Nonresidential	708,958.2	483,539.2	676,459.5	1,026,771.5	1,146,437.1
<u>New Dwelling Units</u>					
Single Family	817	1,119	1,339	1,076	1,671
Multiple Family	<u>1,352</u>	<u>1,508</u>	<u>2,023</u>	<u>2,048</u>	<u>3,370</u>
TOTAL	2,169	2,627	3,362	3,124	5,041

Source: Construction Industry Research Board, Building Permit Summary.

Transportation

The City has become the crossroad of the Bay Area. Interstate Highway 580 (east-west), Interstate Highway 680 (north-south) and Highway 61 provides access to commuters and residents to travel to the nearby cities of Oakland, San Francisco, Sacramento, San Jose, and the Central Valley with ease.

Bay Area Rapid Transit (BART), the regional rapid transit system, has two stations in the City: the Hayward station, in downtown; and the South Hayward station, near the Hayward-Union City border. The AC Transit bus system, which provides bus service for Alameda County and Contra Costa County, operates in the City, and has a repair/training center located there. Amtrak, the national rail passenger system, provides daily service at its Hayward station for the Capitol Corridor train, which runs between San Jose in the South Bay, and Auburn in the Greater Sacramento area.

The City has a general aviation airport, the Hayward Executive Airport. The Hayward Air National Guard station was located at the airport in 1942, until being reassigned to Moffett Field in 1980.