

AGENDA ITEM:

**CITY OF TULARE, CA
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: City Manager's Office

For Council Meeting of: November 1, 2016

Documents Attached: Ordinance Resolution Staff Report Other None

AGENDA ITEM:

Study Session regarding presentation and discussion of alternatives for the South Tulare Interchange project.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

The current Paige Avenue interchange was built over 50 years ago and has been identified as sub-standard by Caltrans. In its current condition, the interchange will be an impediment to south Tulare commercial and industrial development. As part of a Project Study Report (PSR), Caltrans engineering staff are currently working on draft conceptual layouts and preliminary costs for interchange alternatives to replace the existing two-lane interchange with a new facility to accommodate additional lanes of traffic, including bikes, pedestrians, and transit. As this is a Caltrans project, they will follow their established and normal public process for obtaining public input on the project. This discussion of the alternatives is intended to see if there is a general consensus from elected officials for a preferred alternative, and consider input of business and property owners in the immediate vicinity.

The project is being worked on now because the Tulare County Association of Governments (TCAG) has a significant amount of Measure 'R' funds available to pay for a majority of, but not all, the costs for the project. Although the existing interchange has been identified as substandard by Caltrans, no funding is currently programmed by the State of California for this project. The amount of matching funds required (to match the available Measure 'R' funds) varies greatly between the alternatives, primarily due to the costs for Right of Way.

Information regarding each alternative, including potential benefits, impacts and costs of each alternative, was discussed at stakeholder meetings held on October 5th and 14th, 2016 with business/property owners situated around Paige Avenue interchange. If appropriate, Staff intends to bring forward an item on November 15th so that the Council has an opportunity to express support on their preferred alternative(s) for the interchange. This would represent the City of Tulare's preferred alternative(s); however it is important to note that Caltrans will make the final determination as this is their project.

Time is of the essence for the consideration, as the TCAG Board will be meeting in December 2016 to discuss the process for moving forward with projects for the second half of Measure R. It was reported at the October TCAG board meeting that major projects moving forward will need to demonstrate significant non-measure R funding sources to partner for any new major project. Other agencies in Tulare County have major projects for consideration that likely would compete for funding over the next ten years.

Discussion of Alternatives

Although City staff has no recommendation on this matter, there are a few summary considerations for the five alternatives that are shared below:

Alternative 1A – Construct Commercial Ave Interchange at 0.8 mile south of Paige Road Overcrossing

This scenario, while attractive from the perspective that the existing Paige Avenue interchange would remain open, is not likely to be approved due to a necessary design exemption approval from Caltrans headquarters in Sacramento. Current design standards call for the distance between the interchanges to be at least 1.0 mile apart.

Alternative 1B – Construct Commercial Ave Interchange at 1.0 mile south of Paige Road Overcrossing

Although the spacing between interchanges in this alternative would meet Caltrans design standards, moving the interchange two-tenths of a mile southward significantly impacts the Southern California Edison Company Energy Education Center and World Agriculture Expo Center. The estimated range of Right of Way costs are the highest with this alternative, topping out at \$50 million.

Alternative 1C – Construct Commercial Ave Interchange & permanently close Paige Road interchange

Out of the three alternatives for Commercial Avenue, Alternative 1C has the greatest impact to business and property owners in the immediate vicinity of Paige Avenue interchange, as it closes the interchange and places the next nearest interchange 1.0 mile away.

Alternative 2 – Construct New Interchange at Industrial Avenue

This alternative splits the spacing difference between the Paige and Commercial Avenue alternatives. Closure of the ramps at Paige Avenue would occur after construction of the new interchange is completed, thereby limiting the direct impact from construction. It is also the only alternative that, due to Caltrans spacing requirements for on/off ramps, is able to connect Blackstone Avenue to Industrial Avenue, in effect, creating an Industrial Avenue 'loop'. Additionally, other than the alternative to reconstruct Paige Avenue interchange, this option offers traffic the closest proximity access to existing businesses along Paige Avenue.

Alternative 3 – Reconstruct the existing Paige Road Interchange to current standard

The estimated contribution to Right of Way costs (\$10-\$25 million) is anticipated to be the greatest hurdle with this alternative. Impacts to existing businesses around the interchange would be significant during the construction phase.

Previous Configurations

There were two previous configurations for Paige Road interchange. The first was an old version that was envisioned back in the 90's (1993) to try and avoid major impacts to existing development. Staff recently asked Cal Trans about the viability of that old concept, to which they said it is absolutely out of the question today, as it does not meet their current standards. Specifically, the spacing between the ramp intersections and the intersections of Paige/Blackstone and Paige/Laspina would not meet current spacing requirements. A copy of the original Project Study Report is on file with the City.

The second prior alternative was affiliated with the Love's Travel Center project. As part of that project, the City agreed to undertake interim improvements to the Paige interchange to mitigate project impacts and add some additional capacity until an ultimate interchange solution was constructed in a few years. Originally, the proposed interim improvements consisted of:

- a slight relocation of the N/bound ramps,
- lengthening all ramps to provide additional acceleration and deceleration length, and
- adding traffic signals to the ramp intersections, Paige/Blackstone, and Paige/Laspina.

Caltrans required the City to do a study of the interchange and intersections with those proposed improvements, which determined that the addition of traffic signals at the S/bound ramp intersection and the intersection of Paige/Blackstone would result in traffic queuing that would back traffic up onto the mainline of Hwy 99. Based on that, the proposed interim improvements were rejected. Omnimeans (an outside planning/engineering firm) then proposed that we look at roundabouts instead of traffic signals at the intersections.

Finally, Omnimeans (an outside planning/engineering firm) then proposed that the City look at roundabouts instead of traffic signals at the intersections. The result of their study appears to be that the installation of roundabouts would work. The downside is that the resulting cost would be around \$10 million for what in effect would be disposable improvements, in that they do not add additional capacity to alleviate traffic loads beyond current levels.

STAFF RECOMMENDATION:

Staff has no recommendation on this matter. If appropriate, Staff will bring forth an item for the Council to demonstrate support for one or more alternatives for the project,

which would then be filed with Caltrans so they are aware of the City's position. Caltrans will make the final determination as this is their project.

CITY ATTORNEY REVIEW/COMMENTS: Yes N/A

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No N/A

FUNDING SOURCE/ACCOUNT NUMBER: N/A

Attachments: Draft Conceptual Layouts and Preliminary Costs

Submitted by: Paul Melikian

Title: City Manager (Interim)

Date: November 1, 2016

City Manager Approval: _____

06-0U880K
(Project ID 0616000074)

Project Name: Industrial Avenue Interchange Project

Project Descriptions:

This project is to construct a new interchange on State Route 99 at Commercial Avenue or at Industrial Avenue near City of Tulare in Tulare County.

Purpose & Need:

The purpose is to improve operational performance with this new interchange which is consistent with the goal of TCAG. The need of the project is to relieve traffic congestion, enhance safety and provide sufficient vertical clearance between Airport Ave Overcrossing (OC) and Paige Road OC on State Route 99.

Alternative 1A – Construct Commercial Ave Interchange at 0.8 mile south of Paige Road OC

- Construct new interchange using L-9 interchange configuration.
- Construct auxiliary lanes on Route 99 between the proposed Commercial Avenue interchange and the existing Paige Road interchange to improve weaving condition between Paige Road and the new interchange
- Maintain existing bridge structure and ramps at Paige Road
- Signalize Commercial Ave and Laspina Street intersection if warranted

IMPACTS/RISKS:

- Potential impact at World Agriculture Expo Center and the existing basin in order to construct new NB off ramp.
- Southern California Edison Company Energy Education Center will be minimally impacted to construct new NB off ramp.
- It is anticipated existing ramps at Paige Road will need to be permanently closed as part of mitigation on the freeway weaving movements, if a Design Exception is not approved with this alternative.

CONSTRUCTION COST: \$25- \$30 Million

RIGHT OF WAY COST: \$5- \$15 Million (include acquisition and utility relocation)

* Construction cost for improving Paige Rd is \$28 million, which includes Paige Rd widening to three lanes per direction; replace exist Paige Rd Overcrossing to three lanes and a sidewalk for each direction; intersections reconstruction at Paige/Blackstone St & Paige Rd/Laspina St; and improve all ramps on Paige Rd.

NOTE:

EXIST ON-/OFF-RAMPS AT PAIGE RD REMAINS OPEN AFTER NEW INTERCHANGE IS BUILT.

LEGEND:

-  NEW R/W
-  EXISTING R/W
-  TEMPORARY CONSTRUCTION EASEMENT (TCE)

ABBREVIATIONS:

- OVERCROSSING - OC
- SOUTH - S.
- AVENUE - Ave
- POSTMILE - PM
- ROAD - Rd
- STREET - St
- RIGHT OF WAY - R/W

**PROPOSED
COMMERCIAL Ave OC
(0.8 MILE S. OF PAIGE Ave OC)
PM 26.8**

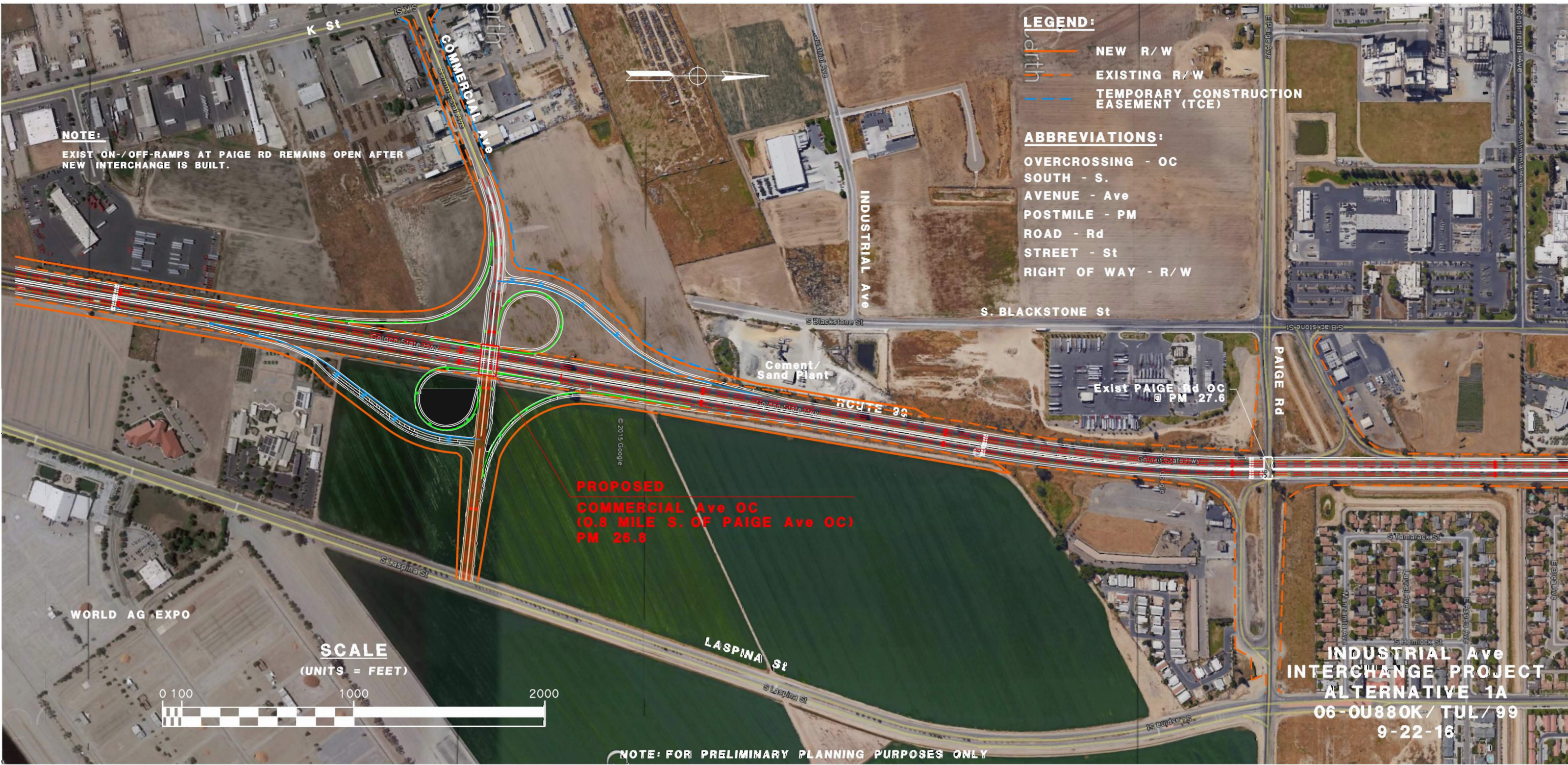
WORLD AG EXPO

SCALE
(UNITS = FEET)



NOTE: FOR PRELIMINARY PLANNING PURPOSES ONLY

**INDUSTRIAL Ave
INTERCHANGE PROJECT
ALTERNATIVE 1A
06-OU880K / TUL / 99
9-22-16**



Alternative 1B – Construct Commercial Ave Interchange at 1.0 mile south of Paige Road OC

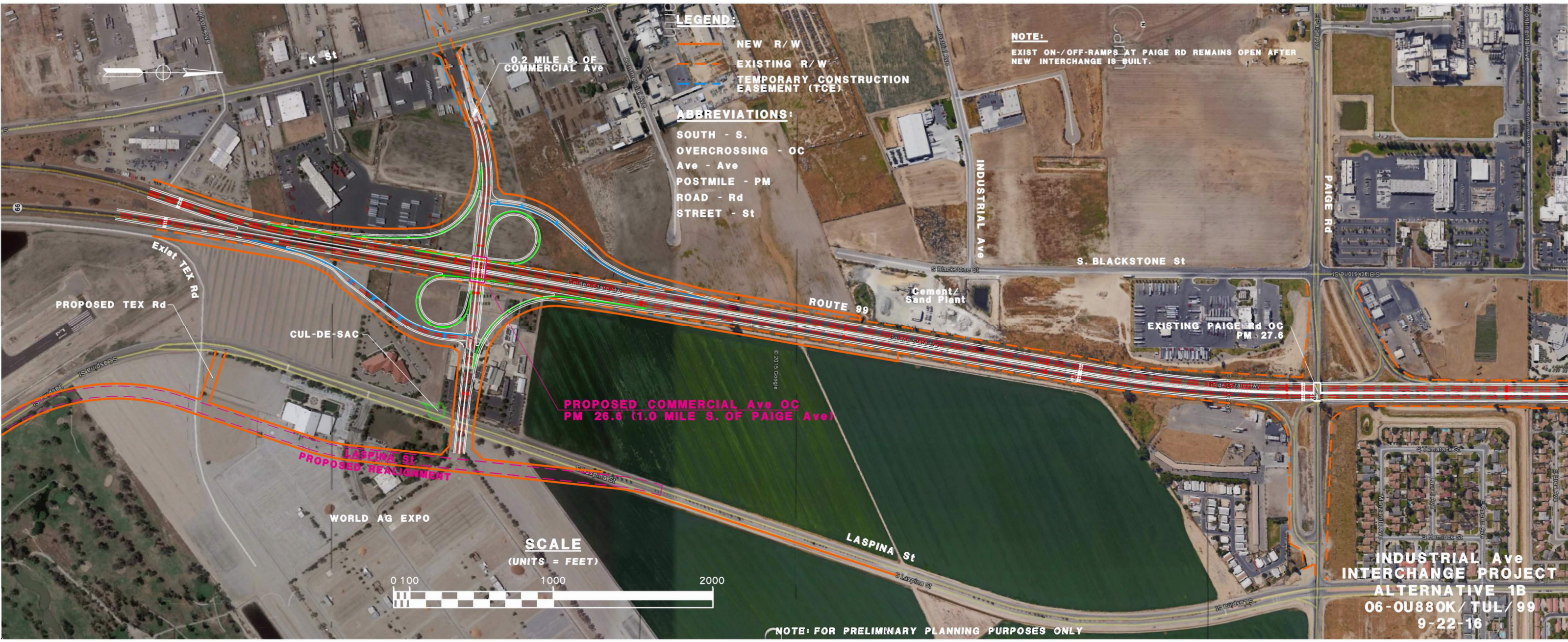
- Construct new interchange using L-9 interchange configuration at approximately 0.2 mile south of existing Commercial Avenue at K Street.
- Realign Laspina Street to provide distance for the proposed overcrossing at Commercial Avenue.
- Construct auxiliary lanes on Route 99 between the proposed Commercial Avenue interchange and the existing Paige Road interchange to improve weaving condition between Paige Road and the new interchange
- Maintain existing bridge structure and ramps at Paige Road
- Signalize Commercial Ave and Laspina Street intersection if warranted

IMPACTS/RISKS:

- World Agriculture Expo Center will be **significantly impacted** in order to construct new NB on- off-ramps and to accommodate Laspina Street realignment.
- Southern California Edison Company Energy Education Center will be **significantly impacted** in order to construct new NB on- off-ramps and the extension of Commercial Ave.
- New interchange will be situated closer to Mefford Field (Tulare Airport). Airway/Highway Clearance will need to be further evaluated.

CONSTRUCTION COST: \$28- \$32 Million (not including improving Paige Rd cost)

RIGHT OF WAY COST: \$15- \$50 Million (include acquisition and utility relocation)



LEGEND:

- NEW R/W
- - - EXISTING R/W
- - - TEMPORARY CONSTRUCTION EASEMENT (TCE)

ABBREVIATIONS:

- SOUTH - S.
- OVERCROSSING - OC
- Ave - Ave
- POSTMILE - PM
- ROAD - Rd
- STREET - St

NOTE:

EXIST ON-/OFF-RAMPS AT PAIGE RD REMAINS OPEN AFTER NEW INTERCHANGE IS BUILT.

0.2 MILE S. OF COMMERCIAL Ave

PROPOSED COMMERCIAL Ave OC PM 26.6 (1.0 MILE S. OF PAIGE Ave)

LASPINA St PROPOSED REALIGNMENT

SCALE

(UNITS = FEET)



INDUSTRIAL Ave INTERCHANGE PROJECT
ALTERNATIVE 1B
 06-OU880K / TUL / 99
 9-22-16

NOTE: FOR PRELIMINARY PLANNING PURPOSES ONLY

Alternative 1C – Construct Commercial Ave Interchange and Permanently Closed Paige Road Interchange

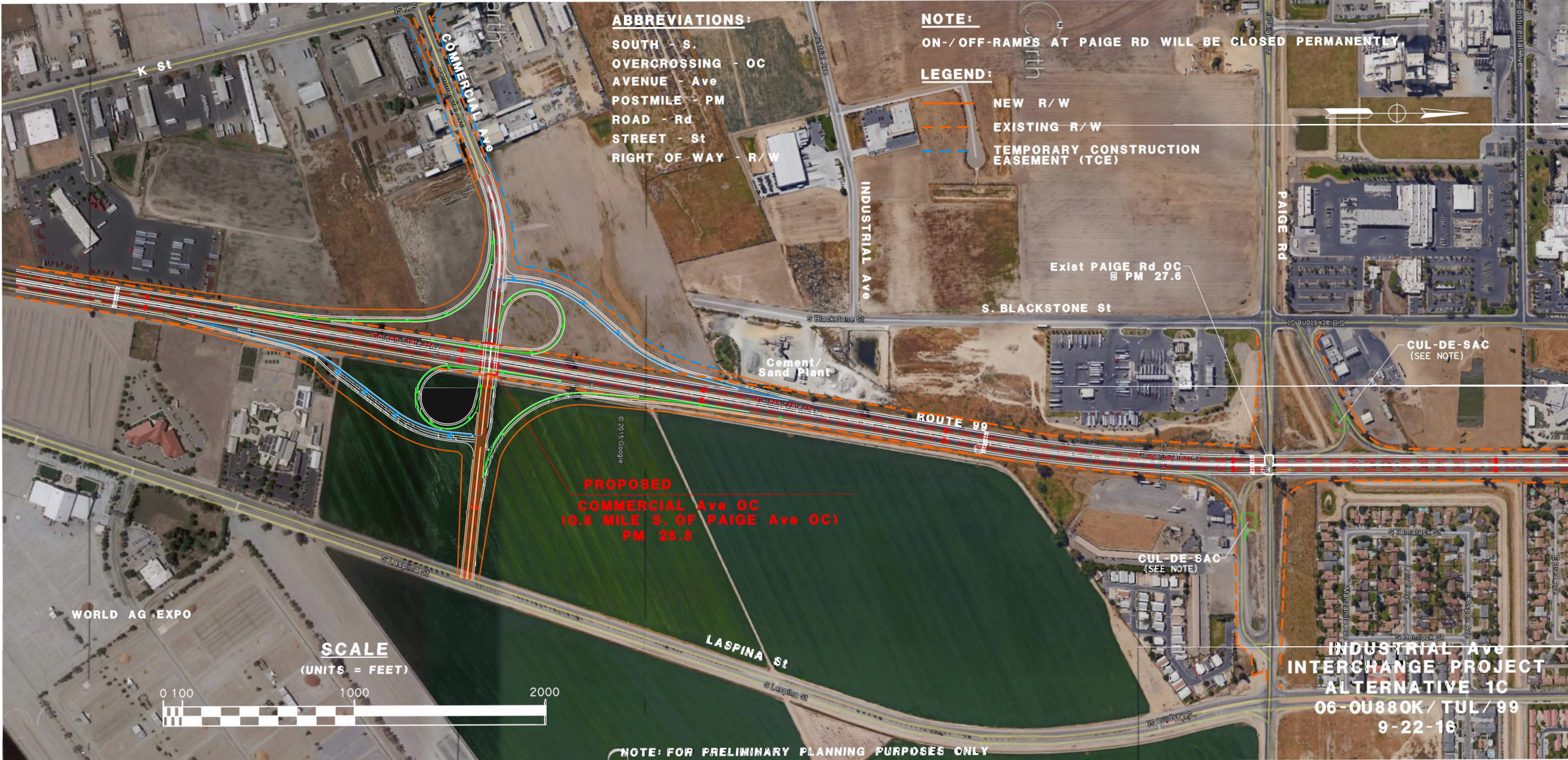
- Construct new interchange using L-9 interchange configuration.
- Maintain existing Paige Road bridge structure.
- Permanently closed all ramps at Paige Road and construct cul-de-sac to maintain access for local businesses.
- Signalize Commercial Ave and Laspina Street intersection if warranted

IMPACTS/RISKS:

- Potential impact at World Agriculture Expo Center and the existing basin in order to construct new NB off ramp.
- Southern California Edison Company Energy Education Center will be minimally impacted to construct new NB off ramp.
- Traffic at Paige Road will need to access freeway from K Street or Laspina Street to Commercial Avenue.

CONSTRUCTION COST: \$25- \$30 Millions

RIGHT OF WAY COST: \$5- \$15 Million (include acquisition and utility relocation)



ABBREVIATIONS:

- SOUTH - S.
- OVERCROSSING - OC
- AVENUE - Ave
- POSTMILE - PM
- ROAD - Rd
- STREET - St
- RIGHT OF WAY - R/W

NOTE:

ON-/OFF-RAMPS AT PAIGE RD WILL BE CLOSED PERMANENTLY

LEGEND:

- NEW R/W
- - - EXISTING R/W
- - - TEMPORARY CONSTRUCTION EASEMENT (TCE)

**PROPOSED
COMMERCIAL Ave OC
(0.8 MILE S. OF PAIGE Ave OC)
PM 26.8**

Exist PAIGE Rd OC
@ PM 27.6

**CUL-DE-SAC
(SEE NOTE)**

**CUL-DE-SAC
(SEE NOTE)**

**INDUSTRIAL AVE
INTERCHANGE PROJECT
ALTERNATIVE 1C
06-OU880K/TUL/99
9-22-16**

NOTE: FOR PRELIMINARY PLANNING PURPOSES ONLY

**SCALE
(UNITS = FEET)**



WORLD AG EXPO

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Alternative 2 – Construct New Interchange at Industrial Avenue

- Construct new interchange using L-9 interchange configuration.
- Maintain existing bridge structure and permanently closed all existing ramps at Paige Road
- Realign Blackstone Avenue to connect with new Industrial Avenue
- Signalize Industrial Ave and Laspina Street intersection if warranted

IMPACTS/RISKS:

- AT&T Communication Tower is located at intersection of Blackstone Avenue & Industrial Ave. It will need to be relocated in order to construct SB on-ramp. Relocating this Communication Tower will need significant timeframe. Schedule may be at risk.

CONSTRUCTION COST: \$25 - \$30 million

RIGHT OF WAY COST: \$5- \$15 Million (include acquisition and utility relocation)

NOTE:
ALL RAMPS AT PAIGE Rd WILL BE PERMANENTLY CLOSED.

LEGEND:

-  NEW R/W
-  EXISTING R/W
-  TEMPORARY CONSTRUCTION EASEMENT (TCE)

ABBREVIATIONS:

- OVERCROSSING - OC
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- STREET - St
- RIGHT OF WAY - R/W

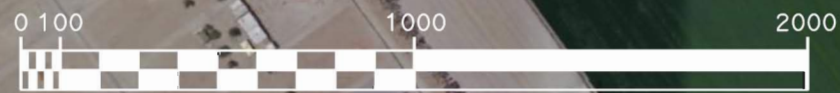
PROPOSED INDUSTRIAL Ave INTERCHANGE
PM 27.2

Exist PAIGE Rd OC
PM 27.6

**INDUSTRIAL Ave
INTERCHANGE PROJECT
ALTERNATIVE 2
06-OU880K / TUL / 99
9-22-16**

WORLD AG EXPO

SCALE
(UNITS = FEET)



NOTE: FOR PRELIMINARY PLANNING PURPOSES ONLY



Alternative 3 – Reconstruct the existing Paige Road Overcrossing to standard

- Reconstruct Paige Road Overcrossing using L-9 interchange configuration
- Improve Paige Road to accommodate additional through and turn lanes with standard bike lanes and sidewalks at each direction of Paige Road
- Construct auxiliary lane on SB Route 99 to mitigate the insufficient weaving distance between Bradley Ave OC and Paige Rd OC
- Standardize the bridge vertical clearance after bridge reconstruction
- Provide on- off-ramps from Paige Ave onto State Route 99 with ramp metering design
- Construct culverts to channel Tulare Canal due to new ramp configurations
- Reconstruct intersections between Paige Road and Laspina Street & Paige Road and Blackstone Street

IMPACTS/RISKS:

- Love's Truck Stop and fast food restaurant located south west of Paige Rd OC will be impacted in order to construct SB on-ramp.
- Budget Inn motel located south east of Paige Rd OC will be impacted.
- The Truck stop located south east of Paige Road OC will be impacted.
- Tire Services located north west of Paige Road OC will be impacted.
- Standardize Paige Road interchange will need to include constructing auxiliary lane at SB 99 to mitigate insufficient weaving distance.

CONSTRUCTION COST: \$25- \$30 Million

RIGHT OF WAY COST: \$10- \$25 Million (include acquisition and utility relocation)

LEGEND:

- NEW R/W
- - - - EXISTING R/W



PAIGE Rd OC
PM 27.6

INDUSTRIAL AVE

BLACKSTONE St

S Blackstone St

Cement/
Sand Plant

ROUTE 99

ROUTE 99

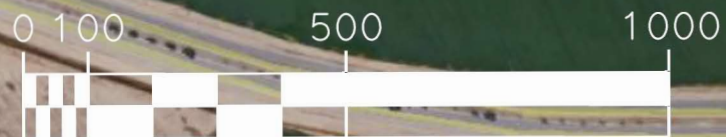
Golden State Hwy

ABBREVIATIONS:

- OVERCROSSING - OC
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- ROAD - Rd
- STREET - St
- RIGHT OF WAY - R/W

SCALE

(UNITS = FEET)



PAIGE Rd

LASPINA St

**INDUSTRIAL AVENUE
INTERCHANGE PROJECT
ALTERNATIVE 3**

06-OU880K/TUL/99

9-22-16

NOTE: FOR PRELIMINARY PLANNING PURPOSES ONLY

**ACTION MINUTES OF TULARE
CITY COUNCIL, CITY OF TULARE**

October 18, 2016

A closed session meeting of the City Council, City of Tulare was held on Tuesday, October 18, 2016, at 6:30 p.m., in the Tulare Public Library & Council Chambers, 491 North "M" Street.

COUNCIL PRESENT: Carlton Jones, Shea Gowin, Craig Vejvoda

COUNCIL ABSENT: David Macedo, Maritsa Castellanoz

STAFF PRESENT: Paul Melikian, David Hale, Fred Ynclan, Janice Avila, Darlene Thompson, Roxanne Yoder

I. CALL TO ORDER CLOSED SESSION

Vice Mayor Jones called the closed session to order at 6:30 p.m.

- II. CITIZEN COMMENTS** - Comments from the public are limited to items listed on the agenda (GC 54954.3a). Speakers will be allowed three minutes. Please begin your comments by stating and spelling your name and providing your city of residence.

There were no citizen comments presented.

III. ADJOURN TO CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION(S):

Vice Mayor Jones adjourned to closed session at 6:30 p.m., for items as stated by City Attorney David Hale.

- (a) 54957.6b Conference with Labor Negotiators
Represented/Unrepresented employee(s): Police Officers Association;
Negotiators: Paul Melikian, Janice Avila, Darlene Thompson, and Wes Hensley

A regular session meeting of the City Council, City of Tulare was held on Tuesday, October 18, 2016, 2016, at 7:00 p.m., in the Tulare Public Library & Council Chambers, 491 North "M" Street.

COUNCIL PRESENT: Carlton Jones, Maritsa Castellanoz, Shea Gowin, Craig Vejvoda

COUNCIL ABSENT: David Macedo

STUDENTS PESENT: Mirian Espinoza

STUDENTS ABSENT: Ashley Logue, Yash Bhakta

STAFF PRESENT: Paul Melikian, David Hale, Fred Ynclan, Willard Epps, Janice Avila, Darlene Thompson, Joe Carlini, Rob Hunt, Michael Miller, Steve Bonville, Nick Bartsch, Roxanne Yoder

IV. RECONVENE CLOSED SESSION

Vice Mayor Jones reconvened from closed session at 7:00 p.m.

V. CLOSED SESSION REPORT (if any)

Vice Mayor Jones advised there was no reportable action.

VI. ADJOURN CLOSED SESSION

Vice Mayor Jones adjourned closed session at 7:00 p.m.

VII. CALL TO ORDER REGULAR SESSION

Vice Mayor Jones called the regular meeting to order at 7:00 p.m.

VIII. PLEDGE OF ALLEGIANCE AND INVOCATION

Captain Ynclan led the Pledge of Allegiance, and an invocation was given by City Engineer Michael Miller.

IX. CITIZEN COMMENTS

Vice Mayor Jones requested those who wish to speak on matters not on the agenda within the jurisdiction of the Council, or to address or request a matter be pulled from the consent calendar to do so at this time. He further stated comments related to general business matters would be heard at the time that matter is addressed on the agenda.

No public comment.

X. COMMUNICATIONS

There were no items for this section on the agenda.

XI. CONSENT CALENDAR:

It was moved by Council Member Vejvoda, seconded by Council Member Castellanoz, and unanimously carried that the items on the Consent Calendar be approved as presented.

(1) Authorization to read ordinances by title only.

- (2) **Approve minutes of September 20, 2016 special/regular meeting(s).**
- (3) **Approve a legal services agreement with David P. Hale, a Professional Corporation, for City Attorney Services.**
- (4) **Adopt Resolution 16-50 amending the Tulare City Council Handbook of Rules and Procedures of the City Council of the City of Tulare.** Council Member Castellanoz pulled the item stating that the full Council should consider and/or the new Council in December. Council Member Vejvoda stated it appeared that the changes are minimal, vernacular, grammar, etc. and did not appear to be time sensitive. He inquired of the City Attorney to confirm. City Attorney David Hale advised that it was not a time sensitive item and that the Council could, by motion, continue the item to a date certain or indefinitely. With no further discussion or alternative motion the original motion by Council Member Castellanoz, seconded by Council Member Vejvoda in support was carried 4 to 0 (Mayor Macedo absent) to continue the item to be heard at time that it could be considered by the full Council and/or the new Council in December.
- (5) **Receive, review, and file the Monthly Investment Report for August 31, 2016.**
- (6) **Award Bid 17-591 to Will Tiesiera Ford in the amount of \$24,471.16 for the purchase of one (1) Regular Cab One Half (1/2) Ton Short Bed Truck.**
- (7) **Award Bid 17-592 to Will Tiesiera Ford in the amount of \$24,758.69 for the purchase of one (1) Regular Cab One Half (1/2) Ton Long Bed Truck.**
- (8) **Award Bid 17-593 to Visalia Buick GMC in the amount of \$26,752.20 for the purchase of one (1) Double Cab One Half (1/2) Ton Short Wheelbase Truck.**
- (9) **Award Bid 17-594 to Will Tiesiera Ford in the amount of \$63,257.82 for the purchase of two (2) Three Quarter (3/4) Ton Regular Cab Trucks with Service Body.**
- (10) **Authorize lease payment in the amount of \$10,619.61 for the Women's Clubhouse property for October 20, 2016 thru October 21, 2017.** Council Member Vejvoda requested an update from staff related to the purchase of the property. General Services Director Steve Bonville provided a report for the Council's review and consideration. He indicated that the bill related to the property is delayed in Congress until mid-year 2017. With no further discussion it was moved by Council Member Vejvoda, seconded by Council Member Gowin and carried 4 to 0 (Mayor Macedo absent) to approve as presented.

- (11) Approve a list of pre-qualified consultants for on-call environmental services, and authorize the City Manager to enter into consultant professional service contracts with Crawford & Bowen Planning Inc. of Visalia, CA, Provost & Pritchard of Visalia, CA, and Redtail Consulting of Fremont, CA for providing on-call environmental services for a period of two years, with up to three subsequent one year renewals.
- (12) Accept as complete the contract with Avison Construction of Madera, CA on Project EN0066 Pavement Management System project on Laspina Street. Authorize the City Project Manager to sign the Notice of Completion, and direct the City Clerk to file the Notice of Completion with the Tulare County Recorder's Office.
- (13) Grant permission for Tulare Public Library's annual participation in the national campaign, "Food for Fines," which allows customers to reduce their late fines by donating food and now coats to local agencies like the Tulare Emergency Aid Council.
- (14) Adopt Resolution 16-51 amending the City's Non-Utility Position Control Budget (PCB) by the following: Adding and setting the salary ranges for the classifications of One (1) Associate Planner/Senior Planner, one (1) Plans Examiner, and one (1) Senior Civil Engineer; deleting one (1) Associate Engineer and one (1) Public Works Inspector classifications; and adjusting the salary schedule to increase the salary range for the City Engineer classification. Council Member Vejvoda pulled the item to highlight the item and allow staff to provide additional information as to the need for the additional positions. Interim City Manager Paul Melikian provided a report for the Council's review and consideration. Following discussion it was moved by Council Member , seconded by Council Member Castellanoz and carried 4 to 0 (Mayor Macedo absent) to adopt Resolution 16-51 as presented.

XII. SCHEDULED CITIZEN OR GROUP PRESENTATIONS

There were no items for this section of the agenda.

XIII. MAYOR'S REPORT

There were no items for this section of the agenda.

XIV. STUDENT REPORTS

Mirian Espinoza introduced herself reported on various school related activities.

XV. GENERAL BUSINESS

Comments related to General Business Items are limited to three minutes per speaker, for a maximum of 30 minutes per item, unless otherwise extended by the Council.

(1) **Public Hearing:**

- a. **Public Hearing to adopt Resolution 16-52 approving a Mitigated Negative Declaration for Zone Amendment 711 (Willow Glen Partnership to rezone approximately 15.9 acres from Retail Commercial (C-3) to R-1-6 (SFR, minimum 7,000 sf lot area) to R-M-2 (MFR 1 unit/3,000 sf of site area) and pass-to-print Ordinance No. 16-11 approving Zone Amendment 717 (Willow Glen Partnership) to rezone approximately 15.9 acres from Retail Commercial (C-3) to R-1-6 (SFR, minimum 6,000 sf lot area); and approximately 4 acres from R-1-7 (SFR, minimum 7,000 sf lot area) to R-M-2 (MFR 1 until/3,000 sf of site area) on a vacant parcel located at the northwest corner of Mooney Boulevard and Cartmill Avenue.** Community Development Deputy Director Traci Myers provided a report for the Council's review and consideration. Vice Mayor Jones opened the Public Hearing at 7:16 p.m. Harvey May of Paloma Development (Visalia) spoke in support of the project. With no further comments, Vice Mayor Jones closed the Public Hearing at 7:17 p.m. With no further discussion it was moved by Council Member Vejvoda, seconded by Council Member Castellanoz and carried 4 to 0 (Mayor Macedo absent) to adopt Resolution 16-52 as presented; it was further moved by Council Member Castellanoz, seconded by Council Member Gowin and carried 4 to 0 (Mayor Macedo absent) to pass-to-print Ordinance 16-11 as presented.
- b. **Public Hearing to adopt Resolution 16-53 accepting and approving expenditures for the State of California, Citizens Option for Public Safety (COPS) Program funds in the amount of \$100,000 to be used to fund (1) Police Officer positions, salary and benefits package; and authorize the Chief of Police to execute all related documents.** Police Captain Fred Ynclan provided a report or the Council's review and consideration. Vice Mayor Jones opened the Public Hearing at 7:21 p.m., with no public comment Vice Mayor Jones closed the Public Hearing at 7:21 p.m. With no further discussion it was moved by Council Member Gowin, seconded by Council Member Castellanoz and carried 4 to 0 (Mayor Macedo absent) to adopt Resolution 16-53 as presented.
- c. **Public Hearing to adopt Resolution 16-54 accepting funding and approving expenditures of the 2016 Edward Byrne Memorial Grant in the amount of \$33,694.00 to be used to upgrade/replace shelving and cabinetry in the evidence and property storage room and authorize the City Manager or designee to execute all necessary documents pertinent to grant.** Police Captain Fred Ynclan provided a report or the Council's review and consideration. Vice Mayor Jones opened the Public Hearing at 7:22 p.m., with no public comment Vice Mayor Jones closed the Public Hearing at 7:22 p.m. With no further discussion it was moved by Council Member Vejvoda, seconded by Council Member Gowin and carried 4 to 0 (Mayor Macedo absent) to adopt Resolution 16-54 as presented.

- d. **Public Hearing to pass-to-print Ordinance 16-12 amending Title 3 of the Tulare Municipal Code to remain current with the latest edition of the California Fire Code.** Fire Chief Willard Epps provided a report or the Council's review and consideration. Fire Division Chief David LaPere provided additional information for the Council's consideration. Vice Mayor Jones opened the Public Hearing at 7:26 p.m., with no public comment Vice Mayor Jones closed the Public Hearing at 7:26 p.m. With no further discussion it was moved by Council Member Castellanoz, seconded by Council Member Vejvoda and carried 4 to 0 (Mayor Macedo absent) to pass-to-print Ordinance 16-12 as presented.

(2) Finance:

- a. **Adopt Ordinance 16-09, authorizing an amendment to the Contract between the City of Tulare and the Board of Administration of the California Public Employees' Retirement System to provide for changes to include employee cost-sharing of City's PERS cost.** Finance Director Darlene Thompson provided a report for the Council's review and consideration. With no further discussion or public comment it was moved by Council Member Gowin, seconded by Council Member Castellanoz and carried 4 to 0 (Mayor Macedo absent) to adopt Ordinance 16-09 as presented.
- b. **Adopt Ordinance 16-10 providing for the issuance of not to exceed \$28,000,000 principal amount of City of Tulare Water Revenue Bonds, Series 2016 to a) finance approximately \$20 million of water system capital improvements, b) potentially refund approximately \$5 million of an outstanding equipment lease for debt service savings, and c) fund costs of issuance and a potential debt service reserve fund. The ordinance also approves the form of a bond indenture; and adopt Resolution 16-55 regarding its intention to reimburse expenditures for project costs from proceeds of tax-exempt obligations.** Finance Director Darlene Thompson provided a report for the Council's review and consideration. With no further discussion or public comment it was moved by Council Member Vejvoda, seconded by Council Member Gowin and carried 4 to 0 (Mayor Macedo absent) to adopt Ordinance 16-10 as presented; it was further moved by Council Member Castellanoz, seconded by Council Member Gowin and carried 4 to 0 (Mayor Macedo absent) to adopt Resolution 16-55 as presented.

XVI. COUNCIL/STAFF UPDATES, REPORTS OR ITEMS OF INTEREST – GC 54954.2(a)(2)

XVII. ADJOURN REGULAR MEETING

Vice Mayor Jones adjourned the regular meeting at 7:54 p.m.

President of the Council and Ex-Officio
Mayor of the City of Tulare

ATTEST:

Deputy City Clerk and Clerk of the
Council of the City of Tulare

AGENDA ITEM:

**CITY OF TULARE, CA
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Community Development Department

For Council Meeting of: November 1, 2016

Documents Attached: Ordinance Resolution Staff Report Other None

AGENDA ITEM:

Review and authorize the City Manager to sign a contract with TischlerBise, LLC in the amount of \$77,730 for a comprehensive Development Impact Fee (DIF) study in order to compute proposed rates and methodologies for financing public facilities necessitated by further development projects.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

A Request for Proposals was issued on August 8, 2016 for the preparation of a comprehensive Development Impact Fee (DIF) study in order to compute proposed rates and methodologies for financing public facilities necessitated by future development projects in the City of Tulare.

Four (4) firms submitted all the necessary information to be considered for inclusion in a list of pre-approved consultants to provide these services. The proposals were reviewed and rated in accordance with the consultant selection procedures identified in the RFQ, and all four (4) firms were interviewed by a panel made up of city staff and a representative of the BIA.

TischlerBise, Inc. demonstrated in their proposal that they have the skills, expertise and resources available to meet the City's needs and timeframe to complete the tasks of this project. TischlerBise has proposed to perform the necessary work for \$77,730.

The last DIF study performed for the City was in 2009 and ultimately acted upon by City Council in 2011. The City has since adopted its 2035 General Plan update and its 5-year Capital Improvement Plan for focus in planning, budgeting and cost accounting for Public Facilities required to support new development. TischlerBise, LLC will perform, at minimum, the following tasks:

A. Review Existing Procedures and information

1. Review the City's current financing structure and system for new Public Facilities required as the result of new development within the City whether the financing be provided by Development Impact Fees (DIF), assessment districts, developer contributions, City contributions, reimbursements, grants, or otherwise.
2. Review the City's Planning Documents and comment and make suggestions with regard to the projects defined, the needed infrastructure and facilities identified, demographics and land use projections, and any other factors that will impact the financial planning related to the impact mitigating new Public Facilities.

3. Suggest needed revisions to the City's DIF ordinance, fee schedule and method of collections, accounting and implementation of the financing program.

B. Identify Infrastructure and Facility Needs and Costs

TischlerBise, LLC will review capital infrastructure and facility needs and identify those capital costs which can be attributed to the planned growth of the City.

C. Develop a Cost of Growth Impact Fee Model

TischlerBise, LLC will develop a cost of growth impact fee model to include an evaluation of various impact fee methodologies, and a recommendation of the collection process that should be undertaken by the City.

C. Prepare a Draft Memorandum

TischlerBise, LLC will prepare a draft Memorandum which specifically details the current levels of City services, impact of new development on those services, and the Cost of Development analysis related to capital facility needs. The Memorandum shall provide an analysis of the feasibility of, and the data and resources necessary for, generating a development impact fee for each of the identified service areas. The draft Memorandum will also describe the nexus relationships and the methods of apportioning the costs among future development by development type.

D. Prepare a Communication Plan and Strategy Memorandum

Within the first thirty days TischlerBise, LLC will prepare a Communications Plan Memorandum recommending a plan for stakeholder meetings, presentation content, and a summary of educational materials to be prepared.

E. Prepare a Final Report

Upon review and comment on the draft Memorandum by staff, and input from stakeholders, City Council, and Board of Public Utilities, a final Report shall be delivered to the City.

F. Competitiveness Analysis

The TischlerBise, LLC will analyze and report on the comparable market viability of the newly recommended Development Impact Fees compared to other cities' fees in the surrounding region.

Mike Lane, Director of the Tulare/Kings BIA, participated in the review and selection process for this comprehensive Development Impact Fee (DIF) study consultant. It is staff's intent to include Mr. Lane or his designee as an integral part of the project team, which will oversee the tasks and completion of the study.

STAFF RECOMMENDATION:

Review and authorize the City Manager to sign a contract with TischlerBise, LLC in the amount of \$77,730 for a comprehensive Development Impact Fee (DIF) study in order to compute proposed rates and methodologies for financing public facilities necessitated by further development projects.

CITY ATTORNEY REVIEW/COMMENTS: Yes N/A

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No N/A

FUNDING SOURCE/ACCOUNT NUMBER:

General Plan Maintenance DIF Account 225-5225-2017

Submitted by: Michael Miller

Title: City Engineer

Date: October 24, 2016

City Manager Approval: _____

AGREEMENT FOR CONSULTING SERVICES

This Agreement, entered into this ____ day of _____, 20____, by and between **TISCHLERBISE, LLC.** hereinafter referred to as the "CONSULTANT," and the City of Tulare, hereinafter referred to as the "CITY."

WITNESSETH

WHEREAS, the CITY is authorized and empowered to employ consultants and specialists in the performance of its duties and functions; and

WHEREAS, the CITY has the desire to secure certain technical and professional services to assist in the preparation and completion of the items of work described as "Scope of Work" in Exhibit "A", and hereinafter referred to as the "PROJECT"; and

WHEREAS, the CONSULTANT represents it is qualified and willing to provide such services pursuant to terms and conditions of this Agreement:

NOW, THEREFORE, BE IT AGREED, by and between the CONSULTANT and the CITY as follows:

I. SERVICES TO BE PERFORMED BY THE CONSULTANT

A. Authorized Scope of Work

The CONSULTANT agrees to pay for and perform all work necessary to complete in a manner consistent with prevailing professional practice those tasks described in Exhibit "A", attached hereto and incorporated herein by this reference. Any conflict between Exhibit "A" and any exhibit attached thereto, and the provisions of this Agreement shall be construed in favor of the provisions provided herein.

B. Additional Services

Incidental work related to the PROJECT and not provided for in Exhibit "A" may be needed during the performance of this Agreement. The rate for such additional service will be agreed to by CITY and CONSULTANT prior to commencement of work. Such additional services shall not be performed by CONSULTANT without the express written consent of CITY.

II. TIME OF PERFORMANCE

The CONSULTANT shall commence forth within five (5) days following approval of this Agreement. The CITY will inform the CONSULTANT of said approval. The various tasks involved in the PROJECT shall be **completed no later than** _____.

Time extensions shall be granted only for good cause as determined at the sole discretion of the CITY.

If the CONSULTANT fails to complete the PROJECT within the time specified, plus any extensions of time which may be granted, the CITY shall determine the percent of each work item completed and shall pay the CONSULTANT on that basis.

LIQUIDATED DAMAGES: Should the CONSULTANT fail to complete this contract, within the time fixed for such completion, pursuant to Government Code Section 53069.85, said CONSULTANT shall forfeit and pay

(CITY may deduct the amount thereof from any money due or to become due to the CONSULTANT) the sum of ONE HUNDRED DOLLARS (\$100.00) PER CALENDAR DAY for each and every day's delay as liquidated damages.

III. COMPENSATION

A. Total Compensation

For services performed pursuant to this Agreement, the CITY agrees to pay and the CONSULTANT agrees to accept, as payment in full, Seventy-Seven Thousand Seven Hundred and Thirty dollars (\$ 77,730.) for all hours worked. CITY agrees to pay and CONSULTANT agrees to accept payment in accordance with Exhibit "B". Payment by CITY shall be within thirty (30) days following the first of the month for which payment is due, subject to CITY accounting procedures.

IV. AUTHORIZED REPRESENTATIVE

The City Engineer or his Designee shall represent the CITY in all matters pertaining to the services to be rendered under this Agreement, except where approval of the City Council of the City of Tulare is specifically required.

V. TERMINATION

The CITY or the CONSULTANT may terminate this Agreement at any time by giving written notice of such termination and specifying the effective date thereof, at least fifteen (15) days before the effective date of such termination. In such event, all finished and unfinished documents and other materials shall, at the option of the CITY, become its property. If this AGREEMENT is terminated by the CITY as provided for herein, the CONSULTANT shall be paid for the tasks (as set forth in Exhibit "A") satisfactorily completed prior to the date of termination, and in the amounts set forth herein, including CONSULTANT'S reasonable costs associated with the termination itself if termination effectuated by CITY, less compensation, if any, to the CITY for damages suffered as a result of the CONSULTANT'S failure to comply with the terms of this AGREEMENT.

VI. TERMINATION OF AGREEMENT FOR CAUSE

A. The CITY may be written notice to the CONSULTANT specifying the effective date thereof, at least fifteen (15) days before the effective date of such termination, terminate the whole or any part of this Agreement in any of the following circumstances:

1. If the CONSULTANT fails to perform the services called for by this Agreement within time(s) specified herein or any extension thereof; or
2. If the CONSULTANT fails to perform the services called for by this Agreement or so fails to make progress as to endanger performance of this Agreement in accordance with its terms, and in either of these two circumstances does not correct such failure within a period of ten (10) days (or longer period as the CITY may authorize in writing) after receipt of notice from the CITY specifying such failure.

B. In the event the CITY terminates this Agreement in whole or in part as provided in paragraph "A" above, the CITY may procure, upon such terms and such manner as it may determine appropriate, services similar to those terminated.

C. Except with respect to defaults of subcontractors, the CONSULTANT shall not be liable for any excess costs if the failure to perform this Agreement arises out of causes beyond the control and without the fault or negligence of the CONSULTANT. Such causes include, but are not limited to, acts of God or of the public enemy, floods, epidemics, quarantine restrictions, strikes, and unusually severe weather; but in the event the failure to perform is caused by the default of a subcontractor, the CONSULTANT shall not be liable for failure to perform, unless the services to be furnished by the subcontractor were obtainable from other sources in sufficient time and within budgeted resources to permit the CONSULTANT to meet the required delivery schedule or other performance requirements.

D. Should the Agreement be terminated as provided in paragraph "A" above, the CONSULTANT shall provide the CITY with all finished and unfinished documents, data, studies, services, drawings, maps, models, photographs, reports, etc., prepared by the CONSULTANT pursuant to this Agreement. Upon termination as provided in paragraph "A" above, the CONSULTANT shall be paid the value of the work performed, less payments of compensation previously made. Payment of fees previously made by the CITY to the CONSULTANT shall be credited to the amount payable to the CONSULTANT for allowable costs as provided herein except, however, the CONSULTANT shall be entitled to proportionate fee, if any, which in the option of the CITY, it has legitimately earned and was not related to the cause for which this Agreement was terminated.

E. If, after notice of termination of this Agreement, as provided for in this article, it is determined for any reason that the CONSULTANT was not in default under the provisions of this article, then the rights and obligations of the parties shall be the same as if the Agreement has been terminated for the convenience of the CITY.

VII. INTEREST OF OFFICIALS AND THE CONSULTANT

A. No officer, member, or employee of the CITY or another public official of the governing body of the locality or localities in which the work, pursuant to this Agreement is being carried out, who exercises any functions or responsibilities in the review or approval of the undertaking or carrying out of the aforesaid work shall:

1. Participate in any decision relating to this Agreement which effects his personal interest or the interest of any corporation, partnership, or association in which he has, directly or indirectly, any interest; or
2. Have any interest, direct or indirect, in this Agreement or the proceeds thereof during his tenure or for one year thereafter.

B. The CONSULTANT hereby covenants that he has, at the time of the execution of this Agreement, no interest, and that he shall not acquire any interest in the future, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed pursuant to this Agreement. The CONSULTANT further covenants that in the performance of this work, no person having such interest shall be employed.

The CONSULTANT warrants, by execution of this Agreement, that no personnel agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting *bonafide* established commercial or selling agencies maintained by the CONSULTANT for the purpose of securing business. For breach or violation of this warrant, the CITY shall have the right to annul this Agreement without liability or, in its discretion, to deduct from this Agreement without liability, or, in its discretion, to deduct from this Agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee.

VIII. SUBCONTRACTING

A. The CONSULTANT shall not subcontract or otherwise assign any portion of the work to be performed under this Agreement without the prior written approval of the CITY.

B. In no event shall the CONSULTANT subcontract work in excess of 50% of the contract amount, excluding specialized services. Specialized services are those items not ordinarily furnished by a consultant performing this particular type of work.

IX. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and shall inure to the benefit of any successors to or assigns of the parties. The CONSULTANT shall not assign, delegate or transfer the rights and duties under this Agreement or any part thereof, without the prior written consent of the CITY.

X. INDEPENDENT CONTRACTOR

In the performance of the services herein provided for, the CONSULTANT shall be, and is, an independent contractor and is not an agent or employee of the CITY. The CONSULTANT has and shall retain the right to exercise full control and supervision of all persons assisting the CONSULTANT in the performance of said services hereunder. The CONSULTANT shall be solely responsible for all matters relating to the payment of its employees including compliance with social security and income tax withholding and all other regulations governing such matters.

XI. DISPUTE

Any dispute not resolvable by informal arbitration between the parties to this Agreement shall be adjudicated in a Court of Law under the laws of the State of California.

ATTORNEY'S FEES. In the event that suit is brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover as an element of its costs of suit, reasonable attorney's fees. The "prevailing party" shall be the party who is entitled to recover its costs of suit, whether or not the suit proceeds to final judgment.

XII. SPECIFICATIONS

All specifications, manuals, standards, etc., either attached to this Agreement or incorporated by reference, are binding as to the performance of the work specified in this Agreement unless they are changed by written amendment to this Agreement modified in writing to incorporate such changes.

XIII. PROHIBITION OF ASSIGNMENT

Neither the CITY nor CONSULTANT shall assign or transfer their interest in this Agreement without the written consent of the other party.

XIV. PUBLICATION

No report, information, or other data given or prepared or assembled by the CONSULTANT pursuant to this Agreement, shall be made available to any individual or organization by the CONSULTANT without the prior written approval of the CITY. Notwithstanding the foregoing, however, the CONSULTANT shall not be required to protect to hold in confidence any confidential information which (1) is or becomes available to the public with the prior written consent of the CITY; (2) must be disclosed to comply with law; or (3) must be disclosed in connection with any legal proceedings.

XV. INDEMNIFICATION AND INSURANCE

A. As respects to acts, errors or omissions in the performance of professional services, CONSULTANT agrees to indemnify and hold harmless the CITY, its officers, employees, and the CITY's designated volunteers from and against any and all claims, demands, defense costs, liability or consequential damages of any kind or nature arising directly out of CONSULTANT'S negligent acts, errors or omissions in the performance of his/her professional services under the terms of this contract.

As respects all acts or omissions which do not arise directly out of the performance of professional services, including but not limited to those acts or omissions normally covered by general and automobile liability insurance, CONSULTANT agrees to indemnify, defend (at the CITY's option), and hold harmless CITY, its employees, agents, representatives, and volunteers from and against any and all claims, demands, defense costs, liability, or consequential damages of any kind or nature caused in whole or in part by any negligent act or omission of the CONSULTANT, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence, or willful misconduct of the CITY.

B. Without limiting the CITY's right to indemnification, it is agreed that CONSULTANT shall secure prior to commencing any activities under this Agreement, and maintain during the term of this Agreement, insurance coverage as follows:

1. Workers' Compensation Insurance with statutory limits, and employer's liability insurance with limits of not less than \$1,000,000 per accident.
2. Commercial General Liability Insurance, including coverage for Premises and Operations, Contractual Liability, Personal Injury Liability, Products and Completed Operations Liability, Broad Form Property Damage (if applicable), Independent Contractors' Liability (if applicable), in an amount of not less than One Million Dollars (\$1,000,000.00) per occurrence, combined single limit, written on an occurrence form.

3. Professional Liability Insurance coverage, including contractual liability, in an amount not less than One Million Dollars (\$1,000,000.00), and CONSULTANT shall maintain such coverage for at least four (4) years from the termination of this Agreement; and during this four year period, CONSULTANT shall use CONSULTANT'S best efforts to ensure that there is no change of the retroactive date on this insurance coverage.
 4. Comprehensive Auto Liability coverage, including (as applicable) owned, non-owned and hired autos in an amount of not less than One Million Dollars (\$1,000,000.00) per occurrence, combined single limit, written on an occurrence form.
- C. The CITY'S Risk Manager is hereby authorized to reduce the requirements set forth above in the event he/she determines that such reduction is in the CITY'S best interest.
- D. Each insurance policy required by this Agreement shall contain the following clauses:
"This insurance shall not be canceled, limited in scope or coverage, or non-renewed until after thirty (30) days prior written notice has been given to the General Manager.

"It is agreed that any insurance maintained by the CITY shall apply in excess of and not contribute with insurance provided by this policy."
- Each insurance policy required by this Agreement, excepting policies for workers' compensation and professional liability, shall contain the following clause:

"The City, its officers, agents, employees, representatives and volunteers are added as additional insureds as respects operations and activities of, or on behalf of, the named insured, performed under contract with the City."
- E. Upon CITY's request, CONSULTANT shall deliver to the CITY insurance certificates confirming the existence of the insurance required by this Agreement, and including the applicable clauses referenced above. Also, within thirty (30) days of CITY'S request, CONSULTANT SHALL PROVIDE TO the CITY endorsements to the above-required policies, which add to these policies the applicable clauses referenced above. Said endorsements shall be signed by an authorized representative of the insurance company and shall include the signatory's company affiliation and title. Should it be deemed necessary by the CITY, it shall be CONSULTANT'S responsibility to see that the CITY receives documentation acceptable to the CITY which sustains that the individual signing said endorsements is indeed authorized to do so by the insurance company. Also, the CITY has the right to demand, and to receive within a reasonable time period, copies of any insurance policies required under this Agreement.
- F. In addition to any other remedies the CITY may have if CONSULTANT fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, the CITY may, at its sole option:
1. Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement;

2. Order CONSULTANT to stop work under this Agreement and/or withhold any payment(s) which become due to CONSULTANT hereunder until CONSULTANT demonstrates compliance with the requirements hereof.
3. Terminate this Agreement.

Exercise of any of the above remedies, however, is an alternative to other remedies the CITY may have and is not the exclusive remedy for CONSULTANT'S failure to maintain insurance or secure appropriate endorsements.

Nothing herein contained shall be construed as limiting in any way the extent to which CONSULTANT may be held responsible for payments of damages to persons or property resulting from CONSULTANT'S or its subcontractor's performance of the work covered under this Agreement.

XVI. OWNERSHIP OF DOCUMENTS

All original papers and documents, produced as a result of this Agreement, shall become the property of the CITY. In addition, CITY shall be provided with access and use of any other papers and documents consistent with the purpose and scope of services covered by this Agreement. Any additional copies, not otherwise provided for herein, shall be the responsibility of the CITY.

XVII. NOTICES

Notice shall be sufficient hereunder if personally served upon the City Manager of the CITY or an officer or principal of the CONSULTANT, or if sent via the United States Postal Service, postage prepaid, addressed as follows:

XVIII. JURISDICTION

This Agreement shall be administered and interpreted under the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be in that State. If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void insofar as it is in conflict with said law, but the remainder of the Agreement shall be in full force and effect.

XIX. INTEGRATION

This Agreement represents the entire understanding of the CITY and the CONSULTANT as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing signed by the CITY and the CONSULTANT.

XX. MISCELLANEOUS PROVISIONS

A. CONSULTANT covenants that he presently has no interest, and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of service required hereunder.

B. CONSULTANT will not discriminate against any employee, or applicant for employment, because of race, color, religion, sex, marital status, or national origin. CONSULTANT will take action to insure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, marital status, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment, or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

IN WITNESS WHEREOF, this Agreement is executed on the day and year first above written.

CITY OF TULARE

CONSULTANT

By _____

By _____

APPROVED AS TO FORM:

City Attorney, City of Tulare

AGENDA ITEM:

**CITY OF TULARE
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Community Development

For Council Meeting of: November 1, 2016

Documents Attached: Ordinance Resolution Staff Report Other None

AGENDA ITEM:

Adopt Ordinance 16-11 approving Zone Amendment 717 (Willow Glen Partnership) to rezone approximately 15.9 acres from Retail Commercial (C-3) to R-1-6 (SFR, minimum 6,000 sf lot area); and approximately 4 acres from R-1-7 (SFR, minimum 7,000 sf lot area) to R-M-2 (MFR 1 unit/3,000 sf of site area) on a vacant parcel located at the northwest corner of Mooney Boulevard and Cartmill Avenue.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

On October 18, 2016 the Tulare City Council passed-to-print Ordinance 16-11 to change the zoning on approximately 15.9 acres from Retail Commercial (C-3) to R-1-6 (SFR, minimum 6,000 sf lot area); and approximately 4 acres from R-1-7 (SFR, minimum 7,000 sf lot area) to R-M-2 (MFR 1 unit/3,000 sf of site area). This request is in conjunction with the Willow Glen Tentative Subdivision Map. (392 lot subdivision located at the northwest corner of Mooney Boulevard and Cartmill Avenue). This property was annexed in late 2005. Approved pre-zoning of the property included a variety of zoning districts including R-M-2, R-1-6, R-1-7, C-3 and PL.

Applicant is requesting a zone amendment in association with a revised Tentative Subdivision Map to reduce the amount of retail commercial (C-3) acreage, to increase the available acreage for R-M-2 (multiple family 1 unit/3,000 sf of site area) and for the minimal reduction in R-1-7 (single family residential 7,000sf) units.

Changes to proposed land use zoning are summarized as follows:

Use/Zoning	Existing	Proposed	Difference
Commercial (C-3)	29.6 acres	13.7 acres	-15.9 acres
Single family (R-1-6, R-1-7)	104 acres	100.77	- 4 acres approx.
Multifamily units (R-M-2)	7 acres	11.28 acres	+4.28 acres
Park/pond (PL)	7.38 acres	3.78 acres	-3.6 acres

The proposed zone amendment is substantial conformance with the 2035 General Plan land use map.

ENVIRONMENTAL:

On August 16, 2016, the Environmental Impact Review Committee recommended a Mitigated Negative Declaration for this project. A Mitigated Negative Declaration was prepared and circulated for public review pursuant to provisions of the Public Resources Code, State of California, Section 21000 to 21176 of the California Environmental Quality Act. (CEQA).

No comments were received on the Mitigated Negative Declaration during the public review period.

On September 12, 2016 City Planning Commission voted 7-0 to recommend to City Council approval of the request for the zoning amendment. In addition, the Commission approved a revised Willow Glen Partnership Tentative Subdivision Map providing for a 392 lot subdivision.

STAFF RECOMMENDATION:

Adopt Ordinance 16-11 approving Zone Amendment 717 (Willow Glen Partnership) to rezone approximately 15.9 acres from Retail Commercial (C-3) to R-1-6 (SFR, minimum 6,000 sf lot area); and approximately 4 acres from R-1-7 (SFR, minimum 7,000 sf lot area) to R-M-2 (MFR 1 unit/3,000 sf of site area) on a vacant parcel located at the northwest corner of Mooney Boulevard and Cartmill Avenue.

CITY ATTORNEY REVIEW/COMMENTS: Yes N/A

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No N/A

FUNDING SOURCE/ACCOUNT NUMBER:

Submitted by: Traci Myers Title: Community Development Deputy Director

Date: October 21, 2016 City Manager Approval: _____

ORDINANCE NO. 16-11

**AN ORDINANCE OF THE CITY OF TULARE AMENDING
THE ZONING MAP OF THE CITY BEING A PART OF THE
SECTION 10.04.020 OF SAID CODE
ZONE AMENDMENT NO. 717**

WHEREAS, the Council of the City of Tulare finds that this application is necessary to achieve the objectives of the Zoning Title prescribed in Section 10.04.020 of the Tulare City code; and,

WHEREAS, the Council of the City of Tulare finds that this zone change will promote the objectives of the Zoning Title prescribed in Section 10.04.020 of the Tulare City Code; and,

WHEREAS, the Council of the City of Tulare finds that the request will not be detrimental to the public interest, health, safety, convenience or welfare, or materially injurious to properties or improvements in the vicinity; and,

WHEREAS, the Council of the City of Tulare determined that the proposed action is consistent with the goals and policies of the Tulare 2035 General Plan; and,

WHEREAS, the Council of the City of Tulare finds proposed ordinance revisions is exempt under the California Environmental Quality Act pursuant to section 15601 (b) 3 (General Plan) of the State Guidelines; and,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TULARE AS FOLLOWS,
to wit:

SECTION 1: the Zoning Map of the City of Tulare as referred to in Section 10.24.05 of the City Code of the City of Tulare, and as enacted, being made a part of the Zoning title of said Code in Section 10.04.04; thereof, a property portion of said map, being attached hereto, is hereby amended as follows:

REZONING property, APN Nos. 149-060-013, 149-060-018, 149-060-022 from Retail Commercial (C-3) to R-1-6 (SFR, minimum 6,000 sf lot area); and from R-1-7 (SFR, minimum 7,000 sf lot area) to R-M-2 (MFR 1 unit/3,000 sf of site area) as set forth more specifically on said map.

SECTION 2: All ordinances and parts of ordinances in conflict herewith are hereby repealed.

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SECTION 3: This Ordinance shall be in full force and effect thirty (30) days from and after its passage, adoption, and approval.

PASSED, APPROVED, AND ADOPTED this _____ day of _____ 2016.

President of the Council and Ex-Officio
Mayor of the City of Tulare

ATTEST:

Chief Deputy City Clerk and Clerk of
the Council of the City of Tulare

AGENDA ITEM:

**CITY OF TULARE, CA
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Finance

For Council Meeting of: November 1, 2016

Documents Attached: Ordinance Resolution Staff Report Other
None

AGENDA ITEM:

Receive, review, and file the Monthly Investment Report for September 30, 2016.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

This report presents the City and Trustee's investment portfolio as of September 30, 2016. It includes all investments managed by the City as well as all City-related debt financing investments (restricted investments) held by US Bank. As of September 30, 2016, the investment portfolio is in compliance with all State laws and City's Investment Policy adopted February 2, 2016.

The City utilizes Bank of New York as its third party administrator for safekeeping of all City investments with the exception of the Local Agency Investment Fund (LAIF) and CalTRUST. LAIF, being a money market fund with many governmental agency participants, holds securities through its own third party administrator. CalTRUST is also a money market fund created by CSAS Finance and the League of California Cities, it too holds securities through its own third party administrator.

Short-term cash is currently invested in the Local Agency Investment Fund administered by the State Treasurer. They are very high quality investment pools in terms of safety, liquidity and yield. LAIF and CalTRUST accounts provide the City with sufficient liquidity to meet its expenditure obligations over the next six months.

The investments held by the City may have a current market value that is greater or less than the book value. This is due to fluctuations in the marketplace and has no effect on yield as the City intends to hold its securities to maturity or call by the agency.

	<u>Book Value</u>	<u>Market Value</u>
Unrestricted Investments	\$85,178,873	\$85,122,247
Restricted Debt Investments	\$70,291,596	\$70,208,977

Cash balances in the City are pooled for investment and banking purposes, as it is not practical to have separate investment accounts for each City fund. Interest earnings are

apportioned to each City fund based upon the ratio of that particular cash fund's balance to the City's total cash. For September, 2016 the City received \$64,695 of interest earnings (net of fees) compared to August, 2015 of \$36,668.

STAFF RECOMMENDATION:

Receive, review, and file the Monthly Investment Report for September 30, 2016.

CITY ATTORNEY REVIEW/COMMENTS: Yes N/A

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No N/A

FUNDING SOURCE/ACCOUNT NUMBER: N/A

Submitted by: Darlene Thompson, CPA **Title:** City Finance Director

Date: October 21, 2016

Interim City Manager Approval: _____

**CITY OF TULARE
SUMMARY TREASURER'S REPORT
SUMMARY OF ALL INVESTMENTS
SEPTEMBER 30, 2016**

TYPE OF INVESTMENT	BOOK VALUE	MARKET VALUE	CURRENT YIELD	BOOK VALUE % OF TOTAL
UNRESTRICTED INVESTMENTS - SEE PAGE 2	85,178,873	85,122,247	0.900%	54.79%
RESTRICTED INVESTMENTS - SEE PAGE 4	70,291,596	70,208,977	N/A	45.21%
TOTAL INVESTMENTS	155,470,469	155,331,224	N/A	100.00%

Note: The City's financial statements will report market values, not book values, at June 30 each year.

I certify that this report reflects all City investments and complies with the investment policy of the City of Tulare as approved by City Council. Furthermore, I certify that sufficient investment liquidity and anticipated revenues are available to meet the City's budgeted expenditures for the next six months.

Presented to the City Council on October 21, 2016.

Presented to the Board of Public Utility Commissioners on October 21, 2016.

Respectfully submitted, Darlene J. Thompson, CPA, Finance Director/Treasurer

 _____
Date

CITY OF TULARE
SUMMARY TREASURER'S REPORT, CONTINUED
SUMMARY OF UNRESTRICTED INVESTMENTS
SEPTEMBER 30, 2016

TYPE OF INVESTMENT	ISSUER OF INVESTMENT	DATES:		INTEREST RATES:		PAR VALUE	BOOK VALUE MARKET VALUE	UNREALIZED GAIN/(LOSS):		ESTIMATED EARNINGS: ANNUAL THIS MONTH	BOOK VALUE % OF U/I~
		ACQUISITION MATURITY	STATED CURRENT YIELD	THIS MONTH	LAST MONTH						
								THIS MONTH	LAST MONTH		
Petty Cash	N/A	N/A	N/A	N/A	N/A	6,825	6,825	N/A	N/A	N/A	0.01%
Checking Account - City	Wells Fargo Bank	N/A	N/A	N/A	N/A	3,231,583	3,231,583	N/A	N/A	N/A	3.79%
		On Demand	None			Balance per bank is \$5,209,951					
Heritage Money Market	CalTrust	Various	N/A	N/A	N/A	16,001,589	16,001,589	N/A	N/A	N/A	18.79%
		On Demand	0.810%			16,001,589	16,001,589	N/A	N/A	N/A	
Local Agency Investment Fund (LAIF)	State of California	Various	N/A	N/A	N/A	26,200,000	26,200,000	8,018	166,108	166,108	30.76%
		On Demand	0.634%			26,208,018	26,208,018	22,799	13,842	13,842	
Certificate of Deposit	Various (See page 5)	Various	N/A	N/A	N/A	245,000	245,000	(783)	2,695	2,695	0.29%
Investments in Safekeeping With BNY Western Trust Company	Various	Various	1.100%			244,217	244,217	(728)	225	225	
Sub-Total						45,684,997	45,692,232	7,235	168,803	168,803	53.63%
			0.369%			45,692,232	45,692,232	22,071	14,067	14,067	
Fixed Income Investments	Various (See page 6-8)		N/A	N/A	N/A	39,493,876	39,493,876	(63,861)	597,267	597,267	46.37%
Investments in Safekeeping With BNY Western Trust Company			1.510%			39,430,015	39,430,015	(100,339)	49,772	49,772	
TOTAL UNRESTRICTED INVESTMENTS						85,178,873	85,178,873	(56,626)	766,070	766,070	100.000%
			0.900%			85,122,247	85,122,247	(78,268)	63,839	63,839	

* LAIF market values are based on the most currently available amortized cost information - September, 2016: 1.000306032 ~ U/I = Unrestricted Investments

CITY OF TULARE
SUMMARY TREASURER'S REPORT, CONTINUED
SUMMARY OF RESTRICTED INVESTMENTS
SEPTEMBER 30, 2016

TYPE OF INVESTMENT	ISSUER OF INVESTMENT	ACQUISITION DATE	MATURITY DATE	STATED INTEREST RATE	PAR VALUE	BOOK VALUE	MARKET VALUE	BALANCES	
								AS-OF DATE	DATE
Bond Funds (All are Managed by U.S. Bank Trust Except LAIF):									
2008 Lease Revenue and Refunding Bonds (Account No. 120887000)									
	FA Prime Obl CL D Corp Trust	Various	On Demand	Various	N/A	729,232	729,232		09-30-16
	U S Bk Mmkt	Various	On Demand	Various Reserve Fund	N/A	1,164,337	1,164,337		09-30-16
						<u>1,893,569</u>	<u>1,893,569</u>		
2009 Sewer Revenue Bonds (Account No. 133007000)									
	U S Bk Mmkt	Various	On Demand	Various	N/A	27	27		09-30-16
	U S Bk Mmkt	Various	On Demand	Various Reserve Fund	N/A	1,231,010	1,231,010		09-30-16
	Ge Funding Cap Mkt Svcs GIC	08-06-09	08-06-19	3.812% Reserve Fund	N/A	5,600,028	5,600,028		09-30-16
						<u>6,831,065</u>	<u>6,831,065</u>		
2010 Sewer Revenue Bonds (Account No. 145190000)									
	U S Bk Mmkt	Various	On Demand	Various	N/A	2	2		09-30-16
	U S Bk Mmkt	Various	On Demand	Various Reserve Fund	N/A	115	115		09-30-16
						<u>117</u>	<u>117</u>		
2012 Sewer Revenue Refunding Bonds (Account No. 162033000)									
	U S Bk Mmkt	Various	On Demand	Various	N/A	385,301	385,301		09-30-16
	U S Bk Mmkt	Various	On Demand	Various Reserve Fund	N/A	923,826	923,826		09-30-16
						<u>1,309,127</u>	<u>1,309,127</u>		
2013 Sewer Revenue Refunding Bonds (Account No. 203701000)									
	U S Bk Mmkt	Various	On Demand	Various	N/A	31,709	31,709		09-30-16
	Guarantee Invest. Cont.	08-01-13	11-15-22	2.310% Reserve Fund	N/A	2,745,126	2,745,126		09-30-16
						<u>2,776,835</u>	<u>2,776,835</u>		
2015 Sewer Revenue Refunding Bonds (Account No. 2615940000)									
	U S Bk Mmkt	Various	On Demand	Various	N/A	300,007	300,007		09-30-16
	Investment Repurchase GIC	11-15-15	11-15-25	1.960% Reserve Fund	N/A	6,668,131	6,668,131		09-30-16
						<u>6,968,138</u>	<u>6,968,138</u>		
2016 Sewer Revenue Refunding Bonds (Account No. 260)									
	Cash			Reserve Fund		9,551	9,551		09-30-16
	Cash			Reserve Fund - 2009 Sewer Bonds		14,013	14,013		09-30-16
	U S Treasuries	Various	11-15-16 to 11-15-15	.625% - 3.75%	N/A	53,739,340	53,680,285		09-30-16
				Reserve Fund - 2009 Sewer Bonds		<u>53,762,904</u>	<u>53,680,285</u>		

- CONTINUED ON PAGE 4 -

CITY OF TULARE
SUMMARY TREASURER'S REPORT, CONTINUED
SUMMARY OF RESTRICTED INVESTMENTS
SEPTEMBER 30, 2016

TYPE OF INVESTMENT	ISSUER OF INVESTMENT	ACQUISITION DATE	MATURITY DATE	STATED INTEREST RATE	PAR VALUE	BOOK VALUE	MARKET VALUE	BALANCES	
								AS-OF DATE	DATE
Bond Funds (All are Managed by U.S. Bank Trust Except LAIF):									
2010 Redevelopment Tax Allocation Bonds - Series A Tax Exempt (Account No. 141617000)									
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various	N/A	18,718	18,718		09-30-16
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various Reserve Fund	N/A	771,454	771,454		09-30-16
						<u>790,172</u>	<u>790,172</u>		
2010 Redevelopment Tax Allocation Bonds - Series B Taxable (Account No. 141617010)									
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various	N/A	472	472		09-30-16
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various Reserve Fund	N/A	440,399	440,399		09-30-16
						<u>440,871</u>	<u>440,871</u>		
2010 Redevelopment Tax Allocation Bonds - Series C Taxable (Account No. 141618000)									
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various	N/A	1,497,114	1,497,114		09-30-16
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various Reserve Fund	N/A	980,864	980,864		09-30-16
						<u>2,477,978</u>	<u>2,477,978</u>		
TOTAL BOND FUNDS						<u>70,282,638</u>	<u>70,200,019</u>		
Restricted Insurance Deposits Managed by Fiscal Agents:									
Employee Welfare Fund (60)	Various	N/A	N/A	Various	N/A	8,958	8,958		09-30-16
Workers' Comp. Fund (61)	Various	N/A	N/A	Various	N/A	0	0	*	06-30-15
General Insurance Fund (62)	Various	N/A	N/A	Various	N/A	0	0	*	06-30-15
				* Adjusted annually		<u>8,958</u>	<u>8,958</u>		
TOTAL RESTRICTED INVESTMENTS				45.21%		<u>70,291,596</u>	<u>70,208,977</u>		

* NOTE: Reported as information is made available.

CITY OF TULARE
SUMMARY TREASURER'S REPORT, CONTINUED
CERTIFICATES OF DEPOSIT
SEPTEMBER 30, 2016

INSTITUTION	CUSIP NUMBER	INTEREST RATES:		DATES:		BOOK VALUE	UNREALIZED GAIN/(LOSS)	ESTIMATED EARNING:
		STATED	CURRENT YIELD	ACQUISITION	INVESTED			
Goldman Sachs	36160YTT2	1.100%	1.100%	03/01/2013		245,000	(783)	2,695
			1.100%	03/01/2018		244,217	(728)	229
						PerBNY WTC		
TOTAL CERTIFICATES OF DEPOSITS						245,000	(783)	2,695
All are in safekeeping with BNY Western Trust Company						244,217	(728)	229

CITY OF TULARE
SUMMARY TREASURER'S REPORT, CONTINUED
FIXED INCOME INVESTMENTS
SEPTEMBER 30, 2016

TYPE OF FIXED INCOME INVESTMENT	CUSIP NUMBER	DATES:		INTEREST RATES:		PAR VALUE	BOOK VALUE	UNREALIZED GAIN/(LOSS):	ESTIMATED EARNINGS:
		ACQUISITION	MATURITY	STATED	CURRENT YIELD				
		THIS MONTH	LAST MONTH	THIS MONTH	THIS MONTH				
U.S. GOVERNMENT AGENCY OBLIGATIONS									
Federal Farm Credit Banks	3133ECT79	06-27-13	03-01-17 C	1.000%	1.000%	1,000,000	997,000	5,460	10,000
							Per BNY WTC		833
Federal Farm Credit Bks	3133ECB45	12-26-12	12-26-17 C	0.900%	0.900%	1,500,000	1,500,000	(735)	13,500
								(1,485)	1,125
Federal Farm Credit Bks	3133ECCZ5	01-16-13	01-16-18 C	0.900%	0.900%	1,000,000	1,000,000	0	9,000
								(70)	750
Federal Farm Credit Banks	3133ECNY6	05-08-13	05-08-18 C	0.950%	0.950%	2,000,000	2,000,000	(2,760)	19,000
								100	1,583
Federal Home Ln Bks	3130A8MP5	07-13-16	10-13-20 C	1.375%	1.380%	1,500,000	1,500,000	(2,865)	20,625
								(6,585)	1,719
Federal Home Ln Bks	3130A6MH7	10-28-15	10-28-20 C	1.720%	1.720%	2,000,000	2,000,000	680	34,400
								1,340	2,867
Federal Nat'l Mortgage Assoc	3136G4AB9	09-30-16	12-30-20 C	1.500%	1.500%	1,500,000	1,500,000	255	22,500
									1,875
Federal Farm Credit Banks	3133EGMP7	07-19-16	01-19-21 C	1.440%	1.440%	1,000,000	999,250	(480)	14,400
								(2,980)	1,200
Federal Farm Credit Banks	3133EGKA2	07-06-16	07-06-21 C	1.500%	1.510%	2,500,000	2,500,000	(23,225)	37,500
								(30,675)	3,125
Federal Nat'l Mortgage Assoc	3136G3A70	07-27-16	07-27-21 C	1.500%	1.500%	1,000,000	998,750	1,260	15,000
								(740)	1,250

- CONTINUED ON PAGE 7 -

CITY OF TULARE
SUMMARY TREASURER'S REPORT, CONTINUED
FIXED INCOME INVESTMENTS, CONTINUED
SEPTEMBER 30, 2016

TYPE OF FIXED INCOME INVESTMENT	CUSIP NUMBER	DATES:		INTEREST RATES:		PAR VALUE	BOOK VALUE		UNREALIZED GAIN/(LOSS):	ESTIMATED EARNINGS:		
		ACQUISITION	MATURITY	STATED	CURRENT YIELD		THIS MONTH	LAST MONTH			ANNUAL	THIS MONTH
<u>U.S. GOVERNMENT AGENCY OBLIGATIONS, CONTINUED</u>												
Federal Nation Mtg Assoc	3136G3G90	07-27-16	07-27-21	1.550%	C	1,000,000	999,500	998,340	(1,160)	15,500		
					**		Per BNY WTC		(3,470)	1,292		
Federal Nat'l Mortgage Assoc	3136G3C78	07-28-16	07-28-21	1.550%	C	1,000,000	999,250	993,770	(5,480)	15,500		
Federal Nat'l Mortgage Assoc	3136G3J30	07-28-16	07-28-21	1.600%	C	2,000,000	2,000,000	1,997,420	(2,580)	32,000		
Federal Nat'l Mortgage Assoc	3136G3R72	07-28-16	07-28-21	1.650%	C	2,000,000	2,000,000	2,000,080	(7,280)	2,667		
Federal Home Loan Mtg Corp	3134G94T1	08-24-16	08-24-21	1.550%	C	2,000,000	2,000,000	1,997,280	80	33,000		
Federal Nat'l Mortgage Assoc	3136G3X26	08-24-16	08-24-21	1.500%	C	1,500,000	1,500,000	1,495,035	(8,440)	2,750		
Federal Home Loan Mtg Corp	3134G9X44	08-25-16	08-25-21	1.625%	C	3,000,000	3,000,000	2,984,460	(2,720)	31,000		
Federal Nat'l Mortgage Assoc	3136G3Y25	08-25-16	08-25-21	1.500%	C	1,500,000	1,500,000	1,498,260	(4,965)	22,500		
Federal Home Loan Mtg Corp	3134GAEF7	09-29-16	09-29-21	1.650%	C	2,000,000	2,000,000	1,996,760	(7,980)	1,875		
Federal Home Ln Bks	3136A9F89	09-30-16	09-30-21	1.625%	C	2,000,000	1,999,200	1,998,700	(15,540)	48,750		
									(24,270)	4,063		
									(1,740)	22,500		
									(6,150)	1,875		
									(3,240)	33,000		
									(500)	2,750		
										32,500		
										2,708		

- CONTINUED ON PAGE 8 -

CITY OF TULARE
SUMMARY TREASURER'S REPORT, CONTINUED
FIXED INCOME INVESTMENTS, CONTINUED
SEPTEMBER 30, 2016

TYPE OF FIXED INCOME INVESTMENT	CUSIP NUMBER	DATES:		INTEREST RATES:		PAR VALUE	BOOK VALUE		UNREALIZED GAIN/(LOSS):	ESTIMATED EARNINGS:	BOOK VALUE
		ACQUISITION	MATURITY	STATED	CURRENT YIELD		THIS MONTH	LAST MONTH			
Federal Nat'l Mortgage Assoc	3136G4AH6	09-30-16	09-30-21	1.620%	1.620%	2,000,000	2,000,000	2,000,480	480	32,500	2,000,000
										2,708	2,000,480
Federal Nat'l Mortgage Assoc	3136G4CY7	09-30-16	09-30-21	1.500%	1.500%	1,500,000	1,499,775	1,495,335	(4,440)	22,500	1,499,775
										1,875	1,495,335
Federal Farm Credit Banks	3133EF4E4	04-20-16	10-20-22	2.000%	2.000%	3,000,000	3,000,000	3,000,330	330	60,000	3,000,000
									870	5,000	3,000,330
Government National Mortgage Association II Pool		01-24-94	09-20-22	8.500%	7.800%	N/A	1,151	1,175	24	92	1,151
									26	8	1,175
TOTAL FIXED INCOME INVESTMENTS				N/A	1.510%	N/A	39,493,876	39,430,015	(63,861)	597,267	39,493,876
All are in safekeeping with BNY Western Trust Company									(100,339)	49,772	39,430,015

~ U/I = Unrestricted Investments

**CITY OF TULARE
TREASURER'S EXECUTIVE SUMMARY
SEPTEMBER 30, 2016**

CHANGES IN BALANCES AND YIELDS:

CATEGORY	BOOK VALUE MARKET VALUE DIFFERENCE		CHANGE	AVERAGE STATED YIELD		
	SEPTEMBER	AUGUST		SEPTEMBER	AUGUST	CHANGE
Total Investments	155,470,469 <u>155,331,224</u> (139,245)	106,378,521 <u>106,301,257</u> (77,264)	49,091,948 <u>49,029,967</u> (61,981)	N/A	N/A	N/A
Unrestricted Investments	85,178,873 <u>85,122,247</u> (56,626)	83,699,508 <u>83,622,244</u> (77,264)	1,479,365 <u>1,500,003</u> 20,638	0.900%	0.955%	-0.055%
Restricted Investments	70,291,596 <u>70,208,977</u> (82,619)	22,679,013 <u>22,679,013</u> 0	47,612,583 <u>47,529,964</u> (82,619)	N/A	N/A	N/A
Heritage Money Market (CalTrust)	16,001,589 <u>16,001,589</u> 0	9,000,000 <u>9,000,000</u> 0	7,001,589 <u>7,001,589</u> 0	N/A	N/A	N/A
Local Agency Investment Fund (LAIF)	26,200,000 <u>26,208,018</u> 8,018	36,700,000 <u>36,722,799</u> 22,799	(10,500,000) <u>(10,514,781)</u> (14,781)	0.634%	0.614%	0.020%
Certificates of Deposit	245,000 <u>244,217</u> (783)	245,000 <u>244,272</u> (728)	0 <u>(55)</u> (55)	1.100%	1.100%	0.000%
Fixed Income Investments (Total)	39,493,876 <u>39,430,015</u> (63,861)	37,179,941 <u>37,080,606</u> (99,335)	2,313,935 <u>2,349,409</u> 35,474	1.510%	1.540%	-0.030%

TRANSACTIONS (BOOK VALUE): *

CATEGORY	PURCHASES	SALES / CALLS
Certificates of Deposit		Certificates of Deposit
Fixed Income Investments	0	Fixed Income Investments
Federal National Mortgage Asso. 1.50%	1,500,000	Government National Mortgage Assn. Pool
Federal Home Loan Mortgage Corp. 1.625%	1,999,200	Federal Home Loan Mtg Corp. 1.80%
Federal Home Loan Banks, 1.63%	2,000,000	Federal Home Loan Mtg Corp. 1.45%
Federal National Mortgage Asso. 1.62%	2,000,000	Federal Farm Credit Banks, 1.85%
Federal National Mortgage Asso. 1.50%	1,499,775	
	8,998,975	6,685,040

Net LAIF transactions are represented by the change in book value balance shown above. Changes in Restricted Investments are not shown.

AGENDA ITEM:

**CITY OF TULARE, CA
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Fire Department/City Attorney

For Council Meeting of: November 1, 2016

Documents Attached: Ordinance Resolution Staff Report None

AGENDA ITEM:

Adopt Ordinance 16-12 amending Title 3 of the Tulare Municipal Code to remain current with the latest edition of the California Fire Code.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

On October 18, 2016 the Tulare City Council passed-to-print Ordinance 16-12 approving changes and updates to the City’s Municipal Fire Code in order to mirror the current *2016 California Fire Code*, which goes into effect January 1, 2017. is the latest edition, goes into effect and becomes enforceable.

Fire Department staff has examined the latest edition and has drafted an amendment that would bring the City’s codes in line with State law. No public health and safety risk would be incurred if the changes are adopted.

STAFF RECOMMENDATION:

Adopt Ordinance 16-12 amending Title 3 of the Tulare Municipal Code to be in consensus with the California Fire Code.

CITY ATTORNEY REVIEW/COMMENTS: Yes No N/A

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No N/A

Submitted by: Willard Epps
David Hale

Title: Fire Chief
City Attorney

Date: October 18, 2016

City Manager Approval: _____

ORDINANCE NO. 16-12

AN ORDINANCE OF THE COUNCIL OF THE CITY OF TULARE AMENDING TITLE 3 OF THE CITY MUNICIPAL CODE PERTAINING TO CALIFORNIA FIRE REGULATIONS

**BE IT ORDERED BY THE COUNCIL OF THE CITY OF TULARE AS FOLLOWS TO
WIT:**

SECTION 1: Title 3 of the City of Tulare Municipal Code is hereby amended and replaced to read as follows:

CHAPTER 3.04: FIRE DEPARTMENT

Section

- [3.04.010](#) Code enforcement.
- [3.04.040](#) Apparatus and equipment usage.
- [3.04.050](#) Unlawful tampering with apparatus or equipment.
- [3.04.060](#) Interference with emergency operations.

3.04.010 Code enforcement.

Under the direction of the Fire Chief, the Fire Department is authorized to enforce all ordinances of the city pertaining to the following:

- (A) The prevention of fires;
 - (B) The suppression of dangerous or hazardous fires;
 - (C) The storage, use and handling of hazardous materials;
 - (D) The installation and maintenance of alarm systems and fire extinguishing equipment;
 - (E) The maintenance and regulation of fire escapes;
 - (F) The maintenance of fire protection and the elimination of fire hazards;
 - (G) The maintenance of exits; and
 - (H) The investigation of the cause, origin and circumstances of fire and unauthorized releases of hazardous materials.
- (1995 Code, § 3.04.010)

3.04.040 Apparatus and equipment usage.

Only authorized personnel shall operate or otherwise ride on any fire apparatus while en route to an emergency incident.

(1995 Code, § 3.04.040)

3.04.050 Unlawful tampering with apparatus or equipment.

No person shall tamper with, handle, remove or otherwise injure any hose, ladder, fire apparatus or other equipment belonging to the city.

(1995 Code, § 3.04.050)

3.04.060 Interference with emergency operations.

Except as directed by authorized personnel, it shall be unlawful for any person to interfere with any Fire Department personnel performing their duty.

(1995 Code, § 3.04.060)

CHAPTER 3.08: FIRE PREVENTION CODE

Section

- [3.08.010](#) Adoption of fire codes, regulations and standards
- [3.08.020](#) Establishment and duties of Bureau of Fire Prevention.
- [3.08.070](#) Amendments to the California Fire Code (CFC).
- [3.08.080](#) Safe and Sane Fireworks
- [3.08.110](#) Repeal of conflicting ordinances.

3.08.010 Adoption of fire codes, regulations and standards.

The city hereby adopts and incorporates into this code, as is fully set forth at length herein except as modified or amended by § [3.08.070](#), the following fire codes, standards and regulations to be controlling within city limits:

- (A) The 2016 California Fire Code (CFC), which is drafted in the image of the 2015 International Fire Code (IFC), and which is found in California Code of Regulations, Title 24, part 9, including Appendices B through K; and
- (B) The 2015 International Fire Code (IFC)
(1995 Code, § 3.08.010) (Ord. 13-07, passed 12-3-2013; Ord. 10-21, passed 12-7-2010; Ord. 07-30, passed 12-18-2007; Ord. 03-1919, passed - -2003; Ord. 99-1850, passed - -1999)

3.08.020 Establishment and duties of Bureau of Fire Prevention.

(A) The California Fire Code shall be enforced by the Bureau of Fire Prevention in the Fire Department of the city, which is hereby established and which shall be operated under the supervision of the Fire Chief.

(1995 Code, § 3.08.020) (Ord. 03-1919, passed - -2003; Ord. 99-1850, passed - -1999)

3.08.070 Amendments to the California Fire Code (CFC).

The following sections of the California Fire Code (CFC) are adopted, amended modified, or deleted for purposes of this ordinance, as follows:

105.6.30. Open Burning. An operational permit is required for any open burning, which has been approved by the San Joaquin Valley Air Pollution Control District. Prohibited Open Burning. Notwithstanding other provision, open burning is prohibited as follows:

3. The fire code official is authorized to order the immediate extinguishment of any unauthorized open burning and may issue administrative citations and seek to recover costs in accordance with Sections 109.4 and 109.4.1 of this Code.

C103.3 Maximum spacing. The maximum spacing between fire hydrants shall be 500' for residential development and 300' in commercial development.

C105.1 The average spacing between fire hydrants shall not exceed 300' for any school building.

The following list of CFC sections are not adopted by the City of Tulare and are hereby deleted:
108.1 Through 108.3

308.1 Through 308.1.1.3
308.1.6.1 through 308.1.6.2
308.2
308.3.1
Chapter 36
Appendices #A, #L and #M

3.08.080 Safe and Sane Fireworks

(a) Condition of Sale, It is unlawful for any person, firm, corporation, association or organization to sell or offer for sale any fireworks within the city, except as expressly permitted under the terms of this resolution for the time period set forth in this resolution.

(b) Time of Sale. Subject to the provisions of the State Fireworks Law (California Health and Safety Code, Division II, Part 2 and §§ 12500—12637), and the provisions of this code and California Health and Safety Code § 12599.5, "safe and sane" fireworks as defined in California Health and Safety Code § 12529, may be sold within the city beginning at 12:00 PM on June 28 through 12:00 PM July 6. The daily hours of sell on all days in between shall be 9:00 AM to 11:00 PM. Pyrotechnic displays may deviate from these restrictions subject to applicable provisions of the California Health and Safety Code, and provided they are approved by the Fire Chief or his or her designated representative.

(c) Permit Required. No person, firm, association, corporation or organization shall sell fireworks within the city without first having obtained a permit thereof. Issuance of permit shall fulfill all municipal licensing requirements and fire safety conditions outlined by the Fire Department. All permit applications shall be received in the Fire Code Official's office by no later than 5:00 p.m. May 1, of each year. No more than one sales booth to each permit fee.

(d) Information Required for Application. Each applicant for such permit shall file a written application within the Bureau of Prevention including:

- (1) Tulare Fire Department Fireworks Application Form;
- (2) Property Use Agreement Form with required signatures;
- (3) Certificate of Liability Insurance; and
- (4) State Fire Marshal Fireworks Retail License.
- (5) Copy of the organizations non-profit status, such as 501 C3 filing.

(e) Organizations Authorized to Sell.

(1) Nonprofit Organizations, corporations or local community service organizations organized primarily for veteran, patriotic, welfare, civic betterment or charitable purposes, which can demonstrate that a majority of their financial resources and manpower are donated to projects of benefit to the total community within the city limits of Tulare.

(2) No permits will be granted to any organization, which has not engaged in the business of retailing "safe and sane" fireworks in the city during the current calendar year.

(3) The number of organizations allowed to sell will be based on 1 booth per 3,250 population as determined by the City of Tulare Planning Department population statistic.

(4) If an organization does not renew its license, did not sell the previous year, or is revoked, this will be construed as a vacancy. When a vacancy exists it will be posted publicly for a two-week application process. All completed applications will be reviewed and one eligible organization will be selected randomly by the City Clerk's office to fill the vacancy.

Applications can be picked up at either the headquarters fire station or the City Clerk's office.

All completed applications must be turned in to the City Clerk's office by the date and time specified in the public notice.

(f) Insurance Requirements at Condition of Sale. Each applicant for a permit shall file with the Bureau of Fire Prevention, prior to the issuance of any permit, a policy of public liability insurance with coverage of at least one million dollars (\$1,000,000).

(g) Fees Required. A fifty dollar (\$50) safety clean-up fee is required for each organization approved to sell. This fee is forfeited to the city in the event that the sales booth site is not left in a clean and orderly condition. Organizations forfeiting this fee must resubmit this fee prior to being permitted to sell the following year. A permit fee, as determined by the current fee schedule for Fireworks Booth Investigation, must be tendered to the City of Tulare upon receipt of permit.

(h) Fireworks Booth Locations.

(1) Each application shall contain a description of the site desired. Written permission of the property owner must be included in the application.

(2) No booth shall be within 100 feet of any flammable liquid storage.

(3) No booth shall be placed closer than 30 feet to any building or structure.

(4) No booth shall be placed within 400 feet of another booth.

(i) Fireworks Booth Construction:

(1) All retail sales of fireworks shall be permitted only from within a temporary fireworks booth. The sale from any other building or structure is hereby prohibited.

(2) Fireworks booths need not comply with provisions of the California Building Code.

(3) Each booth shall have a minimum of two exit doors.

(4) All lighting appliances used in the booth must be safe and in good condition, all bulbs or fluorescent tubes must be shielded against accidental breakage or contact. No heating devices of any kind are permitted in or near fireworks booths.

(5) All electrical wiring, including the power source, shall be installed in accordance with the latest version of the National Electrical Code. Electrical wiring shall be at least 12 feet above the ground when subject to foot traffic, and 16 feet above the ground when subject to vehicle traffic.

(j) Operational Requirements:

(1) No person other than a member of the licensee organization will be permitted to sell or otherwise participate.

(2) All permits are non-transferable.

(3) All persons inside of the fireworks booth shall be over the age of 18 years. At least one person 21 years of age or older must be in attendance and in charge during the hours of booth Operation.

(4) The hours of operations shall be limited as identified in Section (b) of this code.

(5) Fireworks may be sold at the booth only.

(6) No sale or delivery thereof shall be made to any person under 16 years of age in accordance with Cal. Health and Safety Code § 12689(b).

(7) All permits and licenses shall be posted inside the booth.

(8) Broken or damaged fireworks are not to be sold. The items shall be collected and returned to the vendor.

(k) Safety and Security:

(1) Each stand shall be provided with two (2) fire extinguishers, rated 2A10BC or better. The fire extinguishers shall have current service tags and be accessible during all business hours.

- (2) No smoking is allowed within 50 feet of any booth.
- (3) "No Smoking" signs shall be placed on all exterior sides of each booth and one such sign shall be posted within the booth.
- (4) All weeds and combustible material shall be cleared from the location of the stand or within 30 feet thereof.
- (5) No person shall light or cause to be lit any fireworks or other combustible article within 200 feet thereof.
- (6) Each booth is subject to post any other signage as required by the Fire Code Official.
- (1) Permit Revocation:
 - (1) If, in the judgment of the Fire Chief or his or her designee the construction of the booth or the conduct of the operation therein do not conform to the provisions of this article or if in any way the operation of the stand poses a threat to public safety, such designees, may have the permit revoked and/or the booth immediately closed.
 - (2) No person shall sell, store, hold or possess any fireworks classified as dangerous, including fire crackers, rockets or the like, from or within any booth. If such is discovered, the permit will be revoked and the booth immediately closed.
 - (3) Failure to remove all traces of the booth and/or any debris resulting from the operation thereof within 48 hours of the close of business on July 6, shall result in the loss of the cleanup security deposit.
 - (4) On the second Tuesday of May of each year, at 6:00 PM, there shall be a meeting of all fireworks permittees and the Fire Code Official, at 800 South Blackstone in the City of Tulare. Any organization failing to have a representative at this meeting will suffer loss of their permit. (1995 Code, §3.08.070) (Ord. 15-01, passed 9-15-2015; Ord. 13-07, passed 12-3-2013; Ord. 11-04, passed 6-7-2011; Ord. 07-30, passed 12-18-2007; Ord. 06-2009, passed 3-21-2006; Ord. 03-1919, passed --2003; Ord. 99-1850, passed --1999)

3.08.110 Repeal of conflicting ordinances.

All ordinances and parts of ordinances in conflict with the provisions of this chapter are hereby repealed.
(1995 Code, § 3.08.110) (Ord. 13-07, passed 12-3-2013; Ord. 03-1919, passed - -2003; Ord. 99-1850, passed - -1999)

CHAPTER 3.12: OPEN FIRES

Section

- [3.12.010](#) Burning regulations.
- [3.12.020](#) Exemptions.
- [3.12.030](#) Exceptions.

3.12.010 Burning regulations.

Notwithstanding any other provision of this code, no person shall cause, allow, aid, suffer or maintain open burning of any kind nor the burning of any waste materials or rubbish in any incinerator, can, barrel, pit, fireplace or similar container or enclosure. No person in charge of any premises upon which the burning occurs, or any premises immediately adjacent to any public place upon which the burning occurs, shall fail to extinguish the fire provided, he or she has knowledge of the fire and is able to extinguish it.

(1995 Code, § 3.12.010)

3.12.020 Exemptions.

Section [3.12.010](#) shall not apply to the following:

(A) An outdoor barbecue or similar heating or cooking device while being used for the heating or cooking of food and not being used primarily for the burning of waste materials or rubbish;

(B) Controlled fire for firefighter training;

(1995 Code, § 3.12.020)

3.12.030 Exceptions.

No exemption, which may be permitted under § [3.12.020](#)(A) or (B) shall authorize or permit any act or condition which is prohibited by the San Joaquin Valley Unified Air Pollution Control District Regulations or the rules or regulations of any air pollution control district established pursuant thereto. No other exemptions to § [3.12.010](#) shall be granted.

(1995 Code, § 3.12.030)

CHAPTER 3.16: HAZARDOUS MATERIALS

Section

[3.16.010](#) Purpose.

[3.16.020](#) Definitions.

[3.16.030](#) Management of hazardous materials on properties.

[3.16.040](#) Management of hazardous materials on streets.

[3.16.050](#) Control of mitigation measures.

[3.16.060](#) Notification of release of hazardous materials.

[3.16.070](#) Costs subject to recovery.

[3.16.080](#) Recovery of costs.

[3.16.090](#) Appeals.

[3.16.100](#) Billing.

3.16.010 Purpose.

In the event of a hazardous material release into or upon any land, water or air within the city, responsibility for scene management shall be the most appropriate agency or responsible party, as set forth in this chapter. The costs incurred by the city in cleaning up (mitigating) the effects of such a release shall be reimbursed by the person, firm or corporation found to be the responsible party for causing the release. Costs subject to reimbursement shall include those of the city for emergency response.

(1995 Code, § 3.16.010)

3.16.020 Definitions.

For the purpose of this chapter, the following terms shall apply.

CITY. The City of Tulare.

EMERGENCY. A sudden, unexpected occurrence which poses an unreasonable and imminent risk to life, health or safety of person, property or to the ecological balance of the environment and requires immediate action by emergency response personnel.

EMERGENCY RESPONSE PERSONNEL. Any person employed with either the Fire or Police Department of the City of Tulare or any other emergency-related governmental agency having jurisdiction within the City of Tulare.

HAZARDOUS MATERIAL. A substance or combination of substances, of any kind whatsoever, which, because of quantity, concentration, physical, chemical or infectious characteristics, may result in the following conditions:

(A) May cause or significantly contribute to an increase in mortality, an increase in serious irreversible or incapacitating reversible illness; and/or

(B) May pose an unreasonable and imminent risk to the life, health or safety of persons, property or to the ecological balance of the environment when improperly released, treated, stored, transported, disposed of or otherwise managed.

HAZARDOUS MATERIALS. Any material defined in Cal. Health and Safety Code § 25501 of Chapter 6.95, Division 20.

NONEMERGENCY. An occurrence that is not a life threatening situation and, therefore, does not require the deployment of emergency response personnel.

PERSON. An individual, or any business entity, including but not limited to a trust, firm, corporation, joint stock company, partnership, association or the employer of the person.

RELEASE or HAZARDOUS MATERIALS RELEASE. The accidental or intentional spilling, leaking, pumping, pouring, burning, emitting, employing or dumping of hazardous materials into or upon any land, water or air which is unauthorized by federal, state or local governing agencies or statutes.

SCENE MANAGEMENT. The coordination and direction of personnel and equipment involved in the containment and cleanup activities of an incident.

(1995 Code, § 3.16.020)

3.16.030 Management of hazardous materials on properties.

In the event of an emergency release of a hazardous material on public or private property, excluding street rights-of-way, within the limits of the City of Tulare, the Fire Department shall be responsible for scene management. In the event of a nonemergency release of hazardous material, the Fire Department may designate another more appropriate agency to manage the incident.

(1995 Code, § 3.16.030)

3.16.040 Management of hazardous materials on streets.

In the event of an emergency or nonemergency release of a hazardous material on street rights-of-way contained within the limits of the city, the Fire Department shall have responsibility for scene management on all locally owned rights-of-way. Scene management of all state owned and maintained rights-of-way, including Freeway 99, shall be the responsibility of the California Highway Patrol.

(1995 Code, § 3.16.040)

3.16.050 Control of mitigation measures.

An emergency situation created by a hazardous material release which poses an imminent risk to the life, health or safety of persons, property or to the ecological balance of the environment shall be mitigated in the manner prescribed and pursuant to the direction of the Fire Department. (1995 Code, § 3.16.050)

3.16.060 Notification of release of hazardous materials.

In the event of any hazardous material release of any kind, or threat thereof, the Fire Department shall be notified immediately of the location, nature of release and any proposed course of action to mitigate the effects of the release or to prevent the release from occurring. Notification is necessary for the purpose of maintaining records of incidents and exposures occurring within the city.

(1995 Code, § 3.16.060)

3.16.070 Costs subject to recovery.

The costs for services incurred by the city resulting from a hazardous material release shall include, but not be limited to, the following: actual labor costs of city personnel, including all fringe benefits costs; temporary or permanent disability and/or medical expenses; administrative overhead; costs of equipment operation, repair or replacement; costs of material obtained directly by the city; cost of any contract labor; and any other reasonably related cost expended to mitigate the release.

(1995 Code, § 3.16.070)

3.16.080 Recovery of costs.

The expense of an emergency response may be charged against the person liable for expenses under this chapter. The charge constitutes a debt of that person and is collectible by the city or other public obligation under a contract, expressed or implied.

(1995 Code, § 3.16.080)

3.16.090 Appeals.

In exceptional situations where it is difficult or impossible to comply with the strict letter of this chapter, any person, firm or corporation shall have the option to apply for an exemption from any provision of this chapter to the City Manager or designee. The City Manager/designee shall exercise those powers in such a way that the public welfare is secured. If an appeal has been initiated, the billing process will continue until the appeal is resolved. Appeal applications must be submitted within 90 days after the billing date.

(1995 Code, § 3.16.090)

3.16.100 Billing.

The city's Finance Department shall issue an invoice for the costs incurred in mitigating or causing the mitigation of the effects of a release. Payment shall be due and payable within 15 days after the billing date. Failure to pay after 60 days from the billing date shall result in an additional ten percent late charge. Unpaid bills may be referred to a collection agency after 90-days' delinquency or be assessed against the parcel of land involved in the incident pursuant to Cal. Gov't Code § 38773.5 and shall thereafter be transmitted to the Tax Collector for collection.

(1995 Code, § 3.16.100)

CHAPTER 3.20: DISASTER MANAGEMENT

Section

- [3.20.010](#) Purpose.
- [3.20.020](#) Definitions.
- [3.20.030](#) Duties of the Director.
- [3.20.040](#) Unlawful acts.
- [3.20.050](#) Misdemeanor.

3.20.010 Purpose.

This chapter is constructed to serve the following purpose:

(A) To empower the City Manager or his or her designee to prepare a plan of operation for the management of disasters and other catastrophic events. This plan is to be developed in accordance with state and federal guidelines using National Incident Management;

(B) To provide for the protection of persons and property within the City of Tulare in the event of such disasters;

(C) To provide for the coordination of the emergency operational functions of the city with all other affected agencies; and

(D) To sanction expenditures made in connection with such disasters, including mutual aid activities, as conclusively required for the direct protection and benefit of the inhabitants and property in the city.

(1995 Code, § 3.20.010) (Ord. 05-2001, passed 1-3-2006; Ord. 96-1793, passed - -1996)

3.20.020 Definitions.

Except where the context otherwise requires, the following definitions shall govern the construction of this chapter.

DISASTER. Actual or threatened enemy attack, sabotage, extraordinary fire, flood, storm, epidemic, riot, earthquake or other public calamity. It shall not include, nor does any provision of this chapter apply to, any condition relating to a labor controversy.

EMERGENCY OPERATING CENTER (EOC). The physical location designated and used to conduct centralized management of the disaster situation.

EMERGENCY SERVICES. The preparation for management of disaster relief functions, other than functions for which military forces are primarily responsible, and to prevent, minimize and repair injury and damage resulting from disasters. It shall not include, nor does any provision apply to, any condition relating to a labor controversy.

LOCAL DISASTER COUNCIL. The city officials identified in the Emergency Operations Plan who are responsible for its preparation and execution.

NATIONAL INCIDENT MANAGEMENT SYSTEM (NIMS). The management process utilized by the management personnel operating in the EOC.

TULARE OPERATIONAL AREA (TOA). The unincorporated areas and the incorporated cities within the boundaries of Tulare County.

(1995 Code, § 3.20.020) (Ord. 05-2001, passed 1-3-2006; Ord. 96-1793, passed - -1996)

3.20.030 Duties of the Director.

In the event an emergency situation overwhelms or threatens to overwhelm local resources, or the proclamation of a state of disaster by the Governor, or in the event of a war-caused state of extreme emergency, the official performing the duties of the Director of the Emergency Operations Center (EOC), as authorized in the city's Emergency Operation Plan, is hereby empowered to perform the following acts:

- (A) Activate the Tulare EOC and provide necessary staffing;
 - (B) Make a declaration of a local state of emergency, the declaration to be ratified by the City Council at its next regular meeting;
 - (C) Cause the dissemination of appropriate warning signals and issue suitable advisory information to the Emergency Council and the public;
 - (D) Advise the Tulare Operational Area EOC of the situation and activation of the city's local EOC; and
 - (E) Request mutual aid through the California Office of Emergency Services if local deficiencies of personnel and/or equipment are indicated by the service chiefs.
- (1995 Code, § 3.20.030) (Ord. 05-2001, passed 1-3-2006; Ord. 96-1793, passed - -1996)

3.20.040 Unlawful acts.

It shall be unlawful for any person to perform any of the following acts during a disaster:

- (A) Willfully obstruct, hinder or delay any member of the Emergency Service Organization in the enforcement of any lawful rule or regulation issued pursuant to this chapter or in the performance of any duty imposed upon him or her by virtue of this chapter;
 - (B) To do any act forbidden by any lawful rules or regulations issued pursuant to this chapter, if the act is of such a nature as to give, or be likely to give, or to imperil the lives or property of inhabitants of the city, or to prevent or delay the defense or protection thereof; and/or
 - (C) To wear, carry or display, without authority, any means of identification specified by the civil defense and disaster agency of the federal government or the State of California.
- (1995 Code, § 3.20.040) (Ord. 05-2001, passed 1-3-2006; Ord. 96-1793, passed - -1996)

3.20.050 Misdemeanor.

Any person violating any of the provisions of this chapter shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punishable by a fine of not more than \$500 or by imprisonment in the County Jail for not more than six months, or both fine and imprisonment.

(1995 Code, § 3.20.050) (Ord. 05-2001, passed 1-3-2006; Ord. 96-1793, passed - -1996)

CHAPTER 3.25: ADMINISTRATIVE FINES

Section

[3.25.010](#) Administrative Fine Schedule.

3.25.010 Administrative Fine Schedule.

The City Council of the City of Tulare in an effort to more efficiently administer all fines, as referenced within each chapter of the Tulare Municipal Code and associated with its

administrative citation process hereby sets forth an Administrative Fine Schedule to be established and adopted by resolution.
(Ord. 10-15, passed 4-20-2010)

SECTION 2. This ordinance shall be in full force and effective thirty (30) days from and after its passage, adoption, and approval.

SECTION 3. All ordinances and parts of ordinances in conflict herewith are hereby repealed.

PASSED, ADOPTED AND APPROVED THIS _____ DAY OF _____, 2016

President of the Council and Ex-Officio
Mayor of the City of Tulare

ATTEST:

Chief Deputy City Clerk and Clerk of the
Council of the City of Tulare

AGENDA ITEM:

**CITY OF TULARE, CA
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Fleet Maintenance Division

For Council Meeting of: November 1, 2016

Documents Attached: Ordinance Resolution Staff Report Other None

AGENDA ITEM:

Award Bid 17-598 to Giant Chevrolet in the amount of \$78,764.49 for the purchase of Two (2) New 2017 Chevrolet Tahoe Special Service Vehicles.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

For the 2016 / 2017 budget year, the Fire Department requested and was approved the purchase of two (2) replacement service vehicles from the Fleet Control Budget.

Bid 17-598 was sent out to vendors and posted on the Central Valley Purchasing System soliciting bids for Two (2) New 2017 Chevrolet Tahoe Special Service Vehicles. One vendor submitted a bid: Giant Chevrolet of Visalia for \$78,764.49.

Bid was in compliance with the bid specifications and met the conditions of the City purchasing policy.

STAFF RECOMMENDATION:

Award Bid 17-598 to Giant Chevrolet in the amount of \$78,764.49 for Two (2) New 2017 Chevrolet Tahoe Special Service Vehicles.

CITY ATTORNEY REVIEW/COMMENTS: Yes No N/A

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No N/A

Submitted by: Steve Bonville

Title: General Services Director

Date: 10/17/16

City Manager Approval: _____

City of Tulare

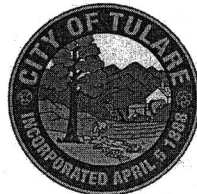
Bid 17-598 2017 Chevrolet Tahoe Special Service Vehicle
 Thursday, October 13, 2016 – 2:00 p.m.

	NAME OF COMPANY	CITY	AMOUNT
1	Giant Chevrolet	Visalia, CA	\$ 78,764.49
2			\$
3			\$
4			\$
5			\$
6			\$
7			\$
8			\$
9			\$
10			\$
11			\$
12			\$
13			\$
14			\$

ATTESTED AND OPENED BY: Shirley Cheal
 Chief Deputy City Clerk

WITNESS: [Signature]

RECORDED BY: [Signature]



Note: Bids/RFP's are subject to review and verification.

AGENDA ITEM:

**CITY OF TULARE
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Human Resources

For Council Meeting of: November 1, 2016

Documents Attached: Ordinance Resolution Staff Report Other None

AGENDA ITEM:

Adopt Resolution 16-__ adding the one (1) classification of Senior Project Manager and establishing the salary range at \$7,292.62 to \$8,864.22 and salary code #2217; and, change the classification of Field Services Manager to Project Manager (no change in salary).

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

The Project Management Office is currently comprised of two positions one (1) Project Manager and one (1) Field Services Manager. These two employees are responsible for various projects throughout all departments of the City. These projects are identified in the City's Capital Improvements Program budget. However, simply due to the availability of resources, the Project Management team has been limited and mainly concentrated on specifically managing the more complex projects that relate to engineering, transportation and utilities. When other projects outside of this scope arise, in most cases, individual departments have been responsible to juggle normal operations in addition to the management of these capital projects.

Depending on the scope of each project and availability/expertise of their staff, some departments have been able to absorb the additional work that capital projects bring, but most have expressed the desire and/or need to rely on the Project Management Office for this. As a result, some projects have been delayed or even postponed until resources are available to effectively manage them. The amount of time required by each project can vary significantly depending on the scope and timing requirements. In general, the more projects that an individual is responsible for, the fewer projects they can effectively manage. As the number of projects grow, more time is spent switching back and forth and efficiency reduces.

Currently, the project management team is responsible for approximately forty-five (45) projects. Again, they range in complexity, but progress on several of these has been delayed simply due to time available to work on them. By year end, a portion of these will be completed, but as the City's Capital Improvements Program budget is finalized and adopted in the coming months, there will be new additional projects added to this list. The newly adopted utility (water and sewer) rates and commitments to improve the City's utility infrastructure have also put a high expectation on the rate and efficiency in which these projects are managed and ultimately completed. Over twenty new transportation and related utility projects alone, encompassing over twenty-six miles of streets and utilities, have been identified to be

reconstructed over the next estimated five to seven years. Additionally, major improvements to the City's water supply system, consisting of new wells, storage tanks and existing well rehabilitation are beginning and will continue to require a high level of commitment to meet the required target dates.

Therefore, based on the current and projected Capital Improvements Program, an additional project manager position is warranted and can be justified to ensure that projects continue to get completed successfully and efficiently – on time, on budget and according to the approved scopes of work. Due to this increase in personnel under the City Manager's direct purview, to assist in ensuring that the Project Management Office concept continues to be successful, a Senior Project Manager position is being requested to fill this need. The Senior Project Manager would be responsible to not only manage projects, but also supervise and coordinate the existing project management team and Project Management Office. The position will be funded by project budgets, as are the existing Project Manager positions. Ultimately, all Capital Projects bare the cost of project management. The additional position will provide a larger conduit in which projects will be able to be completed and will not add an additional burden to the overall City Budget.

We are also requesting approval to change the Field Services Manager classification to Project Manager. In November of 2010, Trisha Whitfield was hired into the newly created position of Field Services Manager in the Public Works Department. Over the course of the past several years, many of the duties performed by the Field Services Manager have been distributed back to the Division Managers in Public Works. In January of 2016 due to a backlog of public works projects and an upcoming rate study, Trisha was moved from the Public Works Department to the Project Management Division in the City Manager's Office.

Since that time, she has been performing the duties more closely aligned with the Project Manager classification and the Field Services Manager classification is no longer deemed appropriate. Trisha and Nick Bartsch, the City's other Project Manager, work closely performing project related work. The Project Manager classification (salary code 2164) is at the same pay range as the Field Services Manager (salary code 2090) classification and there is no change in salary

STAFF RECOMMENDATION:

Adopt Resolution 16-__ adding the one (1) classification of Senior Project Manager and establishing the salary range at \$7,292.62 to \$8,864.22 and salary code #2217; and, change the classification of Field Services Manager to Project Manager (no change in salary).

CITY ATTORNEY REVIEW/COMMENTS: Yes N/A

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No N/A

FUNDING SOURCE/ACCOUNT NUMBER:

Submitted by: Janice Avila

Title: Human Resources Director

Date: 10/24/16

City Manager Approval: _____

RESOLUTION 16-____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TULARE
AMENDING THE CITY'S NON-UTILITY POSITION CONTROL BUDGET**

WHEREAS, the Position Control Budget (PCB) sets the authorized positions for the fiscal year; and,

WHEREAS, staff has identified needed compensation adjustments, position deletions and additions, and classification changes to the PCB.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Tulare, that the following changes to the City's Non-Utility Position Control Budget (PCB) are hereby adopted.

1. Add one (1) position of Senior Project Manager, salary code 2217, monthly salary range: \$7,292.62 to \$8,864.22
2. Change the Field Services Manager position to a Project Manager (no change in salary)

PASSED, ADOPTED AND APPROVED this 1st day of November 2016.

President of the Council and Ex-Officio
Mayor of the City of Tulare

ATTEST:

STATE OF CALIFORNIA)
COUNTY OF TULARE) ss.
CITY OF TULARE)

I, Paul Melikian, Interim City Clerk of the City of Tulare, certify the foregoing is the full and true Resolution 16-____ passed and adopted by the Council of the City of Tulare at a regular meeting held on November 1, 2016, by the following vote:

Aye(s) _____

Noe(s) _____ Abstention(s) _____

Dated: PAUL MELIKIAN, INTERIM CITY CLERK

By Roxanne Yoder, Chief Deputy City Clerk

AGENDA ITEM:

**CITY OF TULARE, CALIFORNIA
CITY COUNCIL
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Public Works – Water Division

For Council Meeting of: November 1, 2016

Documents Attached: Ordinance Resolution Staff Report Other None

AGENDA ITEM:

Adopt Resolution 16-___ ratifying Board of Public Utilities (BPU) Resolution 16-18 to suspend the Drought Surcharge until further notice.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

On August 7, 2014 The Board of Public Utilities (BPU) adopted Resolution 14-04 to address the drought induced increased costs of supplying water to the community.

The City Council approved Water Rate Resolution 16-14, in accordance with Charter provision 52e (2) which was fixed by the BPU on July 21, 2016. This resolution approved water rate increases which now account for the increased costs of water delivery that the Drought Surcharge had previously been implemented to pay for.

Resolution 14-04, Section 8 allows for the Drought Surcharge to be repealed by the Board of Public Utilities.

“...Among the criteria the board will use to determine the continued necessity of the drought surcharge is: the degree to which the standing water levels under the City have recovered to pre-drought levels, State of California drought related declarations, amounts of recent local rainfall and the allocations of Friant-Kern canal water to the Tulare Irrigation District, whether the cumulative total of costs directly related to the drought by the water fund have been covered by the drought surcharge, and the availability to the water fund of other funds and financial resources to cover the drought related effect costs, and any other facts or circumstances bearing on the continuing need for either repealing or continuing the drought surcharge.”

On October 20, 2016 the Board of Public Utilities approved Resolution 16-18, to suspend indefinitely the Drought Surcharge, Resolution 14-04, until such time as it can be confirmed that the new water rates are sufficient to cover the increased drought induced water supply expenses or that the standing water levels have recovered to pre-drought conditions. Staff recommends Council ratify Resolution 16-18.

STAFF RECOMMENDATION:

Adopt Resolution 16-___ ratifying Board of Public Utilities (BPU) Resolution 16-18 to suspend the Drought Surcharge until further notice.

CITY ATTORNEY REVIEW/COMMENTS: Yes No N/A

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No N/A

FUNDING SOURCE/ACCOUNT NUMBER:

Signed: Joseph Carlini

Title: Director, Public Works

Date: November 1, 2016

City Manager Approval: _____

RESOLUTION 16-__

A RESOLUTION OF THE COUNCIL OF THE CITY OF TULARE RATIFYING BOARD OF PUBLIC UTILITIES COMMISSIONERS ACTION ON A DROUGHT SURCHARGE, TO BE EFFECTIVE OCTOBER 1, 2016.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TULARE, AS FOLLOWS:

Section 1. That on August 7th, 2014, the Board of Public Utilities adopted the Drought Surcharge to address drought-related increased costs of supplying water to the community.

Section 2. Section 8 of Resolution 14-04 allows for the Board of Public Utilities to repeal the Drought Surcharge in the event that either the cumulative total of drought related costs have been recovered, or the standing water level below the City has recovered to pre-drought levels.

Section 3. On July 21st, 2016 City Council approved increased water rates which are believed to account for the increased costs of water delivery.

Section 4. Whereas on October 20, 2016 the Board of Public Utilities approved Resolution 16-18, hereto attached as Exhibit "A", hereto attached as Exhibit "A" and made a part of this resolution by reference, are hereby approved.

Passed, adopted and approved this 1st day of November, 2016.

President of the Council and Ex-Officio
Mayor of the City of Tulare

ATTEST:

STATE OF CALIFORNIA)
COUNTY OF TULARE) ss.
CITY OF TULARE)

I, Paul Melikian, City Clerk of the City of Tulare, certify the foregoing is the full and true Resolution 16-__ passed and adopted by the Council of the City of Tulare at a regular meeting held on November 1, 2016 by the following vote:

Ayes(s) _____

Noes(s) _____ Abstention(s) _____

Dated: Paul Melikian, CITY CLERK

By: Roxanne Yoder, Chief Deputy

EXHIBIT A

RESOLUTION NO. 16-18

**A RESOLUTION OF THE BOARD OF PUBLIC UTILITIES
OF THE CITY OF TULARE SUSPENDING RESOLUTION 14-04, THE DROUGHT
SURCHARGE**

**BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES OF THE CITY OF
TULARE, AS FOLLOWS, TO WIT:**


SECTION 1. That on August 7th, 2014, the Board of Public Utilities adopted the Drought Surcharge to address drought-related increased costs of supplying water to the community.

SECTION 2. Section 8 of Resolution 14-04 allows for the Board of Public Utilities to repeal the Drought Surcharge in the event that either the cumulative total of drought related costs have been recovered, or the standing water level below the City has recovered to pre-drought levels.

SECTION 3. On July 21st, 2016 City Council approved increased water rates which are believed to account for the increased costs of water delivery.

SECTION 4. The suspension of the Drought Surcharge shall be effective October 1, 2016 and extend until such time as it can be confirmed that the new water rates are sufficient to cover the increased drought induced water supply expenses, or until the standing water levels have recovered to pre-drought levels.

PASSED, ADOPTED AND APPROVED this 20th day of October, 2016



President of the City of Tulare Board of Public
Utilities

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ATTEST:

State of California)
County of Tulare) ss.
City of Tulare)

I, Paul Melikian, Interim City Manager/City Clerk of the City of Tulare, certify the foregoing is the full and true Resolution 16-18 passed and adopted by the Board of Public Utilities of the City of Tulare at a regular meeting held on October 20, 2016 by the following vote:

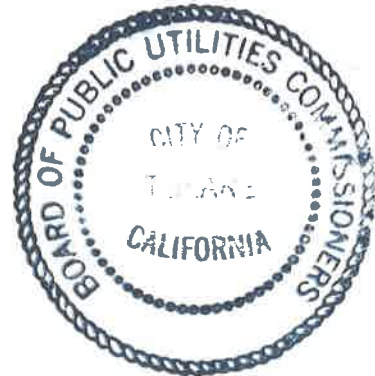
Aye(s) Dick Johnson; Edward Henry; Jim Pennington; Philip Smith; Lee Brehm
Noe(s) na Abstention(s) na

Dated: October 20, 2016

PAUL MELIKIAN, INTERIM CITY
MANAGER/CITY CLERK



By Shonna Oneal, Deputy City Clerk



AGENDA ITEM:

**CITY OF TULARE, CA
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF TULARE
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Finance

For Council Meeting of: November 1, 2016

Documents Attached: Ordinance Resolution Staff Report Other None

AGENDA ITEM:

Adopt Resolution 2016-___ of the Successor Agency to the Redevelopment Agency of Tulare (the "Successor Agency") authorizing the form of various documents required for the issuance of 2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) and Series B (Taxable) (together, the "2016 Refunding Bonds"). The bonds are being issued to refinance all or a portion of the outstanding Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects 2010 Tax Allocation Bonds, Series A (Tax-Exempt), Series B (Taxable), and 2010 Tax Allocation Housing Bonds, Series C (Taxable) (together, the "2010 Tax Allocation Bonds") for debt service savings.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

The Successor Agency has been moving forward with the issuance of the 2016 Refunding Bonds to take advantage of current low interest rates and achieve savings. Prior authorizations for the 2016 Refunding Bonds include.

- On September 20, 2016, the Successor Agency adopted Resolution 2016-01 authorizing the issuance of not-to-exceed \$26,000,000 of 2016 Refunding Bonds to refinance the outstanding 2010 Tax Allocation Bonds for savings, and approving the form of and execution of an Indenture of Trust, subject to final revision and approval by certain authorized officers of the Successor Agency.
- On September 28, 2016, the Oversight Board adopted a Resolution 16-10 authorizing the Successor Agency to issue the 2016 Refunding Bonds subject to meeting required savings parameters.

The new Resolution supplements the prior Resolutions by a) authorizing certain officers of the Successor Agency to take actions necessary for the sale and delivery of the 2016 Refunding Bonds, and b) approving the form of various documents required for issuance of the 2016 Refunding Bonds, subject to final revision and approval by certain authorized officers of the Successor Agency, including:

- Escrow Agreement – This is an agreement between the Successor Agency and U.S. Bank National Association, as escrow agent, that details the terms and conditions for investment and disbursement of bond proceeds related to the refunding and defeasance of the outstanding 2010 Tax Allocation Bonds.

- Bond Purchase Agreement – This agreement between the Successor Agency and Morgan Stanley, as underwriter, serves as a contract for the purchase of the bonds. The contract details the terms and conditions of the bond sale as well as the final principal amounts and interest rates of the bonds. The Bond Purchase Agreement will be finalized and signed after the bonds are priced, and obligates the City to issue the bonds and the underwriter to purchase the bonds.
- Preliminary Official Statement – The preliminary Official Statement is an offering document that will be circulated to prospective investors prior to the bond sale. This document describes the bonds, the Successor Agency and merged redevelopment project area, as well as all material information regarding the financial capacity for debt repayment. The final Official Statement will be completed after the bond pricing and will also include information about final principal amounts, interest rates, and related information.
- Continuing Disclosure Certificate – This Certificate is included as an appendix to the Official Statement and details the Successor Agency’s obligations to provide annual updates of information related to the bonds, such as audited financial statements, and ongoing obligations to provide timely disclosure of “material events” regarding the bonds and their repayment security.

STAFF RECOMMENDATION:

Adopt Resolution 2016-___ of the Successor Agency to the Redevelopment Agency of Tulare (the “Successor Agency”) authorizing the form of various documents required for the issuance of 2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) and Series B (Taxable) (together, the “2016 Refunding Bonds”). The bonds are being issued to refinance all or a portion of the outstanding Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects 2010 Tax Allocation Bonds, Series A (Tax-Exempt), Series B (Taxable), and 2010 Tax Allocation Housing Bonds, Series C (Taxable) (together, the “2010 Tax Allocation Bonds”) for debt service savings.

CITY ATTORNEY REVIEW/COMMENTS: Yes N/A

Review by Bond Counsel

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No N/A

Submitted by: *Darlene Thompson*

Title: Finance Director

Date: 10/27/16

City Manager Approval: _____

RESOLUTION 2016-_____

RESOLUTION OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF TULARE APPROVING THE EXECUTION AND DELIVERY OF A BOND PURCHASE CONTRACT AND AN ESCROW AGREEMENT, APPROVING A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT AND AUTHORIZING THE DISTRIBUTION THEREOF, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING TO THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF TULARE, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the Redevelopment Agency of the City of Tulare (the “Former Agency”) has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, the Successor Agency to the Redevelopment Agency of the City of Tulare (the “Successor Agency”) has become the successor entity to the Former Agency; and,

WHEREAS, prior to dissolution of the Former Agency, for the purpose of financing redevelopment activities of the Former Agency, the Former Agency issued its (i) \$8,605,000 Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects 2010 Tax Allocation Bonds, Series A (Tax-Exempt); (ii) \$4,915,000 Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects 2010 Tax Allocation Bonds, Series B (Taxable); and (iii) \$9,830,000 Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects 2010 Tax Allocation Housing Bonds, Series C (Taxable) (collectively, the “2010 Bonds”); and,

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Law”) for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the “Savings Parameters”); and,

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its Successor Agency to the Redevelopment Agency of the City of Tulare 2016 Tax Allocation Refunding Bonds in one or more series on a tax-exempt and/or taxable basis (the “Refunding Bonds”), the Successor Agency has caused its municipal advisor, Bartle Wells Associates (the “Municipal Advisor”), to prepare a preliminary analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to refund the 2010 Bonds (the “Preliminary Debt Service Savings Analysis”); and,

WHEREAS, on September 20, 2016, the Successor Agency adopted Resolution No. 2016-1 to approving the issuance of the Refunding Bonds, in one or more series on a tax-exempt or taxable basis, and approved the form of and authorize the execution and delivery of the Indenture of Trust, by and between the Successor Agency and U.S. Bank National Association, as trustee, providing for the issuance of the Refunding Bonds (the “Indenture”); and,

WHEREAS, pursuant to Section 34179, an oversight board (the “Oversight Board”) has been established for the Successor Agency; and,

WHEREAS, on September 28, 2016, the Oversight Board adopted Resolution No. 16-10, approving the issuance of the Refunding Bonds and the other actions of the Successor Agency that are set forth in and contemplated by Successor Agency Resolution No. 2016-1; and,

WHEREAS, the Successor Agency has determined to sell the Refunding Bonds to Morgan Stanley & Co. LLC (the “Underwriter”), pursuant to the terms of the Bond Purchase Contract (the “Purchase Contract”) on file with the City Clerk, as the secretary (the “Secretary”) of the Successor Agency, to be entered into by the Successor Agency and the Underwriter; and,

WHEREAS, the Successor Agency, with the assistance of, Norton Rose Fulbright US LLP (underwriter's counsel), its Municipal Advisor and its fiscal consultant, Rosenow Spevacek Group, Inc., has prepared a draft of the Official Statement for the Refunding Bonds (the “Official Statement”), which contains, among other things, information regarding the Refunding Bonds, the Former Agency and the Successor Agency, the preliminary form of which is on file with the Secretary; and,

WHEREAS, the Successor Agency, with the aid of its staff, has reviewed the Official Statement and wishes at this time to approve its use and distribution as in the public interests of the Successor Agency and applicable taxing entities; and,

WHEREAS, the Successor Agency may obtain credit enhancement if desirable in connection with the issuance of the Refunding Bonds; and

NOW, THEREFORE, BE IT RESOLVED by the Successor Agency to the Redevelopment Agency of the City of Tulare, as follows:

1. Approval of Escrow Agreement. The form of the Escrow Agreement on file with the Successor Agency is hereby approved, and the each of the Mayor of the City of Tulare, as Chair of the Successor Agency, the City Manager of the City of Tulare, as the chief administrative officer of the Successor Agency, the Finance Director, as the chief financial officer of the Successor Agency, the City Attorney of the City, as the general counsel of the Successor Agency, or the written designee of any such officer (each, an “Authorized Officer”) are, each acting alone, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Escrow Agreement, together with such changes therein or additions thereto as may be deemed advisable to such officers, upon the advice of Hawkins Delafield & Wood LLP, Bond Counsel, such execution to be conclusive evidence of the approval of such Escrow Agreement.

2. Sale of Refunding Bonds; Bond Purchase Contract. The Successor Agency hereby approves the sale of the Refunding Bonds to the Underwriter pursuant to the Bond Purchase Contract, and each Authorized Officer, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Bond Purchase Contract, together with such changes therein or additions thereto as may be deemed advisable to such officers, upon the advice of Hawkins Delafield & Wood LLP,

Bond Counsel, such execution to be conclusive evidence of the approval of such Bond Purchase Contract. The Underwriter's discount (not including original issue discount) may not exceed 1.25% of the principal amount of the Refunding Bonds.

3. Approval of Official Statement and Continuing Disclosure Certificate. The Successor Agency hereby approves the preliminary Official Statement in substantially the form on file with the Secretary. Distribution of the preliminary Official Statement by the Successor Agency and the Underwriter is hereby approved, and, prior to the distribution of the preliminary Official Statement, an Authorized Officer is authorized and directed, on behalf of the Successor Agency, to deem the preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"). The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by the Authorized Officer executing the same, and such information permitted to be excluded from the preliminary Official Statement pursuant to the Rule, is hereby approved for delivery to the purchasers of the Refunding Bonds, and each Authorized Officer, acting alone, is authorized and directed to execute and deliver the final Official Statement for and on behalf of the Successor Agency, to deliver to the Underwriter a certificate with respect to the information set forth therein and to deliver to the Underwriter a continuing disclosure undertaking substantially in the form appended to the final Official Statement.

4. Official Actions. The Authorized Officers and any and all other officers of the Successor Agency are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver any and all papers and instruments and to do and cause to be done any and all acts and things necessary and take any and all actions, which they, or any of them, may deem necessary or advisable in obtaining the requested approval by the California Department of Finance, and in the issuance, sale and delivery of the Refunding Bonds. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

5. Documents on File. The following documents are on file with the City Clerk and are approved as to form:

- a) Indenture of Trust;
- b) Escrow Agreement;
- c) Preliminary Official Statement (with Continuing Disclosure Certificate attached as Appendix E); and
- d) Bond Purchase Agreement.

6. Effective Date. This Resolution shall take effect from and after the date of approval and adoption thereof.

PASSED, ADOPTED AND APPROVED this 1st day of November, 2016 by the City Council of the City of Tulare, acting in its capacity as the Successor Agency to the Redevelopment Agency of the City of Tulare, by the following vote, to wit:

Mayor of the City of Tulare

ATTEST:

STATE OF CALIFORNIA)
COUNTY OF TULARE) ss.
CITY OF TULARE)

I, Paul Melikian, Interim City Manager/City Clerk of the City of Tulare, certify the foregoing is the full and true Resolution 16-____ passed and adopted by the Council of the City of Tulare at a regular meeting held on September 20, 2016, by the following vote:

Aye(s) _____

Noe(s) _____ Abstention(s) _____

Dated: Paul Melikian, INTERIM CITY MANAGER
/CITY CLERK

By Roxanne Yoder, Chief Deputy

\$ _____
**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF TULARE**

**2106 TAX ALLOCATION REFUNDING BONDS
SERIES A**

and

**2016 TAX ALLOCATION REFUNDING BONDS
TAXABLE SERIES B**

BOND PURCHASE AGREEMENT

_____, 2017

Successor Agency to the Redevelopment Agency
of the City of Tulare
411 E. Kern Avenue
Tulare, CA 93274

Ladies and Gentlemen:

Morgan Stanley & Co. LLC (the “Underwriter”), acting not as fiduciary or agent for you, but on behalf of itself, hereby offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with the Successor Agency to the Redevelopment Agency of the City of Tulare (the “Successor Agency”) for the purchase from the Successor Agency, of its \$____ 2016 Tax Allocation Refunding Bonds, Series A (the “2016A Bonds”) and \$____ 2016 Tax Allocation Refunding Bonds, Taxable Series B (the “2016B Bonds” and, together with the 2016A Bonds, the “Bonds”). This offer is made subject to acceptance hereof by the Successor Agency prior to 11:59 p.m., California time, on the date hereof, and upon such acceptance, as evidenced by the signature of the Chief Financial Officer of the Successor Agency in the space provided herein. This Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Successor Agency and the Underwriter.

The Successor Agency acknowledges and agrees that: (i) the primary role of the Underwriter, as underwriter, is to purchase securities, for resale to investors, in an arm’s length commercial transaction between the Successor Agency and the Underwriter and the Underwriter has financial and other interests that differ from those of the Successor Agency; (ii) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Successor Agency and has not assumed any advisory or fiduciary responsibility to the Successor Agency with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Successor Agency on other matters); (iii) other than as imposed by law, the only contractual obligations the Underwriter has to the Successor Agency with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (iv) the

Successor Agency has consulted its own financial and/or municipal, legal, accounting and other advisors, as applicable, to the extent it has deemed appropriate.

The Successor Agency hereby acknowledges receipt from the Underwriter of disclosures required by MSRB Rule G-17 (as set forth in MSRB Notice 2012-25 (May 7, 2012)), relating to disclosures concerning the Underwriter's role in the transaction, disclosures concerning the Underwriter's compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any. For example, the Underwriter, as recognized in MSRB Rule G-17, has a duty to purchase securities from an issuer at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable.

The Underwriter agrees to comply with all applicable Securities and Exchange Commission rules and rules of the Municipal Securities Rulemaking Board (the "MSRB") governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

Section 1.1. PURCHASE AND SALE. Upon the terms and conditions and upon the basis of the representations and agreements herein set forth, the Successor Agency hereby agrees to sell and the Underwriter hereby agrees to purchase from the Successor Agency for offering to the public all (but not less than all) of the Successor Agency's:

(i) 2016A Bonds at a price of \$_____ (being the principal amount of the 2016A Bonds of \$_____, [plus][less] a [net] original issue [premium][discount] of \$_____ and less an underwriter's discount of \$_____); and

(ii) the 2016B Bonds at a price of \$_____ (being the principal amount of the 2016B Bonds of \$_____, [plus][less] a net original issue [premium][discount] of \$_____ and less an underwriter's discount of \$_____). The payment for and delivery of the Bonds and the other actions contemplated hereby to take place at the time of such payment and delivery are herein sometimes called the "Closing."

2. **The Bonds and Related Documents.** The Bonds will be issued under an Indenture of Trust, dated as of _____ 1, 2016 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"). The Bonds will mature and bear interest at the interest rates as shown in Exhibit A hereto and will be subject to redemption according to the terms set forth in the Indenture. The Bonds will be authorized and issued pursuant to the Indenture approved by Resolution No. 2016-01 adopted by the Successor Agency on September 20, 2016 (the "Resolution"), and by Resolution 16-10 adopted by the Oversight Board for the Successor Agency on September 28, 2016 (the "Oversight Board Resolution"), and in accordance with Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Bond Law"), Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012 and as further amended on September 22, 2015 by Senate Bill 107 ("SB 107"), enacted as Chapter 325, Statutes of 2015 (collectively, as amended from time to time, the "Dissolution Act"), and the Constitution and other applicable laws of the State of California (the "State"). The Bonds shall be as described in the Indenture and the Official Statement dated the date hereof relating to the Bonds (which, together with all exhibits and appendices included therein or attached thereto and such amendments or supplements thereto which shall be approved by the Underwriter, is hereinafter called the "Official Statement"). The

Official Statement and this Purchase Agreement was approved by Resolution No. _____ adopted by the Successor Agency on _____, 2016 (the “Successor Agency Official Statement Resolution”).

The net proceeds of the Bonds will be used to refund certain outstanding obligations of the Successor Agency as described in the Official Statement.

The Successor Agency will undertake pursuant to the provisions of a Continuing Disclosure Agreement, to be dated the date of the Closing (the “Disclosure Agreement”), by and between the Successor Agency and _____, as dissemination agent, to provide certain annual information and notices of the occurrence of certain enumerated events. A description of the undertaking is set forth in the Preliminary Official Statement (as defined below) and will also be set forth in the Official Statement.

The Indenture, the Disclosure Agreement and this Purchase Agreement are sometimes collectively referred to herein as the “Successor Agency Legal Documents.”

3. Offering. It shall be a condition to the Successor Agency’s obligations to sell and to deliver the Bonds to the Underwriter and to the Underwriter’s obligations to purchase, to accept delivery of and to pay for the Bonds that the entire \$_____ aggregate principal amount of the 2016A Bonds and \$_____ aggregate principal amount of the 2016B Bonds shall each be issued, sold and delivered by the Successor Agency and purchased, accepted and paid for by the Underwriter at the Closing. The Underwriter agrees to make a *bona fide* public offering of all of the Bonds at the initial public offering prices or yields set forth in Exhibit A hereto and on the inside front cover page of the Official Statement. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices; provided, however, that the Underwriter may offer a portion of the Bonds for sale to selected dealers who are members of the Financial Industry Regulatory Authority and who agree to resell the Bonds to the public on terms consistent with this Purchase Agreement, and the Underwriter reserves the right to change such offering prices or yields as the Underwriter shall deem necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices or at yields higher than the initial yields set forth on Exhibit A attached hereto. The Underwriter also reserves the right to over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time. None of such activities shall affect the principal amounts, maturity dates, interest rates, redemption or other provision of the Bonds or the amount to be paid by the Underwriter to the Successor Agency for the Bonds.

4. Use and Preparation of Documents. The Successor Agency has caused to be prepared and delivered to the Underwriter prior to the execution of this Purchase Agreement copies (which may be in electronic form) of the Preliminary Official Statement, dated _____, 20__, relating to the Bonds (the “Preliminary Official Statement”). The Successor Agency ratifies, confirms and approves the use by the Underwriter prior to the date hereof of the Preliminary Official Statement. The Successor Agency has previously deemed the Preliminary Official Statement to be final as of its date for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), except for information permitted to be omitted therefrom by Rule 15c2-12. The Successor Agency has executed and delivered to the Underwriter a certification to such effect.

The Successor Agency hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the earlier of: (i) the business day preceding the date of Closing (as defined herein); or (ii) the seventh (7th) business day following the date of this Purchase Agreement: (A) the form of the Official Statement relating to the Bonds in “designated electronic format” (as defined in MSRB Rule G-32); and (B) the Official Statement, dated the date hereof, in the form of the Preliminary Official Statement, with such changes thereto, as may be approved by the Underwriter. The Successor Agency hereby approves of the distribution and use by the Underwriter of the Official Statement in connection with the offer and sale of the Bonds. The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the Successor Agency and the Underwriter. If the Official Statement is prepared for distribution in electronic form, the Successor Agency hereby confirms that it does not object to distributions of the Official Statement in electronic form. The Underwriter agrees that they will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the Official Statement (which may be in electronic form).

5. Representations, Warranties and Agreements of the Successor Agency. The Successor Agency hereby represents, warrants and agrees as follows:

(a) The Successor Agency is a public entity existing under the Constitution and laws of the State of California, including the Dissolution Act;

(b) The Successor Agency has full legal right, power and authority to issue the Bonds, secure the Bonds in the manner contemplated by the Indenture and enter into the Successor Agency Legal Documents and carry out and consummate the transactions contemplated by the Successor Agency Legal Documents;

(c) By all necessary official action of the Successor Agency prior to or concurrently with the acceptance hereof, the Successor Agency has duly authorized and approved the preparation and use of the Preliminary Official Statement and the Official Statement, the execution and delivery of the Official Statement and the Successor Agency Legal Documents, and the performance by the Successor Agency of all transactions contemplated by the Successor Agency Legal Documents; and the Successor Agency Legal Documents will constitute legal, valid and binding obligations of the Successor Agency, enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally;

(d) The Successor Agency is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Indenture) or other instrument to which the Successor Agency is a party or to which the Successor Agency or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of the Successor Agency Legal Documents, and compliance with the provisions on the Successor Agency’s part contained therein, will not conflict with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Successor Agency is a party or to which the Successor Agency or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation

or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Successor Agency or under the terms of any such constitutional provision, law, regulation or instrument, except as provided by the Indenture;

(e) Except as described in or contemplated by the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Successor Agency of its obligations under the Successor Agency Legal Documents have been duly obtained;

(f) Between the date of this Purchase Agreement and the date of the Closing, the Successor Agency will not, without the prior written consent of the Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, payable from Tax Revenues (as defined in the Indenture);

(g) To the best knowledge of the officer of the Successor Agency executing this Purchase Agreement, after due inquiry, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending or threatened against the Successor Agency, affecting the existence of the Successor Agency or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the execution and delivery of the Indenture or the collection of the Tax Revenues or contesting or affecting, as to the Successor Agency, the validity or enforceability of the Successor Agency Legal Documents or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Successor Agency, or in any way contesting or challenging the consummation of the transactions contemplated hereby, or which might result in a material adverse change in the financial condition of the Successor Agency or which might materially adversely affect the Tax Revenues of the Successor Agency; nor, to the best knowledge of the Successor Agency, is there any known basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the authorization, execution, delivery or performance by the Successor Agency of the Successor Agency Legal Documents;

(h) As of the date of the Closing, except as disclosed in the Official Statement, the Successor Agency will not have outstanding any indebtedness which indebtedness is secured by a lien on the Tax Revenues of the Successor Agency superior to or on a parity with the lien provided for in the Indenture on the Tax Revenues;

(i) As of the time of acceptance hereof and as of the date of the Closing, the Successor Agency has complied with the filing requirements of the Dissolution Act, including, without limitation, the filing of all Recognized Obligation Payment Schedules, as required by the Dissolution Act;

(j) As of the date thereof and hereof, the Preliminary Official Statement (other than information permitted to be omitted from the deemed final Preliminary Official Statement under Rule 15c2-12) and the Official Statement, respectively, did not and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein in light of the circumstances under which they were made, not misleading;

(k) As of the date thereof and at all times subsequent thereto to and including the date which is 25 days following the End of the Underwriting Period (as such term is hereinafter defined) for the Bonds, the Official Statement (including any amendment or supplement to the Official Statement as contemplated in (l) below) did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made not misleading;

(l) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information herein, in the light of the circumstances under which it was presented, not misleading, the Successor Agency will notify the Underwriter, and, if in the opinion of the Underwriter or the Successor Agency, or respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Successor Agency will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Underwriter, and shall pay all expenses thereby incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the Successor Agency will furnish such information with respect to itself as the Underwriter may from time to time reasonably request. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Successor Agency delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Notwithstanding the foregoing, unless the Underwriter gives notice to the contrary, the "End of the Underwriting Period" shall be the date of Closing;

(m) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (l) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make such information therein in the light of the circumstances under which it was presented, not misleading;

(n) [After the Closing, the Successor Agency will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter shall reasonably object in writing or which shall be disapproved by counsel for the Underwriter;]

(o) Any certificate signed by any officer of the Successor Agency and delivered to the Underwriter shall be deemed a representation by the Successor Agency to the Underwriter as to the statements made therein;

(p) The Successor Agency will apply the proceeds from the sale of the Bonds for the purposes specified in the Official Statement;

(r) The Successor Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter, at the expense of the Underwriter, as it may reasonably request in order to qualify the Bonds for offer and sale under the "blue sky" or other

securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate; provided, however, that the Successor Agency will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

(s) The Successor Agency will refrain from taking any action with regard to which the Successor Agency may exercise control that results in the inclusion in gross income for federal income tax purposes of the interest on the 2016A Bonds or State of California income tax purposes of the interest on the Bonds;

(t) Except as disclosed in the Preliminary Official Statement and the Official Statement, the Successor Agency [and the City] during the past five years has not failed to comply in any material respect with any prior continuing disclosure undertaking;

(u) The Oversight Board has duly adopted the Oversight Board Resolution approving the issuance of the Bonds and no further Oversight Board approval or consent is required for the issuing of the Bonds or the consummation of the transactions described in the Preliminary Official Statement; and

(v) The Department of Finance of the State (the “Department of Finance”) issued a letter (the “DOF Letter”), dated _____, 20__, approving the Oversight Board Resolution. Except as disclosed in the Preliminary Official Statement, the Successor Agency is not aware of the Department of Finance directing or having any basis to direct the County Auditor-Controller to deduct unpaid unencumbered funds from future allocations of property tax to the Successor Agency pursuant to Section 34183 of the Dissolution Act.

6. Closing. At 8:00 A.M., California time, on _____, 2016, or on such other date as may be mutually agreed upon by the Successor Agency and the Underwriter, the Successor Agency will, subject to the terms and conditions hereof, sell and deliver the Bonds to the Underwriter, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof in federal funds. Sale, delivery and payment as aforesaid shall be made at the offices of Hawkins Delafield & Wood LLP, San Francisco, California (“Bond Counsel”), or such other place as shall have been mutually agreed upon by the Successor Agency and the Underwriter, except that the Bonds (with one certificate for each maturity and otherwise in a form suitable for the book-entry system) shall be delivered to the Underwriter through the book-entry system of The Depository Trust Company (“DTC”). Unless the DTC Fast Automated Securities Transfer (“FAST”) is utilized, the Bonds will be made available for inspection by DTC at least one business day prior to the Closing.

7. Closing Conditions. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Successor Agency contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Successor Agency of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter’s obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Successor Agency of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The Underwriter shall receive, within seven (7) business days of the date hereof, but in no event less than one (1) day prior to Closing, the Official Statement (including all information previously permitted to have been omitted from the Preliminary Official Statement by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriter);

(b) The representations and warranties of the Successor Agency contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing and the statements of the officers and other officials of the Successor Agency and the Trustee made in any certificate or other document furnished pursuant to the provisions hereof are accurate;

(c) At the time of the Closing, the Successor Agency Legal Documents shall have been duly authorized, executed and delivered by the respective parties thereto, and the Preliminary Official Statement and the Official Statement shall have been duly authorized, executed and delivered by the Successor Agency, all in substantially the forms heretofore submitted to the Underwriter, with only such changes as shall have been agreed to in writing by the Underwriter, and shall be in full force and effect; and there shall be in full force and effect such resolution or resolutions of the governing body of the Successor Agency as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions contemplated hereby;

(d) At the time of the Closing, all necessary official action of the Successor Agency relating to the Preliminary Official Statement and the Official Statement and the Successor Agency Legal Documents shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(e) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) Bond Counsel Final Opinion. The approving opinions of Bond Counsel, dated the date of the Closing and substantially in the forms included as Appendix C to the Official Statement;

(2) Supplemental Opinion of Bond Counsel. A supplemental opinion or reliance letter of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the date of the Closing, stating that the Underwriter may rely on the opinions of Bond Counsel described in paragraph (1) above as if such opinion were addressed to the Underwriter and to the following effect:

(i) The Successor Agency has duly and validly executed the Bond Purchase Contract, and the Bond Purchase Agreement constitutes the legal, valid and binding agreement of the Successor Agency, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion in appropriate cases.;

(ii) The Bonds are not subject to registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended, provided that no opinion is expressed with respect to the 2016 Insurance Policy and 2016 Reserve Policy;

(iii) The statements and information contained or summarized in the Official Statement on the cover page and under the headings "THE 2016 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS –Sources of Payment for the 2016 Bonds," "– Flow of Funds" and "– Certain Covenants of the Successor Agency," "TAX MATTERS," "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and "APPENDIX D – FORM OF BOND COUNSEL OPINION" (but not including any statistical or financial information set forth under such headings, as to which no opinion need be expressed) insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture and the opinion of Bond Counsel concerning certain tax matters relating to the Bonds, are accurate in all material respects.

(3) Municipal Advisor Certificate. A certificate, dated the date of Closing, signed by an authorized officer of Bartle Wells Associates, the Successor Agency's Municipal Advisor (the "Municipal Advisor"), addressed to the Underwriter and the Successor Agency and without having undertaken any investigation, to the effect that, in connection with its role in the preparation of the Official Statement, nothing has come to the attention of the Municipal Advisor that would lead it to believe that the statements and information contained in the Preliminary Official Statement and the Official Statement as of the date thereof and the date of the Closing, contains an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(4) Successor Agency Counsel Opinion. An opinion of Koczanowicz & Hale, as Counsel to the Successor Agency, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter to the following effect:

(i) the Successor Agency is a public entity duly existing under the laws of the State, including the Dissolution Act, with full right, power and authority to execute, deliver and perform its obligations under the Successor Agency Legal Documents;

(ii) the Resolution and the Successor Agency Official Statement Resolution were duly adopted at meetings of the Successor Agency, called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout; and the Resolution and the Successor Agency Official Statement Resolution are in full force and effect and has not been modified amended or rescinded since their respective adoption dates;

(iii) The Successor Agency Legal Documents have been duly authorized, executed and delivered by the Successor Agency and, assuming due authorization, execution and delivery by the other parties thereto, constitute the valid, legal and binding obligations of the Successor Agency enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors rights and by the application of equitable principles if equitable remedies are sought;

(iv) The execution and delivery of the Successor Agency Legal Documents and the Official Statement and compliance with the provisions of the Successor Agency Legal Documents, under the circumstances contemplated thereby, (1) do not and will not in any material respect conflict with or constitute on the part of the Successor Agency a breach of or default under any agreement or other instrument to which the Successor Agency is a party or by which it is bound, and (2) do not and will not in any material respect constitute on the part of the Successor Agency a violation, breach of or default under any existing law, regulation, court order or consent decree to which the Successor Agency is subject; and

(v) Except as otherwise disclosed in the Official Statement, there is no litigation or proceeding, pending and served, or threatened in writing delivered to the Successor Agency, challenging the creation, organization or existence of the Successor Agency, or the validity of the Bonds or the Successor Agency Legal Documents or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby, or under which a determination adverse to the Successor Agency would have a material adverse effect upon the financial condition or the revenues of the Successor Agency, or which, in any manner, questions the right of the Successor Agency to issue, sell and deliver the Bonds, to enter into the Indenture or to use the Tax Revenues for repayment of the Bonds or affects in any manner the right or ability of the Successor Agency to collect or pledge the Tax Revenues.

(5) Trustee Counsel Opinion. The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Underwriter, to the effect that:

(i) The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and administer the trusts created under the Indenture.

(ii) The Indenture has been duly authorized, executed and delivered by the Trustee and constitutes the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought.

(iii) Except as may be required under Blue Sky or other securities laws of any state, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Indenture or the consummation of the transactions contemplated by the Indenture.

(6) Successor Agency Certificate. A certificate of the Successor Agency, dated the date of the Closing, signed on behalf of the Successor Agency by a duly authorized officer of the Successor Agency, to the effect that:

(i) the representations and warranties of the Successor Agency contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing; and

(ii) no event affecting the Successor Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(7) Trustee's Certificate. A certificate of the Trustee, dated the date of Closing, to the effect that:

(i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America;

(ii) the Trustee has full power, authority and legal right to comply with the terms of the Indenture and to perform its obligations stated therein; and

(iii) the Indenture has been duly authorized, executed and delivered by the Trustee and (assuming due authorization, execution and delivery by the Successor Agency) constitutes a legal, valid and binding obligation of the Trustee in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

(iv) the Bonds have been duly authenticated.

(8) Legal Documents. Executed copies of this Purchase Agreement and the other Successor Agency Legal Documents.

(9) Rating Letter. A letter from Standard & Poor's Financial Services, LLC to the effect that the Bonds have been assigned a rating of "___," which rating shall be in effect as of the Closing.

(10) Underwriter's Counsel Opinion. An opinion of Underwriter's Counsel, dated the date of Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter.

(11) Redevelopment Consultant Certificate. A certificate of Rosenow Spevacek Group, Inc. (the "Redevelopment Consultant"), dated the date of the Closing, addressed to the Successor Agency and the Underwriter, in form and substance acceptable to the Underwriter, certifying as to the accuracy of the information in the Preliminary Official Statement and the Official Statement attributed to the Redevelopment Consultant and stating that to the best of such firm's knowledge, but without having conducted any investigation with respect thereto, nothing has come to such firm's attention between the date of such report and the date hereof which would materially alter any of the conclusions set forth in such report, and consenting to the use of their report as Appendix A to the Preliminary Official Statement and the Official Statement.

(12) Resolution and Successor Agency Official Statement Resolution. A certified copy of the Resolution and a certified copy of the Successor Agency Official Statement Resolution.

(14) Oversight Board Certificate. A certified copy of the Oversight Board Resolution, together with a certificate of the Clerk of the Oversight Board to the effect that the Oversight Board Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(15) DOF Letter. A copy of the DOF Letter.

(16) [Bond Insurance Documents]. Copies of the municipal bond insurance policy and the debt service reserve fund surety bond issued by _____, together with such certificates and opinions as required by Bond Counsel and the Underwriter.]

(17) CDIAC. Evidence of required preliminary and final filings with the California Debt and Investment Advisory Commission.

(18) 8038-G. Evidence that the federal tax information form 8038-G has been prepared for filing for the 2016A Bonds.

(19) Escrow Certificates and Opinions. Such certificates and opinions, if any, from the escrow agent and its counsel as Bond Counsel and the Underwriter may reasonably deem necessary.

(20) Additional Documents. Such additional certificates, instruments and other documents as Bond Counsel, Counsel to the Successor Agency or the Underwriter may reasonably deem necessary.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Successor Agency or the Trustee shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Agreement, if the Successor Agency shall determine in good faith (and provide written notice to the Underwriter) that legislation has been introduced or proposals made by the Governor of the State of California which if enacted and effective would impose additional limitations or burdens on the Successor Agency by reason of the issuance of the Bonds or which purport to prohibit the issuance of the Bonds, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the Successor Agency shall be under any further obligation hereunder.

8. Termination. The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefor, by notification to the Successor Agency if at any time between the date hereof and prior to the Closing:

(a) any event shall occur or facts are discovered which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary in order to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading, provided, however, the Underwriter shall not terminate this Purchase Agreement if prior to the Closing and prior to the distribution of the Official Statement to any public investor the Successor Agency and the Underwriter agree to and shall have amended or supplemented the Official Statement so that the Official Statement as so amended or supplemented will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in the light of the circumstances in which they were made, not misleading, and, in the reasonable judgment of the Underwriter, such amendment or supplement would not have an adverse effect on the marketability or market price of the Bonds on the terms and conditions contemplated by this Purchase Agreement or the ability of the Underwriter to enforce contracts with investors for the sale of the Bonds (collectively, an “Adverse Effect”); or

(b) any of an amendment to the Constitution of the United States or any legislation in or by the Congress of the United States or the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority, which in any case has a materially adverse effect on the federal or State tax status of the Successor Agency, or the interest on bonds or notes or obligations of the general character of the Bonds shall have occurred and would, in the reasonable opinion of the Underwriter, have an Adverse Effect; or

(c) [any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, would have an Adverse Effect; or]

(d) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter of the Bonds shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation

of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) there shall have occurred any outbreak or escalation of hostilities or terrorist activities or other local, national or international calamity or crisis, or a default with respect to the debt obligations of, or the institution of proceedings under the federal bankruptcy laws by or against, any state of the United States or agency thereof, or any city in the United States having a population of over one million, in any case the effect of which, in the Underwriter's reasonable judgment, would have an Adverse Effect; or

(f) any rating of the Bonds shall have been downgraded, suspended or withdrawn by a national rating service which, in the Underwriter's reasonable opinion, would have an Adverse Effect; or

(g) the commencement of any action, suit or proceeding described in Section 5(g) hereof which, in the reasonable judgment of the Underwriter, would have an Adverse Effect; or

(h) the declaration of a general banking moratorium by federal, New York or California authorities, the general suspension of trading on any national securities exchange or a material disruption in securities settlement, payment or clearance services, which event, in the reasonable judgment of the Underwriter, would have an Adverse Effect; or

(i) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to net capital requirements of, the Underwriter, which, in the reasonable judgment of the Underwriter, would have an Adverse Effect; or

(j) there shall have been any materially adverse change in the affairs of the Successor Agency which (A) requires an amendment to the Official Statement under Section 5(l) hereof and (B) in the Underwriter's reasonable judgment would have an Adverse Effect.

9. Expenses. The Underwriter shall be under no obligation to pay, and the Successor Agency shall pay or cause to be paid the expenses incident to the performance of the obligations of the Successor Agency hereunder including but not limited to (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the Successor Agency Legal Documents and the cost of preparing, printing, issuing and delivering the definitive Bonds, (b) the fees and disbursements of any counsel, financial or municipal advisors, accountants, verification agents or other experts or consultants retained by the Successor Agency, (c) the fees and disbursements of Bond Counsel, (d) the fees and disbursements of Redevelopment Consultant and Municipal Advisor, (e) the fees and disbursements of the Trustee, (f) the cost of preparation and distribution of the Preliminary Official Statement and any supplements and amendments thereto and the cost of preparation and distribution of the Official Statement and any supplements and amendments thereto, and (g) charges of rating agencies for the rating of the Bonds. The Successor Agency and the Underwriter intend that

the Successor Agency will pay all expenses of the Successor Agency's officers and employees that are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, and lodging, of those employees, and the Successor Agency shall reimburse the Underwriter if the Underwriter pays for any of such expenses on behalf of the Successor Agency.

All out-of-pocket expenses of the Underwriter incident to the performance of the Underwriter's obligations hereunder, including the California Debt and Investment Advisory Commission fee, fees of Underwriter's counsel, CUSIP fees, DTC fees, and other expenses (except as provided above), shall be paid by the Underwriter from the Underwriter's discount set forth in Section 1 hereof; provided, however, certain such expenses may be included in the expense component of the Underwriter's discount, excluding MSRB Underwriting and Transaction Assessment fees, SIFMA Municipal Assessment fees and GASB fees.

10. Notices. Any notice or other communication to be given to the Successor Agency under this Purchase Agreement may be given by delivering the same in writing at the Successor Agency's address set forth above, Attention: Executive Director; and to the Underwriter by delivering the same in writing to: Morgan Stanley & Co. LLC, 1999 Avenue of the Stars, Suite 2400, Los Angeles, California 90067 Attention: _____.

11. Parties in Interest. This Purchase Agreement is made solely for the benefit of the Successor Agency and the Underwriter and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Successor Agency contained in this Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Purchase Agreement; and (iii) any termination of this Purchase Agreement.

12. Effectiveness and Counterpart Signatures. This Purchase Agreement shall become effective upon the execution of the acceptance by an authorized officer of the Successor Agency and shall be valid and enforceable at the time of such acceptance and approval. This Purchase Agreement may be executed by the parties hereto by facsimile transmission and in separate counterparts, each of which when so executed and delivered (including delivery by facsimile transmission) shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. Entire Agreement. This Purchase Agreement, when accepted by the Successor Agency, shall constitute the entire agreement between the Successor Agency and the Underwriter.

14. Headings. The headings of the sections of this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

[Remainder of page intentionally left blank.]

14. Governing Law. This Purchase Agreement shall be governed and construed in accordance with the laws of the State of California.

Very truly yours,

MORGAN STANLEY & CO. LLC

By: _____

Name:

Title:

Accepted:

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF TULARE

By: _____

Name:

Title:

Time of Execution: __:__

EXHIBIT A

\$ _____
**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF TULARE
2016 TAX ALLOCATION REFUNDING BONDS
SERIES A**

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price
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\$ _____ % Term Bonds due August 1, 20__ - Yield ____%; Price _____

Optional Redemption. The 2016A Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to maturity. The 2016A Bonds maturing on and after August 1, 20__, are subject to redemption, at the option of the Successor Agency on any date on or after August 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 2016A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The 2016A Bonds maturing on _____ are subject to redemption in part by lot on August 1, 20__ and on August 1 in each year shown below until maturity, from sinking account payments made by the Successor Agency, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the 2016A Bonds have been redeemed, the total amount of all future sinking account payments will be reduced by an amount corresponding to the aggregate principal amount of 2016A Bonds so redeemed, to be allocated among such sinking account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination will be given by the Successor Agency to the Trustee):

Sinking Account Redemption Date (August 1)	Payment Amount
---	-----------------------

\$ _____
**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF TULARE
2016 TAX ALLOCATION REFUNDING BONDS
TAXABLE SERIES B**

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price
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ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of [Dated Date], 2016, between SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF TULARE (the "Successor Agency") and U.S. BANK NATIONAL ASSOCIATION as Escrow Agent (the "Escrow Agent") hereunder and as trustee with respect to the Prior Obligations referred to below (the "Prior Obligations Trustee");

WITNESSETH:

WHEREAS, the REDEVELOPMENT AGENCY OF THE CITY OF TULARE (the "Former Agency") issued the \$8,605,000 Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects, 2010 Tax Allocation Bonds, Series A, currently outstanding in the aggregate principal amount of \$8,605,000 (the "Series 2010A Bonds"), the \$4,915,000 Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects, 2010 Tax Allocation Bonds, Series B (Taxable), currently outstanding in the aggregate principal amount of \$3,415,000 (the "Series 2010B Bonds"), and together with the Series 2010A Bonds, the "Bonds") and the \$9,830,000 Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects, 2010 Tax Allocation Housing Bonds, Series C (Taxable), currently outstanding in the aggregate principal amount of \$9,145,000 (the "Series 2010C Bonds" and together with the Series 2010A Bonds and the 2010B Bonds, the "Series 2010 Bonds");

WHEREAS, the Series 2010A Bonds and the Series 2010B Bonds were issued pursuant to that certain Indenture of Trust, dated as of June 1, 2010 (as the "Series A/B Indenture"), by and between the Former Agency and the Prior Obligations Trustee, and the Series 2010C Bonds were issued pursuant to that certain Indenture of Trust, dated as of June 1, 2010 (the "Housing Indenture" and together with the Series 2010A/B Indenture, the "Indentures"), by and between the Former Agency and the Prior Obligations Trustee;

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, Section references hereinafter being to such Code), the Former Agency has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, the Successor Agency has become the successor entity to the Former Agency;

WHEREAS, the Successor Agency desires to Successor Agency desires to advance refund [all of the outstanding] Series 2010 Bonds (such Series 2010 Bonds are referred to herein as the "Prior Obligations") pursuant to the Code;

WHEREAS, as provided under the Indentures, the City shall deposit moneys together with certain government securities listed in Exhibit I hereto (the "Escrow Securities") with the Escrow Agent in accordance with this Escrow Agreement, in an amount sufficient to defease the Prior Obligations and to prepay the Prior Obligations in full upon maturity or early redemption, as further described in Section 4;

WHEREAS, pursuant to that certain Indenture of Trust, dated as of [Dated Date], 2016, by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"), the Successor Agency has issued the \$_____ Successor Agency to the Redevelopment Agency of

the City of Tulare 2016 Refunding Revenue Bonds, Series A (the "Series 2016A Bonds") and the \$_____ Successor Agency to the Redevelopment Agency of the City of Tulare 2016 Refunding Revenue Bonds, Taxable Series B (the "Series 2016B Bonds" and together with the Series 2016B Bonds, the "Series 2016 Bonds");

WHEREAS, a portion of the proceeds of the Series 2016 Bonds, together with certain other available amounts as described herein, shall be deposited in the Escrow Fund created hereunder.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Successor Agency, the Escrow Agent and the Prior Obligations Trustee agree as follows:

SECTION 1. Deposit of Moneys; Reconveyance. There is hereby created and established with the Escrow Agent a special and irrevocable escrow fund designated the Escrow Fund for the Prior Obligations (the "Escrow Fund") to be held in the custody of the Escrow Agent separate and apart from other funds of the Successor Agency, the Escrow Agent, the Trustee or the Prior Obligations Trustee. This Escrow Agreement is irrevocable. The deposit of moneys and Escrow Securities in the Escrow Fund shall constitute an irrevocable deposit of said moneys and Escrow Securities in irrevocable escrow for, and such moneys and Escrow Securities shall be applied as provided herein to, the payment of the Defeasance Requirement (as defined herein).

The Successor Agency shall cause to be deposited with the Escrow Agent in immediately available funds the sum of \$_____ (consisting of \$_____ from the reserve accounts for the Series 2010 Bonds, \$_____ of unspent bond proceeds of the Series 2010 Bonds and \$_____ from the proceeds of the Series 2016 Bonds), which amount shall be invested as described in Section 2 and Section 3 herein. The Successor Agency hereby directs the Prior Obligations Trustee to transfer into the Escrow Fund the amounts from the Reserve Fund related to the Prior Obligations under the Indenture.

Based on a verification report provided by Causey Demgen & Moore P.C., as verification agent, the Successor Agency has determined that moneys, together with the Escrow Securities and the interest earnings on such Escrow Securities deposited in the Escrow Fund are at least equal to an amount sufficient to pay the principal, redemption price and interest on the Prior Obligations as described in Section 4(a) below (the "Defeasance Requirement").

SECTION 2. Receipt and Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1. The Successor Agency hereby directs the Escrow Agent to, and the Escrow Agent shall, use \$_____ of the funds deposited in the Escrow Fund to purchase the Escrow Securities listed in Exhibit I hereto. The Escrow Agent agrees to make the payments required under Section 4(a) hereof at the times set forth in Section 4(a) hereof.

SECTION 3. Uninvested Moneys. The Escrow Agent is directed to hold the remaining \$_____ in the Escrow Fund uninvested in a non-interest bearing account.

SECTION 4. Payment of Prior Obligations.

(a) Payment. The Escrow Agent shall apply the moneys and Escrow Securities on deposit in the Escrow Fund to pay (i) on the due dates therefor, the principal and interest on the Prior Obligations becoming due on or before August 1, 2020, and (ii) on August 1, 2020, the redemption price of the then-outstanding Prior Obligations, plus accrued interest to August 1, 2020.

(b) Irrevocable Instructions to Provide Notice. The Successor Agency hereby irrevocably instructs the Prior Obligation Trustee to mail to the owners of the Prior Obligations a notice of defeasance attached hereto as Schedule A-1 (the "Defeasance Notice") and notice of redemption attached hereto as Schedule A-2 (the "Redemption Notice") in accordance with the Indenture.

The Prior Obligations Trustee is hereby further instructed to mail a copy of the Defeasance Notice and the Redemption Notice to (i) the Depository Trust Company, and (ii) the Electronic Municipal Market Access system ("EMMA") of the Municipal Securities Rulemaking Board ("MSRB") in accordance with the Indenture.

(c) Unclaimed and Excess Moneys in Escrow Fund and under Indenture. Any moneys in the Escrow Fund in excess of the Defeasance Requirement shall be transferred to the Successor Agency by the Escrow Agent upon completion of the actions described in Section 1 herein.

Moneys on deposit in any funds and accounts held under the Indenture for the Prior Obligations, including amounts remaining on deposit in the reserve funds established thereunder, in excess of the transfers required in Section 1 hereof, shall be transferred to the Successor Agency by the Escrow Agent as the Prior Obligations Trustee immediately upon completion of the actions described in Section 1 herein; provided that moneys on deposit in the Rebate Fund for the Prior Obligations under the Indenture shall remain on deposit in such Rebate Fund and be transferred upon the direction of the Successor Agency.

(d) Priority of Payments. The Successor Agency hereby grants to the owners of the Prior Obligations a security interest and first priority lien on moneys and Escrow Securities in the Escrow Fund which are allocable and sufficient to pay the Prior Obligations, in accordance with this Escrow Agreement, until such moneys and Escrow Securities are used and applied as provided in this Escrow Agreement.

(e) Termination of Obligation. As provided in the Indenture, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof, the fulfillment of certain other conditions under the Indenture, and provision for Redemption Notice having been given as set forth in Section 4(b) hereof, all obligations of the Prior Obligations Trustee and the Successor Agency under the Indenture with respect to the Prior Obligations shall cease and terminate, except for certain obligations specified under the Indenture.

SECTION 5. Application of Certain Terms of Indenture. All of the terms of the Indenture relating to the making of payments of principal and interest on the Prior Obligations and provisions limiting liability and exculpating and indemnifying the Prior Obligations Trustee are incorporated in this Escrow Agreement as if set forth in full herein. The procedures set forth in the Indenture relating to the resignation and removal of the Prior Obligations Trustee are also incorporated in this Escrow Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 6. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 7. Escrow Agent's Authority to Make Investments. Except as provided in Sections 2 and 3 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this

Escrow Agreement or to sell, transfer or otherwise dispose of the moneys or Escrow Securities held hereunder. The Escrow Agent Shall not be liable or responsible for any loss from investments made by it under this Escrow Agreement to the extent the Escrow Agent is in compliance with the provisions of this Escrow Agreement with respect to Investments.

The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the Successor Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Escrow Agent hereunder.

SECTION 8. Indemnity. The Successor Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to the extent permitted by law to indemnify, protect, save and keep harmless the Escrow Agent and the Prior Obligations Trustee and its respective successors, assigns, agents, officers, directors, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent and the Prior Obligations Trustee at any time (whether or not also indemnified against the same by the Successor Agency or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and Escrow Securities deposited therein, the purchase of the Escrow Securities or the retention of the Escrow Securities, and any payment, transfer or other application of moneys or Escrow Securities by the Escrow Agent and the Prior Obligations Trustee in accordance with the provisions of this Escrow Agreement; provided, however, that the Successor Agency shall not be required to indemnify the Escrow Agent or Prior Obligations Trustee against the Escrow Agent's or Prior Obligations Trustee's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's or Prior Obligations Trustee's respective agents and employees or the willful breach by the Escrow Agent or Prior Obligations Trustee of the terms of this Escrow Agreement. In no event shall the Successor Agency or the Escrow Agent or Prior Obligations Trustee be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Escrow Agreement or resignation or removal of the Escrow Agent or Prior Obligations Trustee.

SECTION 9. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys and Escrow Securities deposited therein, the purchase of the Escrow Securities or the retention of the Escrow Securities, or any payment, transfer or other application of moneys or Escrow Securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Successor Agency, and the Escrow Agent assumes no responsibility for the correctness thereof or the correctness of any recitals or statements contained in the Prior Obligations. The Escrow Agent makes no representation as to the validity of this Escrow Agreement as to the Successor Agency and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be

liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or willful misconduct and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Successor Agency of its obligations. The Escrow Agent may consult with counsel, who may or may not be counsel to the Successor Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the Successor Agency. No provision of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or incur any financial liability in the performance of its duties hereunder or in the exercise of any of its rights or powers (other than as expressly provided for herein).

SECTION 10. Amendments. This Escrow Agreement is made for the benefit of the Successor Agency and the owners from time to time of the Prior Obligations and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent, and the Successor Agency; provided, however, that the Escrow Agent and the Successor Agency may mutually agree to, without the consent of, or notice to, such owners, amend this Escrow Agreement or enter into such agreements supplemental to this Escrow Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Escrow Agreement or the Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Escrow Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Prior Obligations, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Escrow Agreement additional funds, securities or properties. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized municipal bond attorneys with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the Prior Obligations or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 11. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (i) the date upon which the Prior Obligations has been paid in accordance with this Escrow Agreement, or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 4(c) of this Escrow Agreement.

SECTION 12. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the Successor Agency; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Escrow Agreement.

SECTION 13. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the Successor Agency, the Prior Obligations Trustee or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

SECTION 14. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 15. Governing Law. THIS ESCROW AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 16. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys in the Escrow Fund will not be sufficient to make all payments required by this Escrow Agreement, the Escrow Agent shall, as soon as practicable, notify the Successor Agency in writing of such deficiency, the amount thereof, if known by the Escrow Agent, and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency, except if such deficiency is caused by the Escrow Agent's willful misconduct, bad faith or gross negligence.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF
TULARE

By: _____
Authorized Officer

U.S. BANK NATIONAL ASSOCIATION, as Escrow
Agent and Prior Obligations Trustee

By: _____
Authorized Officer

[Signature Page to the Escrow Agreement]

EXHIBIT I

LIST OF ESCROW SECURITIES

SCHEDULE A-1
NOTICE OF DEFEASANCE

Notice of Defeasance

**REDEVELOPMENT AGENCY OF THE CITY OF TULARE
MERGED TULARE REDEVELOPMENT PROJECTS
2010 TAX ALLOCATION BONDS, SERIES A (TAX-EXEMPT)
2010 TAX ALLOCATION BONDS, SERIES B (TAXABLE), and
2010 TAX ALLOCATION HOUSING BONDS, SERIES C (TAXABLE)**

NOTICE IS HEREBY GIVEN that the Successor Agency of the Redevelopment Agency of the City of Tulare (the "Successor Agency") has caused to be deposited with U.S. Bank National Association, as escrow agent (the "Escrow Agent"), under the Escrow Agreement made and entered into as of [Dated Date], 2016 (the "Escrow Agreement"), by and between the Successor Agency and the Escrow Agent, cash and Federal Securities (as defined in the Indenture described below) which will provide moneys sufficient to pay on August 1, 2020 the redemption price for the following maturity of the above-captioned Bonds (the "Defeased Obligations") described below:

2010 TAX ALLOCATION BONDS, SERIES A (TAX-EXEMPT)

CUSIP	Maturity (August 1)	Amount	Price
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2010 TAX ALLOCATION BONDS, SERIES B (TAXABLE)

CUSIP	Maturity (August 1)	Amount	Price
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2010 TAX ALLOCATION HOUSING BONDS, SERIES C (TAXABLE)

CUSIP	Maturity (August 1)	Amount	Price
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In accordance with the Indentures of Trust relating to the Defeased Obligations, each dated as of June 1, 2010, (each, an "Indenture"), by and between the Redevelopment Agency of the City of Tulare (the "Former Agency") and U.S. Bank National Association (the "Trustee"), the Defeased Obligations are deemed to have been paid in accordance with Section 9.03 of related Indenture and the obligations of the Former Agency and the Successor Agency with respect to the Defeased Obligations have ceased, terminated and become completely discharged.

DATED: [Closing Date], 2016.

SCHEDULE A-2
NOTICE OF FULL REDEMPTION

NOTICE OF FULL REDEMPTION

To The Holders Of

**REDEVELOPMENT AGENCY OF THE CITY OF TULARE
MERGED TULARE REDEVELOPMENT PROJECTS
2010 TAX ALLOCATION BONDS, SERIES A (TAX-EXEMPT) and
2010 TAX ALLOCATION BONDS, SERIES B (TAXABLE)**

THIS NOTICE IS HEREBY GIVEN on behalf of the Successor Agency to the Redevelopment Agency of the City of Tulare (the "Successor Agency") that, pursuant to Section 9.03 of the Indenture of Trust, dated as of June 1, 2010 (the "Indenture"), by and between the Redevelopment Agency of the City of Tulare (the "Former Agency") and U.S. Bank National Association (the "Trustee"), the above-captioned Bonds (the "Bonds") have been called for redemption in full on August 1, 2020 (the "Redemption Date"), at the aggregate principal amounts set forth below, and at the redemption price of 100% of the principal amount thereof, plus accrued interest to the Redemption Date.

2010 TAX ALLOCATION BONDS, SERIES A (TAX-EXEMPT)

Maturity to be Refunded (August 1)	CUSIP	Principal Amount Redeemed	Redemption Date	Redemption Price (% of Par Amount Redeemed)
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2010 TAX ALLOCATION BONDS, SERIES B (TAXABLE)

Maturity to be Refunded (August 1)	CUSIP	Principal Amount Redeemed	Redemption Date	Redemption Price (% of Par Amount Redeemed)
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Interest on the Bonds shall cease to accrue from and after the Redemption Date. Payment of the principal amount of the Bonds called for redemption will be made upon surrender of the Bonds to the Trustee for cancellation at the following address, but not before the Redemption Date:

U.S. Bank National Association
633 W. Fifth Street, 24th Floor
Los Angeles, CA 90071
Attn: Fonda Hall, Vice President

IMPORTANT NOTICE

Under Section 3406(a)(1) of the Internal Revenue Code, the paying agent making payment of interest or principal on securities may be obligated to withhold a percentage of the payment to a holder who has failed to furnish the registrar with a valid taxpayer identification number, certification that the number supplied is correct, and that the holder is not subject to backup withholding. Holders of the Bonds who wish to avoid the application of these provisions should submit either a completed IRS Form W-9 (use only if the holder is a U.S. person, including a resident alien), or the appropriate Form W-8 (use only if you are neither a U.S. person or a resident alien), when presenting the Bonds for payment. See IRS

Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities. Publication 515 and W-8 forms and instructions are available through the IRS website at www.irs.gov.

Dated: [Closing Date], 2019

By: U.S. Bank National Association, as Trustee

NOTICE OF FULL REDEMPTION

To The Holders Of

**REDEVELOPMENT AGENCY OF THE CITY OF TULARE
MERGED TULARE REDEVELOPMENT PROJECTS
2010 TAX ALLOCATION HOUSING BONDS, SERIES C (TAXABLE)**

THIS NOTICE IS HEREBY GIVEN on behalf of the Successor Agency to the Redevelopment Agency of the City of Tulare (the "Successor Agency") that, pursuant to Section 9.03 of the Indenture of Trust, dated as of June 1, 2010 (the "Indenture"), by and between the Redevelopment Agency of the City of Tulare (the "Former Agency") and U.S. Bank National Association (the "Trustee"), the above-captioned Bonds (the "Bonds") have been called for redemption in full on August 1, 2020 (the "Redemption Date"), at the aggregate principal amounts set forth below, and at the redemption price of 100% of the principal amount thereof, plus accrued interest to the Redemption Date.

2010 TAX ALLOCATION HOUSING BONDS, SERIES C (TAXABLE)

Maturity to be Refunded (August 1)	CUSIP	Principal Amount Redeemed	Redemption Date	Redemption Price (% of Par Amount Redeemed)
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Interest on the Bonds shall cease to accrue from and after the Redemption Date. Payment of the principal amount of the Bonds called for redemption will be made upon surrender of the Bonds to the Trustee for cancellation at the following address, but not before the Redemption Date:

U.S. Bank National Association
633 W. Fifth Street, 24th Floor
Los Angeles, CA 90071
Attn: Fonda Hall, Vice President

IMPORTANT NOTICE

Under Section 3406(a)(1) of the Internal Revenue Code, the paying agent making payment of interest or principal on securities may be obligated to withhold a percentage of the payment to a holder who has failed to furnish the registrar with a valid taxpayer identification number, certification that the number supplied is correct, and that the holder is not subject to backup withholding. Holders of the Bonds who wish to avoid the application of these provisions should submit either a completed IRS Form W-9 (use only if the holder is a U.S. person, including a resident alien), or the appropriate Form W-8 (use only if you are neither a U.S. person or a resident alien), when presenting the Bonds for payment. See IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities. Publication 515 and W-8 forms and instructions are available through the IRS website at www.irs.gov.

Dated: [Closing Date], 2019

By: U.S. Bank National Association, as Trustee

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2016

NEW ISSUE—BOOK-ENTRY

S&P Insured Rating: “_”
S&P Underlying Rating: “_”
See “Ratings” herein.

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Agency, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2016A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the 2016A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. Interest on the 2016B Bonds is included in gross income for Federal income tax purposes pursuant to the Code. In addition, in the opinion of Bond Counsel to the Agency, under existing statutes, interest on the 2016 Bonds is exempt from personal income taxes imposed by the State of California. See “TAX MATTERS – 2016A BONDS” and “TAX MATTERS – 2016B BONDS” herein.

§[Series A Par]*
Successor Agency to the Redevelopment Agency
of the City of Tulare
2016 Tax Allocation Refunding Bonds
Series A

§[Series B Par]*
Successor Agency to the Redevelopment Agency
of the City of Tulare
2016 Tax Allocation Refunding Bonds
Taxable Series B

Dated: Delivery Date

Due: August 1, as shown on the inside cover

The §[Series A Par]* aggregate principal amount of Successor Agency to the Redevelopment Agency of the City of Tulare 2016 Tax Allocation Refunding Bonds, Series A (the “2016A Bonds”) and §[Series B Par]* aggregate principal amount of Successor Agency to the Redevelopment Agency of the City of Tulare 2016 Tax Allocation Refunding Bonds, Taxable Series B (the “2016B Bonds” and, together with the 2016A Bonds, the “2016 Bonds”) are being issued by the Successor Agency to the Redevelopment Agency of the City of Tulare (the “Successor Agency”) pursuant to an Indenture of Trust, dated as of [Dated Date], 2016 (the “Indenture”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”).

The 2016 Bonds are being issued to (i) redeem and defease certain tax allocation bonds of the Successor Agency, as described herein, (ii) [purchase a surety bond for the Reserve Account for the 2016 Bonds,] (iii) [purchase municipal bond insurance policies for each Series of the 2016 Bonds,] and (iv) pay costs of issuance of the 2016 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF REFUNDING” herein.

The 2016 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 2016 Bonds. Principal on the 2016 Bonds is due annually on August 1 of each year, commencing August 1, 2017, and interest on the 2016 Bonds is due semiannually on February 1 and August 1 of each year, commencing _____ 1, 2017, payable by the Trustee, to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the 2016 Bonds. See “THE 2016 BONDS” herein.

The 2016 Bonds are subject to redemption prior to maturity as described herein. See “THE 2016 BONDS - Redemption” herein.

The 2016 Bonds are special obligations of the Successor Agency, secured by a pledge of, and are payable as to principal, interest and premium, if any, from Tax Revenues (as defined herein), and other funds as provided in the Indenture. The 2016 Bonds are not a debt of the City of Tulare (the “City”), the County of Tulare (the “County”), the State of California (the “State”) or any of its political subdivisions (except the Successor Agency), and none of the City, the County, the State or any of its political subdivisions (except the Successor Agency) is liable thereon. The 2016 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

[The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under municipal bond insurance policies to be issued concurrently with the issuance of the Bonds of each Series by _____. See “BOND INSURANCE” herein.]

[insurer logo]

* Preliminary, subject to change.
 22198293.2

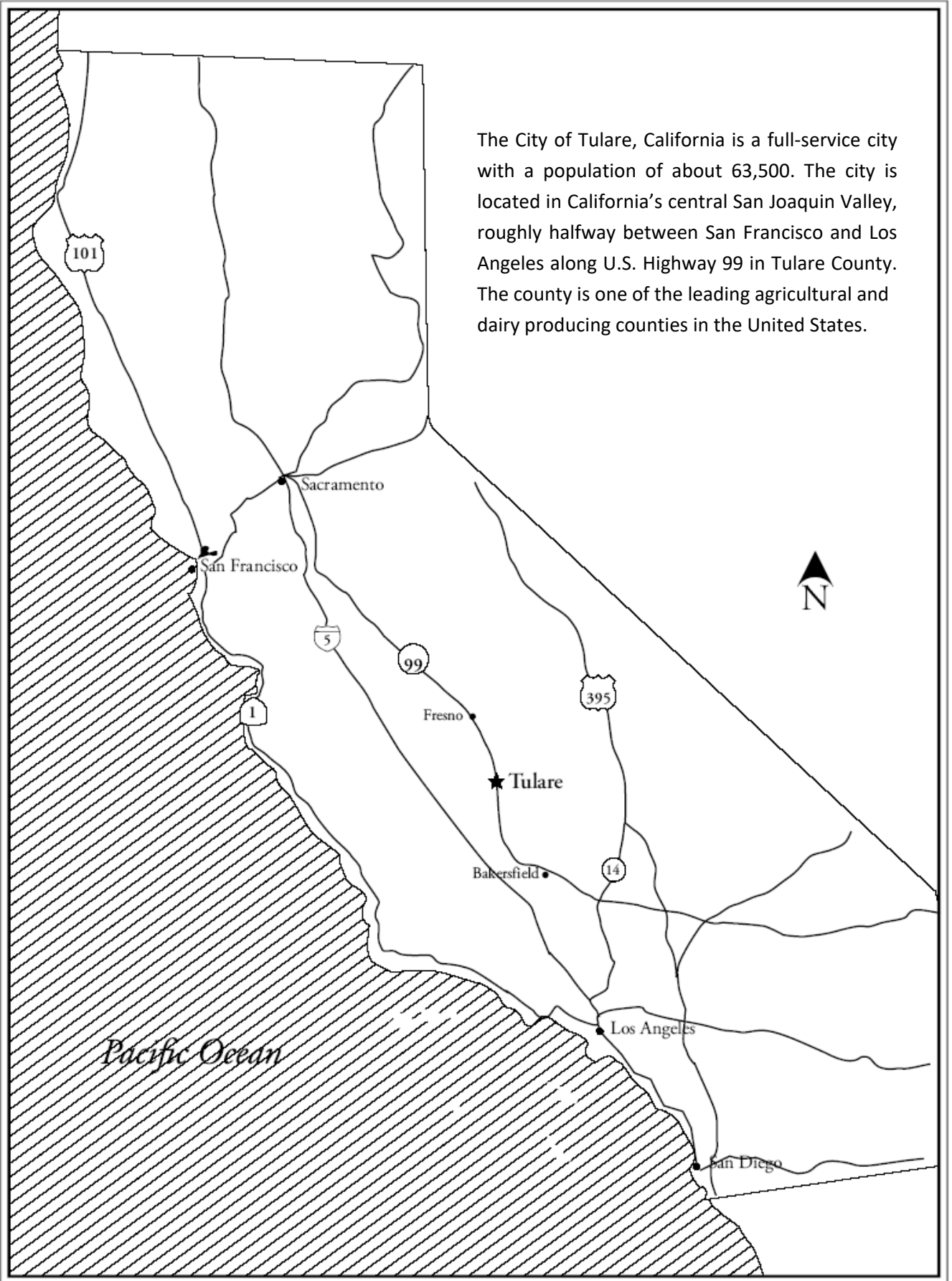
This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction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

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors must read this entire Official Statement to obtain information essential to making an informed investment decision with respect to the 2016 Bonds.

The 2016 Bonds are offered, when, as and if issued and accepted by the Underwriter, subject to the approval of validity by Hawkins Delafield & Wood LLP, San Francisco, California, Bond Counsel to the Successor Agency. Certain legal matters will be passed on for the Successor Agency by David P. Hale, a Professional Corporation, Clovis, California, as Successor Agency Counsel. Certain legal matters will be passed on for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California, as Underwriter's Counsel. It is anticipated that the 2016 Bonds will be available for delivery through the book-entry facilities of DTC in New York, New York, on or about _____, 201__.

Morgan Stanley

Dated: _____, 20__



[insert project area map]

MATURITY SCHEDULES*

\$ _____
**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF TULARE
2016 TAX ALLOCATION REFUNDING BONDS
SERIES A**

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†] (Base)</u>
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\$ _____ % Term Bonds due August 1, 20__ Yield: ____ %; Price: ____ % CUSIP No. †:

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency and are included solely for the convenience of investors. None of the Successor Agency, the Underwriter, the Redevelopment Consultant or the Municipal Advisor, is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2016A Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2016A Bonds as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2016A Bonds.

\$ _____
**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
 OF THE CITY OF TULARE
 2016 TAX ALLOCATION REFUNDING BONDS
 TAXABLE SERIES B**

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†] (Base)</u>
-------------------------------------	-----------------------------	--------------------------	--------------	--------------	--------------------------------------

\$ _____ % Term Bonds due August 1, 20__ Yield: _____%; Price: _____% CUSIP No. †:

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency and are included solely for the convenience of investors. None of the Successor Agency, the Underwriter, the Redevelopment Consultant or the Municipal Advisor, is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2016B Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2016B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2016B Bonds.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF TULARE**

BOARD OF DIRECTORS

David Macedo, *Chair*
Carlton Jones, *Vice Chair*
Maritsa Castellanoz, *Member*
Shea Gowin, *Member*
Craig Vejvoda, *Member*

SUCCESSOR AGENCY STAFF

Paul Melikian, *Interim City Manager*
Darlene J. Thompson, *Finance Director/Treasurer*
Roxanne Yoder, *Chief Deputy City Clerk*
David P. Hale, *City Attorney*

SPECIAL SERVICES

Municipal Advisor

Bartle Wells & Associates
Berkeley, California

Bond Counsel

Hawkins Delafield & Wood LLP
San Francisco, California

Underwriter's Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Redevelopment Consultant

Rosenow Spevacek Group, Inc.
Santa Ana, California

Trustee

U.S. Bank National Association
San Francisco, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

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GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

The information set forth herein has been obtained from the Successor Agency and other sources believed to be reliable. This Official Statement is not to be construed as a contract with the purchasers of the 2016 Bonds. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. No dealer, broker, salesperson or any other person has been authorized by the Successor Agency, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by the Successor Agency or the Underwriter.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any offer or solicitation of such offer or any sale of the 2016 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale of the 2016 Bonds made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the Successor Agency or in any other information contained herein, since the date hereof.

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.

[_____ (“___”) makes no representation regarding the 2016 Bonds or the advisability of investing in the 2016 Bonds. In addition, ___ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding ____, supplied by ___ and presented under the heading “BOND INSURANCE” herein and APPENDIX I – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2016 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2016 BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (“EMMA”) website.

The City of Tulare maintains a website with information pertaining to the Successor Agency. However, the information presented therein is not incorporated into this Official Statement and should not be relied upon in making investment decisions with respect to the 2016 Bonds.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used, such as “plan,” “project,” “expect,” “anticipate,” “intend,” “believe,” “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 that 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.

OFFICIAL STATEMENT

**[\$Series A Par]*
Successor Agency to the Redevelopment Agency
of the City of Tulare
2016 Tax Allocation Refunding Bonds
Series A**

**[\$Series B Par]*
Successor Agency to the Redevelopment Agency
of the City of Tulare
2016 Tax Allocation Refunding Bonds
Taxable Series B**

INTRODUCTION

General

This Official Statement, including the cover page and appendices hereto, sets forth certain information in connection with the sale of \$[Series A Par] aggregate principal amount of Successor Agency to the Redevelopment Agency of the City of Tulare 2016 Tax Allocation Refunding Bonds, Series A (the “2016A Bonds”) and \$[Series B Par] aggregate principal amount of Successor Agency to the Redevelopment Agency of the City of Tulare 2016 Tax Allocation Refunding Bonds, Taxable Series B (the “2016B Bonds”) and, together with the 2016A Bonds, the “2016 Bonds”) that are being issued by the Successor Agency to the Redevelopment Agency of the City of Tulare (the “Successor Agency”).

Authority for Issuance

The 2016 Bonds are being issued pursuant to the Constitution and laws of the State of California (the “State”), including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Refunding Law”) and the Community Redevelopment Law, Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the “Redevelopment Law”). The 2016 Bonds are also being issued pursuant to an Indenture of Trust, dated as of [Dated Date], 2016 (the “Indenture”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”). All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” or, if not defined therein, shall have the meanings assigned to such terms in the Indenture.

Purpose and Application of Proceeds

The 2016 Bonds are being issued to (i) redeem and defease (a) \$8,605,000 Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects 2010 Tax Allocation Bonds, Series A (Tax-Exempt); (b) \$4,915,000 Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects 2010 Tax Allocation Bonds, Series B (Taxable); and (c) \$9,830,000 Redevelopment Agency of the City of Tulare Merged Tulare Redevelopment Projects 2010 Tax Allocation Housing Bonds, Series C (Taxable) (collectively, the “Prior Bonds”) of the Successor Agency; (ii) [purchase a surety bond for the Reserve Account for the 2016 Bonds,] (iii) [purchase municipal bond insurance policies for each Series of the 2016 Bonds,] and (iv) pay costs of issuance of the 2016 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF REFUNDING” herein.

The City

The City of Tulare, California (the “City”) was incorporated as a general law city on April 5, 1888 and became a charter city on May 1, 1923. The City is located in the County of Tulare, California (the “County”) along State Route 99 and is about 55 miles east of Interstate 5. The City is governed by a five-member City Council whose members are elected by district for four-year overlapping terms. The

* Preliminary, subject to change.

City is a full-service city that provides police and fire protection; general administrative services; parks and community services; water, solid waste, and sewer utilities; public works and capital improvements; street maintenance, sweeping, and construction; planning, zoning, and building inspection; public transit; municipal airport; library; and housing and community development services to an estimated population of 63,500. See APPENDIX H – “SUPPLEMENTAL INFORMATION – CITY OF TULARE.”

The Successor Agency

The Redevelopment Agency of the City of Tulare (the “Former Agency”) was activated by the City Council of the City of Tulare in 1967 pursuant to City Ordinance No. 893. At the same time, the City Council declared itself to be the members of the Former Agency and appointed the City Manager to be the Executive Director of the Former Agency. On June 29, 2011, Assembly Bill No. 26 (“AB x1 26”) was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 (“AB x1 27”). The provisions of AB x1 26 provided for the dissolution of all redevelopment agencies in the State. The provisions of AB x1 27 permitted redevelopment agencies to avoid 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 x1 26 and AB x1 27. The California Supreme Court largely upheld AB x1 26, invalidated AB x1 27, and held that AB x1 26 may be severed from AB x1 27 and enforced independently. As a result of AB x1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies. The primary provisions of AB X1 26 relating to the dissolution and winding down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health & Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012 and as further amended on September 22, 2015 by Senate Bill 107 (“SB 107”), enacted as Chapter 325, Statutes of 2015 (collectively, as amended from time to time, the “Dissolution Act”).

The City Council, pursuant to Resolution No. 12-02, adopted on January 3, 2012, elected to serve as the Successor Agency to the Former Agency. Subdivision (g) of Section 34173 of the Health and Safety Code of the State of California (the “Health and Safety Code”), added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Successor Agency will not be transferred to the City nor will the assets of the Successor Agency become assets of the City.

The Merged Project Area

Redevelopment activities have occurred in the Merged Tulare Redevelopment Projects (the “Merged Project Area”), as described in the Redevelopment Plan. For a description of the Merged Project Area, see “THE MERGED PROJECT AREA” herein.

The 2016 Bonds

The 2016 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 2016 Bonds. Principal on the 2016 Bonds is due annually on August 1 of each year, commencing August 1, 2016, and interest on the 2016 Bonds is due semiannually on February 1 and August 1 of each year, commencing August 1, 2016, payable by the

Trustee, to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the 2016 Bonds. See “THE 2016 BONDS” herein.

Security for the 2016 Bonds

The Dissolution Act requires the Tulare County Auditor-Controller (the “County Auditor-Controller”) to determine the amount of property taxes that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to the operation of AB X1 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 (the “Redevelopment Property Tax Trust Fund”).

The 2016 Bonds will be secured by a pledge of and lien on Tax Revenues pursuant to the Indenture, the Reserve Account and by a lien created pursuant to Section 34177.5(g) of the Health and Safety Code (added by the Dissolution Act) on monies deposited from time to time in the Redevelopment Property Tax Trust Fund. “Tax Revenues” means 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 Redevelopment Law, excluding amounts if any, payable by the Successor Agency pursuant to Sections 33676, 33401, 33607.5 and 33607.7 of the Redevelopment 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 2016 Bonds or any Parity Debt pursuant to Section 33607.5(e) of the Redevelopment Law and 34177.5(c) of the Dissolution Act. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS” herein. The Successor Agency currently has no Parity Debt outstanding.

Special Obligations

The 2016 Bonds are special obligations of the Successor Agency, secured by a pledge of, and are payable as to principal, interest and premium, if any, from Tax Revenues and other funds as provided in the Indenture. The 2016 Bonds are not a debt of the City, the County, the State or any of its political subdivisions (except the Successor Agency), and none of the City, the County, the State or any of its political subdivisions (except the Successor Agency) is liable thereon. The 2016 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Reserve Account

To secure the payment of the principal of and interest on the 2016 Bonds, a Reserve Account will be established under the Indenture and funded in an amount equal to the Reserve Requirement. “Reserve Requirement” means, with respect to the 2016 Bonds, Maximum Annual Debt Service with respect to the 2016 Bonds. [The Successor Agency will satisfy the Reserve Requirement by depositing the 2016 Reserve Policy in the Reserve Account in accordance with the Indenture. “2016 Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy relating to the 2016 Bonds issued by the 2016 Bond Insurer.]

Statutory Pass-Through Payments

Sections 33607.5 and 33607.7 of the Redevelopment Law require that a portion of the tax increment revenues in redevelopment project areas be distributed to the taxing agencies whose territory is located within a project area to alleviate the financial burden or detriment caused by the redevelopment project (“Statutory Pass-Through Payments”). The Statutory Pass-Through Payments are [subordinate] to the Successor Agency’s obligation to pay debt service on the 2016 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Statutory Pass-Through Payments” herein.

Pass-Through Agreements

The Former Agency entered into pass-through agreements (the “Pass-Through Agreements”) with certain taxing agencies that provide for payments from tax revenue allocated to the Merged Project Area to such taxing agencies. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Pass-Through Agreements” herein.

Further Information

Descriptions of the Redevelopment Law, the Refunding Law, the Dissolution Act, the 2016 Bonds, the Indenture, the Successor Agency, the Former Agency, the City, the County Auditor-Controller and the State of California Department of Finance (the “Department of Finance”) are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Redevelopment Law, the Refunding Law, the Dissolution Act, the 2016 Bonds, the Indenture, and the laws of the State or the proceedings of the Former Agency, the Successor Agency, the City, the County Auditor-Controller and the Department of Finance are qualified in their entirety by reference to such documents and laws. References herein to the 2016 Bonds are qualified in their entirety by the form thereof included in the Indenture and the information with respect thereto included herein, copies of which are all available for inspection at the offices of the Successor Agency.

PLAN OF REFUNDING

General

Proceeds of the 2016 Bonds, together with certain funds made available through the refunding of the Prior Bonds, will be deposited into the 2010 Bonds Escrow Fund established under the Indenture and thereafter transferred to U.S. Bank National Association, as trustee for the Prior Bonds, and applied to redeem and defease the Prior Bonds pursuant to the Irrevocable Refunding Instructions, dated the Delivery Date (the “Refunding Instructions”), given by the Successor Agency to U.S. Bank National Association, as trustee for the Prior Bonds (“U.S. Bank”). Amounts so deposited will be invested in State and Local Government Series securities or held uninvested in cash by U.S. Bank and will be sufficient to pay the outstanding principal amount of the Prior Bonds to be redeemed, together with accrued and unpaid interest thereon to August 1, 2020 (the “Redemption Date”), without premium.

Verification

Causey Demgen & Moore P.C., as verification agent (the “Verification Agent”), upon delivery of the 2016 Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to it by the Successor Agency, relating to the sufficiency of moneys deposited into the 2004 Bonds Refunding Fund to provide for the redemption and defeasance of the Prior Bonds. The report of the Verification Agent will include a statement to the effect that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or date or information coming to its attention, subsequent to the date of its report.

ESTIMATED SOURCES AND USES OF FUNDS

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

	<u>2016A Bonds</u>	<u>2016B Bonds</u>	<u>Total</u>
Sources:			
Principal Amount	\$	\$	\$
Net Premium/Discount			
Other Available Funds			
Total Sources	\$	\$	\$
Uses:			
2010 Bonds Escrow Fund	\$	\$	\$
Costs of Issuance Fund ⁽¹⁾			
Total Uses	<u>\$</u>	<u>\$</u>	<u>\$</u>

⁽¹⁾ Costs of Issuance include Underwriter’s discount, fees and expenses for Bond Counsel, Municipal Advisor, Redevelopment Consultant, Verification Agent, and Trustee, [premiums for the surety bond and municipal bond insurance policies,] rating fee and other costs related to the issuance of the 2016 Bonds.

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DEBT SERVICE SCHEDULE

The following table shows the annual debt service requirements on the 2016 Bonds, assuming no optional redemptions.

Bond Year Ending (August 1)	2016A Bonds			2016B Bonds			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	
2017	\$	\$	\$	\$	\$	\$	\$
2018							
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
2040							
TOTAL							

THE 2016 BONDS

Authority for Issuance

The 2016 Bonds were authorized for issuance pursuant to the Indenture, the Redevelopment Law and the Refunding Law. The issuance of the 2016 Bonds and the Indenture were authorized by the Successor Agency pursuant to Resolution No. 2016-1, adopted on September 20, 2016 (the “Resolution”) and by the Oversight Board for the Successor Agency pursuant to Resolution No. 16-10 adopted on September 28, 2016 (the “Oversight Board Resolution”). This Official Statement was authorized by the Successor Agency pursuant to Resolution No. 2016-__, adopted on _____, 2016.

Written notice of the Oversight Board Resolution was provided to the Department of Finance, pursuant to the Dissolution Act, on October 24, 2016. On _____, the Department of Finance provided a letter to the Successor Agency stating that based on the Department of Finance’s review and application of the law, the Oversight Board Resolution approving the 2016 Bonds was approved by the Department of Finance. See APPENDIX G – “STATE DEPARTMENT OF FINANCE APPROVAL LETTER.”

Description of the 2016 Bonds

The 2016 Bonds of each Series will be issued and delivered as one fully-registered 2016 Bond in the denomination of \$5,000 or any integral multiple thereof (each an “Authorized Denomination”) for each maturity of that Series of 2016 Bonds, initially in the name of Cede & Co., as nominee for DTC, as registered owner. One fully-registered certificate will be issued for each series and maturity of the 2016 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX C – “BOOK-ENTRY SYSTEM.”

The 2016 Bonds will be dated the date of their delivery (the “Delivery Date”) and mature on August 1 in the years and in the amounts shown on the inside cover pages of this Official Statement. Interest on the 2016 Bonds will be payable on each February 1 and August 1, commencing _____ 1, 2017 (each an “Interest Payment Date”) to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date, to such Owner at the address of such Owner as it appears on the Registration Books as of such Record Date; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of 2016 Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee prior to the applicable Record Date. “Record Date” 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. Principal of and redemption premium (if any) on any 2016 Bond shall be paid upon presentation and surrender thereof, at maturity, at the Principal Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the 2016 Bonds shall be payable in lawful money of the United States of America. Interest shall be calculated based upon a 360-day year of twelve 30-day months.

Redemption

Optional Redemption of 2016A Bonds. The 2016A Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to maturity. The 2016A Bonds maturing on and after August 1, 20__, are subject to redemption, at the option of the Successor Agency on any date on or after August 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 2016A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Optional Redemption of 2016B Bonds. The 2016B Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to maturity. The 2016B Bonds maturing on and after August 1, 20__, are subject to redemption, at the option of the Successor Agency on any date on or after August 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 2016B Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Redemption of 2016A Bonds. The 2016A Bonds maturing on August 1, 20__ are subject to redemption in part by lot on August 1, 20__ and on August 1 in each year shown below until maturity, from sinking account payments made by the Successor Agency, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the 2016A Bonds have been redeemed, the total amount of all future sinking account payments will be reduced by an amount corresponding to the aggregate principal amount of 2016A Bonds so redeemed, to be allocated among such sinking account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination will be given by the Successor Agency to the Trustee):

Sinking Account Redemption Date (<u>August 1</u>)	Payment <u>Amount</u>
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*

* Maturity.

Mandatory Redemption of 2016B Bonds. The 2016B Bonds maturing on August 1, 20__ are subject to redemption in part by lot on August 1, 20__ and on August 1 in each year shown below until maturity, from sinking account payments made by the Successor Agency, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the 2016B Bonds have been redeemed, the total amount of all future sinking account payments will be reduced by an amount corresponding to the aggregate principal amount of 2016B Bonds so redeemed, to be allocated among such sinking account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination will be given by the Successor Agency to the Trustee):

Sinking Account Redemption Date (<u>August 1</u>)	Payment <u>Amount</u>
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*

* Maturity.

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 sixty (60) days prior to the redemption date, to (i) to the Owners of any 2016 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 2016 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 2016 Bonds to be redeemed, shall state the individual number of each 2016 Bond to be redeemed or shall state that all 2016 Bonds between two stated numbers (both inclusive) or all of the 2016 Bonds Outstanding are to be redeemed, and shall require that such 2016 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 2016 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 optional redemption of the 2016 Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall 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 2016 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. 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 shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Partial Redemption of 2016 Bonds. In the event only a portion of any 2016 Bond is called for redemption, then upon surrender of such 2016 Bond the Successor Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new 2016 Bond or 2016 Bonds of the same interest rate and maturity, of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the 2016 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 2016 Bonds so called for redemption shall have been duly deposited with the Trustee, such 2016 Bonds so called shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

Manner of Redemption. Whenever any 2016 Bonds or portions thereof are to be selected for redemption by lot within a maturity, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate.

Limitation on Additional Indebtedness; Against Encumbrances

The Successor Agency covenants in the Indenture 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 or other obligations to refund all of its Outstanding Bonds provided that all of such Outstanding Bonds are defeased in accordance with the Indenture. The Successor Agency may issue Parity Debt to refund 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, and (iv) principal payments shall be on August 1 and interest payments on August 1 and February 1. "Parity Debt" means any 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. The Successor Agency currently has no Parity Debt outstanding. Nothing in the Indenture prevents the Successor Agency from issuing Subordinate Debt.

BOND INSURANCE

[to come, if applicable]

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 x1 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 dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB x1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules.

The Dissolution Act further provides that bonds authorized thereunder 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 2016 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 a Redevelopment Plan, taxes levied upon taxable property in the Merged 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 such Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to the Merged Project Area are to be divided as follows:

- (a) *To Taxing Agencies:* That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the applicable project area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to the applicable project area (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 that is 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 following the Delivery Date, 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 and required pass-through payments, constitutes the amount 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 AND SOURCES OF PAYMENT FOR THE 2016 BONDS

Background

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never dropped below the base year level, the taxing agencies receiving property taxes thereafter would receive only that portion of the taxes produced by applying then current tax rates to the base year valuation; the redevelopment agency was allocated the remaining portion of property taxes (i.e., the portion measured by applying then current tax rates to the increase in valuation over the base year valuation). Such “incremental tax revenues” allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations, including the Prior Bonds.

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 x1 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 dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB x1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedules, as defined and described below.

The Dissolution Act further provides that bonds authorized thereunder 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 tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the 2016 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.

Recognized Obligation Payment Schedules

By February 1st of each year, the Dissolution Act requires successor agencies to prepare, and submit to the successor agency’s oversight board and the Department of Finance for approval, a Recognized Obligation Payment Schedule (the “Recognized Obligation Payment Schedule”) pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, “enforceable obligation” includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance

of the outstanding bonds of the Former Agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from a low and moderate income housing fund.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) bond proceeds, (ii) reserve balances, (iii) administrative cost allowance, (iv) 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 (v) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the Former Agency, as approved by the Oversight Board). A reserve may be included on the Recognized Obligation Payment Schedule and held by a successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following six-month period.

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Each annual Recognized Obligation Payment Schedule may be amended once, provided that (i) the Successor Agency submits the amendment to the Department of Finance no later than October 1, (ii) the Oversight Board makes a finding that the amendment is necessary for the payment of approved enforceable obligations during the second half of the Recognized Obligation Payment Schedule period (from January 1 to June 30, inclusive), and (iii) the Successor Agency may only amend the amount requested for payment of approved enforceable obligations. The Department of Finance is required to notify the Successor Agency and the County Auditor-Controller as to whether the Successor Agency's requested amendment is approved at least 15 days before the January 2 property tax distribution.

With respect to each Recognized Obligation Payment Schedule submitted by the Successor Agency, the Dissolution Act requires the Department of Finance to make a determination of the enforceable obligations and the amounts and funding sources available to pay approved enforceable obligations no later than April 15. Within five business days of the determination by the Department of Finance, the Successor Agency may request additional review by the Department of Finance and an opportunity to meet and confer on disputed items, if any. The Department of Finance will notify the Successor Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the June 1 property tax distribution date preceding the applicable Recognized Obligation Payment Schedule period. Additionally, the County Auditor-Controller may review a submitted Recognized Obligation Payment Schedule and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the County Auditor-Controller must provide notice of any such objections to the Successor Agency, the Oversight Board and the Department of Finance at least 60 days prior to the next June 1 property tax distribution date.

The Successor Agency covenants that it will duly and punctually pay or cause to be paid the principal of and interest on the 2016 Bonds on the date, at the place and in the manner provided in the 2016 Bonds, and that it will take all actions required under the Health and Safety Code to include debt service on the 2016 Bonds on the applicable Recognized Obligation Payment Schedule.

The following table shows the Recognized Obligation Payment Schedule submission history for the Successor Agency.

**Successor Agency to the Redevelopment Agency of the City of Tulare
Merged Project Area
Recognized Obligation Payment Schedule Submission History**

<u>ROPS</u>	<u>Funding Period</u>	<u>ROPS Approved by Oversight Board</u>	<u>Approved ROPS Submitted to DOF</u>	<u>Deadline to Submit ROPS to DOF</u>	<u>ROPS Submitted to DOF On Time</u>
ROPS I	Jan-Jun 2012	April 11, 2012	May 16, 2012	Apr. 15, 2012	No
ROPS II	Jul-Dec 2012	May 9, 2012	May 16, 2012	Apr. 15, 2012	No
ROPS III	Jan-Jun 2013	Aug. 29, 2012	Aug. 31, 2012	Sep. 1, 2012	Yes
ROPS 2013-14A	Jul-Dec 2013	Feb. 27, 2013	Mar. 4, 2013	Mar. 1, 2013	No
ROPS 2013-14B	Jan-Jun 2014	Sept. 25, 2013	Sept. 27, 2013	Oct. 1, 2013	Yes
ROPS 2014-15A	Jul-Dec 2014	Feb. 26, 2014	Feb. 28, 2014	Mar. 1, 2014	Yes
ROPS 2014-15B	Jan-Jun 2015	Sep. 24, 2014	Sep. 26, 2014	Oct. 1, 2014	Yes
ROPS 2015-16A	Jul-Dec 2015	Feb. 25, 2015	Mar. 2, 2015	Mar. 1, 2015	No
ROPS 2015-16B	Jan-Jun 2016	Sep. 23, 2015	Sep. 25, 2015	Oct. 1, 2015	Yes
ROPS 2016-17	Jul-Jun 2017	Jan. 27, 2016	Feb. 1, 2016	Feb. 1, 2016	Yes

Regarding the late submissions referenced above, ROPS 13-14A was submitted on the Monday following a Friday deadline and ROPS 15-16A was submitted on the Monday following a Sunday deadline. ROPS I and II were due at a time when the Dissolution Act was still new to successor agencies. The Successor Agency was not penalized for any of these late submissions.

Elimination of Housing Set-Aside

Pursuant to Sections 33334.2 and 33334.3 of the Redevelopment Law, redevelopment agencies were required to set aside not less than twenty percent of all tax increment revenues allocated to redevelopment agencies from redevelopment project areas adopted after December 31, 1976, in a low- and moderate-income housing fund to be expended for authorized housing purposes. Amounts on deposit in the low- and moderate-income housing fund could be applied to pay debt service on bonds, loans, or advances of redevelopment agencies to finance low- and moderate-income housing projects.

The Dissolution Act eliminated the requirement that twenty percent of tax increment revenue be set aside and used exclusively for purposes of providing low and moderate income housing. The 2016 Bonds are payable from amounts of tax increment revenue that prior to the Dissolution Act were required to be set aside for low and moderate income housing.

Tulare County Auditor-Controller; no Teeter Plan

The County Auditor-Controller is responsible for accounting, auditing, accounts payable, payroll and property tax services for all governments, individuals and businesses she serves, including the County. The Dissolution Act assigns county auditors numerous responsibilities, including the responsibility to deposit tax increment revenues attributable to each successor agency into a Redevelopment Property Tax Trust Fund held in the county treasury in the name of each successor agency. Pursuant to the Dissolution Act, county auditors disburse funds from each Redevelopment Property Tax Trust Fund twice annually, on January 2 and June 1. Such amounts include pass-through payments to affected taxing entities, payments that are required to be paid from tax increment as approved on a Recognized Obligation Payment Schedule, and various administrative fees and allowances. Remaining Redevelopment Property Tax Trust Fund balances are distributed to affected taxing entities under a prescribed method that accounts for pass-through payments. County auditors are also responsible

for distributing other moneys received from successor agencies (from sale of assets etc.) to the affected taxing entities.

The County does not operate under Section 4701-4717 of the California Revenue and Taxation Code (the "Teeter Plan"). Since the County is not on the Teeter Plan, the Successor Agency is affected by delinquent property tax payments.

Sources of Payment for the 2016 Bonds

The Successor Agency has established and holds the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Redevelopment Law. Except as provided in the Indenture with respect to indemnification of the Trustee, the 2016 Bonds and any Parity Debt will be 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 a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal 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 2016 Bonds shall be additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Reserve Account established under the Indenture. The 2016 Bonds shall be also equally secured by the pledge and lien created with respect to the 2016 Bonds by Section 34177.5(g) of the Redevelopment Law on the Tax Revenues deposited from time to time in the Redevelopment Property Tax Trust Fund. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest on the 2016 Bonds.

Special Obligations

The 2016 Bonds are special obligations of the Successor Agency, secured by a pledge of, and are payable as to principal, interest and premium, if any, from Tax Revenues and other funds as provided in the Indenture. The 2016 Bonds are not a debt of the City, the County, the State or any of its political subdivisions (except the Successor Agency), and none of the City, the County, the State or any of its political subdivisions (except the Successor Agency) is liable thereon. The 2016 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Flow of Funds

The Successor Agency has heretofore established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Redevelopment Law which the Successor Agency shall continue to hold and maintain so long as any of the 2016 Bonds are Outstanding. Promptly upon receipt of Tax Revenues, the Successor Agency shall deposit all Tax Revenues into the Redevelopment Obligation Retirement Fund.

Tax Revenues received during each Bond Year (on January 2 and June 1 or any other dates during the Bond Year) shall be promptly transferred by the Successor Agency to the Trustee in an amount equal to the principal of and interest on the 2016 Bonds due during such Bond Year (i.e. February 1 and August 1) plus amounts due in such Bond Year, as described in the Indenture. After the full amount required to be transferred to the Trustee for each Bond Year has been received by the Trustee, Tax Revenues received by the Successor Agency in such Bond Year shall be released from the pledge and lien hereunder 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 2016 Bonds and the payment in full of all other amounts payable hereunder 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.

There is established under the Indenture a trust fund to be known as the “Debt Service Fund,” which shall be held by the Trustee under the Indenture in trust. The Trustee shall deposit Tax Revenues received from the Successor Agency in the Debt Service Fund. Amounts in the Debt Service Fund shall be transferred by the Trustee in the following amounts, in the following order of priority, at the following times, into the following respective special accounts, which are hereby established in the Debt Service Fund:

Interest Account. On or before the fifth (5th) Business Day preceding each Interest Payment Date, the Trustee shall transfer and 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 2016 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 2016 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 2016 Bonds as it shall become due and payable.

Principal Account. On or before the fifth (5th) Business Day preceding each August 1 on which the principal of the 2016 Bonds becomes due and payable, and at maturity, the Trustee shall transfer and 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 2016 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 August 1 on all of the Outstanding 2016 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 2016 Bonds and any Parity Debt as it shall become due and payable.

Reserve Account. There is established in the Debt Service Fund 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 2016 Bonds. The Reserve Requirement for the 2016 Bonds will be satisfied by the delivery of the 2016 Reserve Policy by the 2016 Bond Insurer on the date of delivery of the 2016 Bonds. The Successor Agency will have no obligation to replace the 2016 Reserve Policy or to fund the Reserve Account with cash if amounts are not available under the 2016 Reserve Policy or if any rating with respect to the 2016 Bond Insurer is downgraded or revoked. The 2016 Reserve Policy is a Qualified Reserve Account Credit Instrument under the Indenture.

All money in the Reserve Account from draws on the 2016 Reserve Policy shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account, in the event of any deficiency at any time in any of such accounts.

Redemption Account. On or before the Business Day preceding any date on which 2016 Bonds are to be redeemed, the Trustee shall withdraw from the Debt Service Fund any amount transferred by the Successor Agency pursuant to the optional redemption provisions of the Indenture for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the 2016 Bonds to be redeemed on the applicable redemption date. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the 2016 Bonds to be optionally redeemed on the date set for such redemption. Interest due on 2016 Bonds to be redeemed on the date set for redemption shall, if applicable, be paid from funds available therefor in the Interest Account.

Statutory Pass-Through Payments

Under Sections 33607.5 and 33607.7 of the Redevelopment Law, with certain exceptions, commencing with the first fiscal year in which the agency receives tax increment revenues for the affected project area (or the affected added territory) and continuing through the last fiscal year in which the agency receives tax increment revenues, the agency must pay to the affected Taxing Agencies an amount equal to 25 percent of the tax increment revenues received by the agency after the amount required to be deposited in the agency's low and moderate income housing fund has been deducted (generally referred to as the "Tier 1 Payments"). Commencing with the 11th fiscal year in which the agency receives tax increment revenues for the affected project area (or the affected added territory) and continuing through the last fiscal year in which the agency receives tax increment revenues, the agency shall pay to the affected Taxing Agencies (other than the city that established such redevelopment agency), in addition to the Tier 1 Payment amounts paid pursuant to the preceding sentence and after deducting the amount allocated to the agency's low and moderate income housing fund, an amount equal to 21 percent of the portion of tax increment revenues received by the agency, which will be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds the first adjusted base year assessed value. The first adjusted base year assessed value for the 21 percent additional pass-through (generally referred to as the "Tier 2 Payments") is the assessed value of the project area (or the affected added territory) in the 10th fiscal year in which the agency receives tax increment revenues. An additional 14 percent of the portion of tax increment revenues received by the agency calculated by applying the tax rate against the amount of assessed value by which the then current year assessed value exceeds the project area assessed value in the 30th fiscal year in which the Agency receives tax increment (generally referred to as the "Tier 3 Payments"), are payable commencing with the 31st year and continuing through the last fiscal year in which the agency receives tax increment revenues.

A redevelopment agency's obligations to make Section 33607.5 Payments are not subordinate to the redevelopment agency's obligations with respect to the agency's loans or bonds unless the incurrence of such debt satisfies certain conditions and the affected taxing entity does not object to the subordination on grounds permitted by Section 33607.5. Except with respect to Section 33607.5 Payments required to be made by the Successor Agency to the County, the Successor Agency has taken all of the actions necessary under the Redevelopment Law and its agreements with other taxing agencies to subordinate its obligations to make Section 33607.5 Payments to its obligation to repay the Bonds, so that the Tax Revenues pledged to the repayment of the 2016 Bonds include the Section 33607.5 Payments due to other Taxing Agencies (except the County of Tulare and the Tulare County Air Pollution Control District, which was dissolved and whose share of tax increment revenues is now payable to the County).

Pass-Through Agreements

Prior to the adoption of AB 1290, the Redevelopment Law authorized a redevelopment agency to enter into "pass-through" or "tax-sharing" agreements with Taxing Agencies affected by the adoption of a redevelopment plan. AB 1290 repealed the provisions of the Redevelopment Law which authorized pass-through agreements, and replaced it with a system of statutorily mandated pass-throughs under Sections 33607.5 and 33607.7 of the Redevelopment Law (referred to below as the "Section 33607.5 Payments"). The Redevelopment Plans for the Downtown and Alpine Constituent Project Areas (other than the Downtown Third Amendment Area) were adopted prior to the passage of AB 1290, and are subject to the two tax sharing agreements described below, and the Redevelopment Plan for the

Downtown Third Amendment Area, and the West Tulare and South K Street Constituent Project Areas were adopted after the passage of AB 1290, so the Section 33607.5 Payments apply to those Constituent Project Areas. In addition, because the debt incurrence limitation date was deleted from the following Constituent Project Areas, Section 33607.5 Payments also apply to them: the Downtown Project Area, the Downtown Added Areas, the Alpine Project Area and the Alpine Added Areas.

County, Flood Control and Air Pollution District. The Agency has entered into a tax sharing agreement dated June 20, 1989 that requires payments from both the Downtown and Alpine Constituent Project Areas as they existed after a merger of those two areas occurred in 1989. This includes the Original and Second Amendment Area of the Downtown Constituent Project Area and the Original and Amendment Area for the Alpine Constituent Project Area. The payment amounts are as follows:

- Downtown Original: 100 percent pass through of that taxing entities share starting in 2000-01.
- Second Amendment Area: 75 percent starting in 2010-11 through 2019-20; and 100 percent of that taxing entities share in 2020-21 through the end of the term to receive tax increment.
- Alpine (both): 100 percent of that taxing entities share starting in 2003-04.

Amounts payable by the Agency pursuant to the foregoing agreement are not included in the Tax Increment Revenues pledged to the repayment of the Bonds.

Tulare Memorial Hospital District. The Agency has entered into a tax sharing agreement with the Tulare Memorial Hospital District that calls for the Agency to make payments from the Downtown Second Amendment Area only. The payment is currently calculated at 75 percent of the District's share of tax increment revenues and increases to 100 percent in 2020-21. Amounts payable by the Agency pursuant to the foregoing agreement are not included in the Tax Increment Revenues pledged to the repayment of the Bonds.

Certain Covenants of the Successor Agency

The Indenture contains the following specific covenants of the Successor Agency, among others:

Punctual Payment. The Successor Agency will punctually pay or cause to be paid the principal and interest to become due in respect of all the 2016 Bonds together with the premium thereon, if any, in strict conformity with the terms of the 2016 Bonds and of the Indenture. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Supplemental Indentures and the 2016 Bonds. Nothing in the Indenture will prevent the Successor Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to in the Indenture.

Compliance with the Redevelopment Law; Recognized Obligation Payment Schedules.

(a) The Successor Agency shall comply with all of the requirements of the Redevelopment Law. Pursuant to Section 34177 of the Redevelopment Law, not later than each date a Recognized Obligation Payment Schedule is due, the Successor Agency shall submit to the Oversight Board and the Department of Finance, a Recognized Obligation Payment Schedule. The Successor Agency shall take all actions required under the Redevelopment Law to include in the Recognized Obligation Payment Schedule for each Bond Year (i) Annual Debt Service on the 2016 Bonds and any Parity Debt (ii) all amounts (if any) required to cure any deficiency in the Reserve Account and (iii) all amounts due and owing to the 2016 Bond Insurer hereunder, so as to enable the County Auditor-Controller to distribute such amounts from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on each January 2 and June 1, as applicable. "Bond Year" means, any twelve-month period beginning on July 2 in any year and ending on the next succeeding July 1, both dates inclusive, except that the first Bond Year will begin on the Delivery Date, and end on July 1, 2017.

(b) [Prior to _____, 201_, the Successor Agency shall cause the Recognized Obligation Payment Schedule for Fiscal Year 2017-18 to be amended to provide that Tax Revenues to be received by the Successor Agency on [January 2, 2017] will be sufficient to pay principal of and interest

on the 2016 Bonds due on [February 1, 2017 and August 1, 2017].

(c) To ensure that amounts are available for the Trustee to pay Annual Debt Service on all Outstanding Bonds and all amounts due [and owing to the 2016 Bond Insurer hereunder] on a timely basis, not later than February 1 of each year (or such other time as may be required by the Dissolution Act), commencing February 1, 2017 for the Bond Year beginning on August 2, 2017, the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the Tulare County Auditor-Controller that shall include:

(i) all of the debt service due on all Outstanding 2016 Bonds on February 1 and August 1 of the Bond Year ending on August 1 of the next calendar year, which amount shall be distributed in full to the Successor Agency on January 2 of such year, and

(ii) any amount required to cure any deficiency in the Reserve Account pursuant to the 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 2016 Bond Insurer under the Indenture)].

In addition to the amounts described in clauses (i) and (ii) of the previous paragraph, if the amount of Tax Revenues distributed to the Successor Agency on January 2 in any year is less than the sum of the amounts specified in clauses (i) and (ii) of the previous paragraph, then not later than February 1 of such year (or on such other date as may be required by the Dissolution Act), the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the Department of Finance and to the Tulare County Auditor-Controller that shall include the balance due to the Successor Agency, which amount shall be distributed in full to the Successor Agency on June 1 of such year.

(d) If the provisions set forth in the Dissolution Act as of the Delivery Date of the 2016 Bonds that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Successor Agency covenants that it shall use commercially reasonable efforts to take all actions necessary to ensure the Agency receives on January 2 of each year from moneys deposited into the Redevelopment Property Tax Trust Fund, sufficient Tax Revenues to pay all Annual Debt Service due on all Outstanding 2016 Bonds during such Bond Year.

(e) If any amounts then due and payable to the 2016 Bond Insurer under the Indenture are not included on any current Recognized Obligation Payment Schedule and the Successor Agency is then legally permitted to amend such Recognized Obligation Payment Schedule, the Successor Agency will submit to the Oversight Board and the Department of Finance a request to amend such Recognized Obligation Payment Schedule to include such amounts then due and payable to the 2016 Bond Insurer.

(f) The Successor Agency will not submit to the Oversight Board and the Department of Finance a request for the final amendment permitted for its Last and Final Recognized Obligation Payment Schedule pursuant to Section 34191.6 without the prior written consent of the 2016 Bond Insurer, unless all amounts that could become due and payable to the 2016 Bond Insurer under the Indenture would be included as a line item on the Last and Final Recognized Obligation Payment Schedule following approval of the requested amendment.

Dissolution Act Invalid; Maintenance of Tax Revenues. If the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid and, in place of the invalid provisions, provisions of the Redevelopment Law or the equivalent become applicable to the 2016 Bonds, the Successor Agency shall comply with all requirements of the Redevelopment Law or the equivalent to ensure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with

appropriate officials of the County and, in the case of amounts payable by the State, appropriate officials of the State.

See APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF TULARE

The Successor Agency is a public body, corporate and politic, existing under and by virtue of the Redevelopment Law and is governed by a seven-member board (the “Board”) which consists of all members of the City Council. The Former Agency was activated in 1972.

On June 29, 2011, AB X1 26 was enacted as Chapter 5, Statutes of 2011, together with a companion bill, AB X1 27. AB X1 26 provided for the dissolution of all redevelopment agencies, but also 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. 2011), challenging the constitutionality of AB X1 26 and AB X1 27. In its December 29, 2011 decision, the California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies. The Department of Finance conducted a review of the Successor Agency’s documentation and issued its Finding of Completion on February 21, 2014.

The City Council, pursuant to Resolution No. ____, adopted on _____, 2012, elected to serve 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 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.

Members and Officers

The members of the Successor Agency Board (the “Board”) are as follows: **[update before posting]**

Name and Office	Expiration of Term
David Macedo, <i>Chair</i>	December 2018
Carlton Jones, <i>Vice-Chair</i>	December 2016
Maritsa Castellanoz, <i>Member</i>	December 2018
Shea Gowin, <i>Member</i>	December 2016
Craig Vejvoda, <i>Member</i>	December 2016

Successor Agency Powers

All powers of the Successor Agency are vested in the Board. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions

of the Dissolution Act. Under the Dissolution Act, many Successor Agency actions are subject to approval by the Oversight Board, as well as review by the Department of Finance. The State has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Successor Agency and Oversight Board meetings open to the public in similar manner as City Council meetings.

Previously, Section 33675 of the Redevelopment Law required the Former Agency to file not later than the first day of October of each year with the County Auditor-Controller a statement of indebtedness certified by the chief fiscal officer of the Former Agency for each redevelopment plan which provides for the allocation of taxes (i.e., the Redevelopment Plans). The statement of indebtedness was required to contain the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness that the Former Agency had incurred or entered into which is payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Former Agency could not exceed the amounts shown on the Former Agency's statement of indebtedness. The Dissolution Act eliminated this requirement and provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, the Recognized Obligation Payment Schedule supersedes the statement of indebtedness previously required under the Redevelopment Law, and commencing from such date, the statement of indebtedness will no longer be prepared nor have any effect under the Redevelopment Law. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Recognized Obligation Payment Schedule."

THE MERGED PROJECT AREA

General

During the period from 1970 through 2000, the City Council of the City adopted various ordinances approving separate redevelopment plans for four different redevelopment project areas (referred to in this Official Statement collectively as the "Constituent Project Areas"), including the Downtown Project Area, the Alpine Project Area, the West Tulare Project Area and the South K Street Project Area. The City Council also adopted various ordinances approving amendments to the redevelopment plans for the Constituent Project Areas, including amendments adding territory to the Downtown Project Area (referred to as the Downtown Added Areas and the Downtown Third Amendment Area), the Alpine Project Area (referred to as the Alpine Added Areas) and the South K Street Project Area (referred to as the South K Street Added Area). The Downtown Project Area, including the Downtown Added Areas and the Downtown Third Amendment Area, consists of approximately 314 acres of land; the Alpine Project Area, including the Alpine Added Areas, consists of approximately 260 acres of land; the West Tulare Project Area consists of approximately 819 acres of land; and the South K Street Project Area, including the South K Street Added Area, consists of approximately 807 acres of land.

Under the authority granted in Article 16 of Chapter 4 of Part 1 of Division 24 of the Redevelopment Law pertaining to the merger of redevelopment project areas, on September 15, 2009, the City Council of the City adopted Ordinance No. 09-11 amending and merging the redevelopment plans for the Constituent Project Areas to establish one combined debt limit applicable to Constituent Project Areas, to delete certain territory from the South K Street Added Area, to merge the four Constituent Project Areas for purposes of project financing and to combine the redevelopment plans for the Constituent Project Areas into a single document referred to as the "Amended and Restated Redevelopment Plan for the Merged Tulare Redevelopment Projects" (and referred to in this Official Statement as the "Redevelopment Plan"). By reason of the fiscal merger, and subsequent retirement of outstanding indebtedness, under Section 33486 of the Redevelopment Law, Tax Revenues attributable to each Constituent Project Area may be allocated to the Merged Project Areas for purposes of paying the

principal of, and interest on, indebtedness incurred by the Agency to finance or refinance, in whole or in part, redevelopment activities within any portion of the Merged Project Areas.

Recent and Planned Development in the Merged Project Area

[to come]

The Redevelopment Plan

The Redevelopment Plan for the Merged Project Area, adopted pursuant to the Redevelopment Law (Section 33000 of the Health and Safety Code) and approved by the City Council of the City by Ordinance No. 1092-00, effective July 27, 2000 (the “Redevelopment Plan”), amended and restated the existing redevelopment plans. A redevelopment agency may only undertake those activities within a redevelopment project specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law rather than a “plan” in the customary sense of the word. The Redevelopment Plan for the Merged Project Area provides, among other things, the following major goals:

A. The elimination of blighting influences and the correction of environmental deficiencies in the Merged Project Area, including, among others, small and irregular lots, obsolete and aged building types, depreciated property values and impaired investments, incompatible and uneconomic land uses, and inadequate or deteriorated public improvements, facilities and utilities.

B. The assembly of land into parcels suitable for modern, integrated development with improved pedestrian and vehicular circulation in the Merged Project Area.

C. The replanning, redesign and development of undeveloped or underdeveloped areas which are stagnant or improperly utilized.

D. The providing of opportunities for participation by owners and tenants in the revitalization of their properties.

E. The strengthening of retail and other commercial functions in the Merged Project Area.

F. The strengthening of the economic base of the Merged Project Area and the community by the installation of needed site improvements to stimulate new commercial and industrial expansion, employment and economic growth.

G. The provision of adequate land for parking and open spaces.

H. The establishment and implementation of performance criteria to assure high site design standards and environmental quality and other design elements which provide unity and integrity to the entire Merged Project Area.

I. The expansion, improvement, and preservation of the community's supply of low- and moderate-income housing.

J. The encouragement of active and continuous participation of Merged Project Area occupants in the formation, refinement, and implementation of the Redevelopment Plan, in order to ensure that Redevelopment Plan proposals are beneficial to the people who live and work within the Merged Project Area, as well as the community in general.

Pursuant to the Redevelopment Plan, the Former Agency undertook redevelopment activities in the Merged Project Area.

No Redevelopment Plan Limitations

The Redevelopment Plan sets forth various limitations that are no longer operative with the passage of SB 107. SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Successor Agency set forth in the Redevelopment Plan are not effective for purposes of paying the Successor Agency's enforceable obligations. Accordingly, the projections set forth in this Official Statement were prepared without regard to the time and financial limitations set forth in the Redevelopment Plan for the Merged Project Area.

Land Use

There are various land uses within the Merged Project Area. The Central Sub-Area consists primarily of commercial development in the old town center of the City within the Merged Project Area. This development contains dense strip commercial uses along Main Street, with some residential uses along the commercial fringe. In the Central Sub-Area, current development is primarily redevelopment of under-used parcels that are largely already developed. The Westside Sub-Area consists primarily of food processing industrial uses, clustered along West Beach Street within the Merged Project Area. There are many opportunities for development in this area of under-used parcels that are already developed. In particular, there are opportunities for reuse of packing sheds and food processing facilities. The area added by the 2000 Amendment Sub-Area contains a mix of uses, including commercial, residential, industrial and the Mefford Field Airport.

The following table shows the secured assessed valuation for different categories of land uses within the Merged Project Area.

**Successor Agency to the Redevelopment Agency of the City of Tulare
Merged Project Area
Secured Assessed Values by Land Use
Fiscal Year 2016-17**

Land Use	Number of Parcels ⁽¹⁾	% of Total Taxable Parcels	Secured Assessed Value ⁽²⁾	% of Project Area FY 2016-17 Secured Assessed Value
Industrial	100	2.83%	\$453,758,973	53.48%
Residential	2,989	84.51%	225,858,419	26.62%
Commercial	420	11.87%	162,413,819	19.14%
Institutional ⁽³⁾	18	0.51%	4,142,707	0.49%
Agriculture	2	0.06%	169,797	0.02%
Miscellaneous ⁽⁴⁾	8	0.23%	2,132,955	0.25%
Total	3,537	100.00%	\$848,476,670	100.00%

Source: RSG, Inc.

⁽¹⁾ The analysis excludes 40 parcels owned by the government or religious organizations, all of which are non-taxable and thus have no assessed value.

⁽²⁾ Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

⁽³⁾ Includes religious and fraternal organization uses that are taxable.

⁽⁴⁾ Includes parcels used for parking lots and parking garages, public right of way, and mixed use properties (retail/residential).

Largest Taxpayers

The following table shows the ten largest taxpayers in the Merged Project Area based on the assessment roll for the 2016-17 tax year. See “RISK FACTORS – Concentration of Ownership.”

**Successor Agency to the Redevelopment Agency of the City of Tulare
Merged Project Area
Largest Taxpayers - Secured and Unsecured
Fiscal Year 2016-17**

Taxpayer	# of Parcels	Land Use(s)	Total Secured Assessed Value	Total Unsecured Assessed Value	Total Assessed Value	% of Project Area FY 2016-17 Total Assessed Value	% of Project Area FY 2016-17 Incremental Assessed Value
1 Land O'Lakes, Inc. ⁽¹⁾	22	Industrial, Commercial	\$182,547,043	\$3,687,590	\$186,234,633	20.87%	28.12%
2 Saputo Cheese USA Inc.	1	Industrial	168,264,970	7,080	168,272,050	18.86%	25.41%
3 United States Cold Storage of California	2	Industrial	43,270,572	-	43,270,572	4.85%	6.53%
4 Sulphur Springs Cultured Specialties	2	Industrial, Commercial	23,448,082	6,700	23,454,782	2.63%	3.54%
5 Love's Travel Stops & Country Stores of California	3	Commercial	11,453,700	448,720	11,902,420	1.33%	1.80%
6 Ruiz Foods Products Inc.	1	Industrial	5,981,902	-	5,981,902	0.67%	0.90%
7 J.D. Heiskell & Co. ⁽²⁾	8	Industrial, Commercial, Residential	5,032,399	283,440	5,315,839	0.60%	0.80%
8 Stephen C. Secrest ⁽³⁾	78	Residential, Industrial, Commercial	5,119,500	-	5,119,500	0.57%	0.77%
9 Plaza Place, Inc.	1	Commercial	4,547,121	-	4,547,121	0.51%	0.69%
10 Freitas Rentals 2 LP	5	Industrial, Commercial	3,549,918	853,070	4,402,988	0.49%	0.66%
Subtotal	123				\$458,501,807	51.39%	69.23%
Project Area Fiscal Year 2016-17 Total Assessed Value					\$892,264,242		
Project Area Fiscal Year 2016-17 Incremental Assessed Value					\$662,288,258		

Source: RSG, Inc.

⁽¹⁾ Listed as Land O Lakes Inc., Land O Lakes Inc., and Land O Lakes.

⁽²⁾ Also listed as J.D. Heiskell & Co. Inc. and J.D. Heiskell Holdings LLC

⁽³⁾ Also listed as Secrest Sales Co. Inc., Stephn C. Secrest, Stephen & Koleen Secrest, Stephen Charles Secrest, Stephen Charles & Koleen Maria Secrest, Steve Secrest, Steve C. Secrest

Land O'Lakes. Land O'Lakes, Inc., was founded in 1921 and is a national farmer-owned food and agricultural cooperative with approximately \$13 billion of sales in 2015. The company reported record net earnings of \$308 million in 2015, up over 15% from net earnings in 2014. The company is owned by more than 3,200 producer members and about 1,000 member-cooperatives. Land O'Lakes merged with Dairyman's Cooperative Creamery Association of Tulare in July 1998. The Dairyman's facility in the City, now owned and operated through Land O'Lakes Dairyman's Division, is the largest single-site dairy complex in the United States, according to the company. The Tulare plant is a multiple-function dairy facility that produces cheese, butter, powdered milk, and other dairy-based products. Approximately one-third of the total butter and powdered milk produced in California is manufactured annually at this facility.

Saputo. Saputo Inc. is a Canadian-based company that produces, markets, and distributes a wide array of dairy products including cheese, milk, extended shelf-life milk and cream products, cultured products and dairy ingredients. Saputo is one of the top ten dairy processors in the world. In the USA, Saputo ranks among the top three cheese producers and is one of the largest producers of extended shelf-life and cultured dairy products.

Saputo has a diverse customer base for its products including retail, food manufacturing, and direct food service. Saputo Inc. is a publicly traded company and its shares are listed on the Toronto Stock Exchange. According to the company, Saputo operates 55 cheese and dairy production facilities worldwide including 25 facilities in the United States, has approximately 12,000 employees, and has approximately \$8.1 billion in annual sales, approximately half of which is generated in the United States.

Saputo historically operated one of the major dairy processing facilities in Tulare. Saputo has made substantial investments in its facilities in the City in recent years. In 2007, Saputo purchased a second facility when it acquired Land O'Lakes, Inc.'s Cheese & Protein International operations in Tulare for approximately \$216 million. The transaction included a long-term milk supply agreement. The main products produced at Saputo's facilities in the City include mozzarella and shredded cheese, predominantly for American markets, and whey powder, much of which is exported internationally.

In January 2013, Saputo completed the acquisition of Morningstar Foods LLS, previously a subsidiary of Dean Foods Company, for a purchase price of \$1.45 billion. Morningstar Foods has operated one the City's industrial dairy processing facilities for many years. This facility is not in the Merged Project Area. With this acquisition, Saputo now operates three dairy-producing facilities in the City. There is a substantial amount of land adjacent to Saputo's Tulare facilities that can accommodate additional expansion.

Assessed Valuations

Assessed values are impacted, at least indirectly, by the general economy and real estate market conditions. Because of the peculiarities of property tax assessment in the State, only properties that change ownership or undergo new construction are subject to an increased assessment beyond the 2 percent increase allowed under Proposition 13 for property tax purposes. The real estate market in California experienced unprecedented declines in the values for residential, commercial and other types of property beginning in 2007. Following the great recession the real estate market has recovered and assessed values have generally improved. The following tables set forth historical taxable assessed valuations for the Merged Project Area for the fiscal years shown.

**Successor Agency to the Redevelopment Agency of the City of Tulare
Merged Project Area
Historical Taxable Values**

Fiscal Year	Total Taxable Value	Percentage Change from Prior Year	Percentage Change from 2007-08
2007-08	\$736,221,986	3.8%	
2008-09	774,125,471	5.1%	5.1%
2009-10	859,584,072	11.0%	16.8%
2010-11	854,161,285	-0.6%	16.0%
2011-12	867,850,513	1.6%	17.9%
2012-13	844,940,461	-2.6%	14.8%
2013-14	816,884,582	-3.3%	11.0%
2014-15	877,594,528	7.4%	19.2%
2015-16	883,787,705	0.7%	20.0%
2016-17	892,264,242	1.0%	21.2%

Source: Tulare County Auditor-Controller.

The following table provides a summary of the historical assessed values and resulting incremental value over the base year in the Merged Project Area for the fiscal years shown and a projection for Fiscal Year 2016-17. This summary is not intended to aid in the prediction of future Tax Revenues.

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**Successor Agency to the Redevelopment Agency of the City of Tulare
Merged Project Area
Historical Assessed Values**

	Fiscal Year 2012-13	% Change	Fiscal Year 2013-14	% Change	Fiscal Year 2014-15	% Change	Fiscal Year 2015-16	% Change	Fiscal Year 2016-17
Merged Project Area									
Secured Assessed Value ⁽¹⁾	\$804,504,054	-3.80%	\$773,971,304	7.77%	\$834,142,938	0.87%	\$841,432,077	0.84%	\$848,476,670
Utility Assessed Value	3,645,427		2,858,472		2,858,472		2,858,472		2,858,472
Unsecured Assessed Value	<u>36,790,980</u>		<u>40,054,806</u>		<u>40,593,118</u>		<u>39,497,156</u>		<u>40,929,100</u>
Total Assessed Value	844,940,461	-3.32%	816,884,582	7.43%	877,594,528	0.71%	883,787,705	0.96%	892,264,242
<i>Less: Base Year</i>	(229,975,984)		(229,975,984)		(229,975,984)		(229,975,984)		(229,975,984)
Incremental Assessed Value	614,964,477	-4.56%	586,908,598	10.34%	647,618,544	0.96%	653,811,721	1.30%	662,288,258

Sources: Tulare County Assessor 2016-17 Tax Roll, Tulare County Auditor-Controller.

⁽¹⁾ Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

Appeals; Proposition 8 Reductions

In California, taxpayers may appeal their property tax assessments. There are two basic types of appeals: a Proposition 8 appeal and a base year appeal. A Proposition 8 appeal is based on Section 51 of the Revenue and Taxation Code of the State and allows for temporary reductions in the taxes paid on properties because the assessed value of a property somehow becomes higher than its actual market value. This can be the result of the damage or removal of property, or general reduction in real estate values. Once the property damage is restored, or the real estate market improves, an assessment subject to Proposition 8 reduction can be returned to its pre-appeal value. The second type of appeal is a base year assessment appeal where owners challenge the original or base year valuation assigned by the Assessor. Any reduction resulting from a base year assessment appeal is permanent and can only increase above the allowable inflationary adjustment if the property is sold or experiences new construction.

There are also two primary methods for achieving a reduction in the valuation of property. One way is for the applicant to file a formal or informal assessment appeal application; the other way is for the Assessor's office to process an "automatic" assessment reduction. Any automatic reduction would almost always be a Proposition 8 appeal, although filed appeals can be either Proposition 8 or base year appeals.

Automatic Assessment Appeals. [discuss]

Filed Assessment Appeals. When a taxpayer believes that the assessed value of his or her property is in excess of market value, he or she may informally request that the County Assessor's office review the value of such property. If the County Assessor's office believes the taxpayer is correct, it can reduce the value without the taxpayer needing to file a formal appeal. If however, the County Assessor's office believes that the assessed value assigned to the property is not above market value, a formal appeal application must be filed and the dispute is heard before an assessment appeals board, which board determines the appropriate value for a property. Depending on the outcome of the appeal, taxes paid in the current year may be either higher or lower than the initial assessment. When an appeal results in a reduced tax liability after the disputed taxes have already been paid, a refund is subsequently issued to the taxpayer by the County, together with interest, as appropriate. Future allocations of taxes to the taxing entities, including the Successor Agency, are then reduced by the County to reflect the refund and interest paid, but only on a countywide basis. The Successor Agency does not feel the direct impact from successful appeals until the following fiscal year when assessed values and related taxes are reduced within the project area.

[discussion to come]

Historical Redevelopment Property Tax Trust Fund Revenues

The following table provides a summary of the actual receipts in the Redevelopment Property Tax Trust Fund for the Fiscal Years shown.

Successor Agency to the Redevelopment Agency of the City of Tulare Merged Project Area Historical Redevelopment Property Tax Trust Fund Revenues

Fiscal Year Ending June 30⁽¹⁾	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Actual Receipts in the RPTTF⁽²⁾				
Tax Increment Revenue	\$6,057,125	\$5,735,458	\$6,692,912	\$6,803,579
Supplemental and Other Revenues	\$0	\$0	\$0	\$0
Total RPTTF Deposits	\$6,057,125	\$5,735,458	\$6,692,912	\$6,803,579
Actual Adjustments				
County Administrative Fees	\$164,535	\$159,492	\$166,521	\$159,350
Pass Through Payments	\$1,693,371	\$1,675,899	\$1,847,666	\$1,924,732
Other	\$0	\$0	\$0	\$0
Available Tax Revenue⁽²⁾	\$4,199,219	\$3,900,067	\$4,678,725	\$4,719,497

Source: RSG, Inc.

⁽¹⁾ Tax Revenues received on a Fiscal Year basis are used to pay debt service on a Bond Year basis.

⁽²⁾ Not all Tax Revenues deposited in the Redevelopment Property Tax Trust Fund are distributed to the Successor Agency. Only amounts required to pay approved enforceable obligations, such as the 2016 Bonds, are distributed to the Successor Agency.

[historical and projected coverage tables to come]

Projected Taxable Valuation and Tax Revenues

The following table shows projected Net Tax Revenue less Subordinate AB 1290 payments.

Fiscal Year	Total Assessed Valuation	Incremental Valuation	Unitary Revenue	Estimated Gross Tax Revenue (1%)	County Admin Fees (2.6%)	Low/Mod Housing Set-Aside ⁽²⁾	Section 33676 Pass Throughs	Negotiated Pass Throughs	Senior AB 1290 Payments	Land O' Lakes Agreement Payment	Net Tax Revenue after Senior Obligations ⁽³⁾	Subordinate AB 1290 Payments	Net Revenue Less Subordinate AB 1290 Payments
By Value:	\$229,975,984												
2016-17	\$892,264,242	\$662,288,258	\$118,947	\$ 6,741,830	\$ 172,633	\$ 1,348,366	\$ 75,021	\$950,222	\$261,643	\$ 283,007	\$ 4,999,303	\$650,112	\$ 4,349,191
2017-18	903,417,338	673,441,354	118,947	6,853,361	175,489	1,370,672	76,521	966,303	269,109	288,159	5,077,778	673,487	4,404,291
2018-19	912,810,203	682,834,219	118,947	6,947,289	177,894	1,389,458	78,052	981,852	275,365	293,478	5,140,648	693,979	4,446,669
2019-20	922,413,104	692,437,120	118,947	7,043,318	180,353	1,408,664	79,613	997,665	281,796	298,835	5,205,057	714,936	4,490,121
2020-21	932,181,729	702,205,745	118,947	7,141,004	182,855	1,428,201	81,205	1,054,205	288,352	304,232	5,230,156	737,384	4,492,772
2021-22	941,631,632	711,655,648	118,947	7,235,503	185,274	1,447,101	82,829	1,070,008	294,923	309,671	5,292,797	759,139	4,533,659
2022-23	956,594,002	726,618,018	118,947	7,385,127	189,106	1,477,025	84,486	1,093,287	304,390	316,973	5,396,886	791,202	4,605,684
2023-24	971,825,443	741,849,459	118,947	7,537,442	193,006	1,507,488	86,176	1,117,031	314,021	324,354	5,502,854	823,861	4,678,993
2024-25	987,331,034	757,355,050	118,947	7,692,498	196,976	1,538,500	87,899	1,141,250	323,819	-	5,942,552	857,126	5,085,426
2025-26	1,002,751,069	772,775,085	118,947	7,846,698	200,925	1,569,340	89,657	1,164,836	333,732	-	6,057,549	890,180	5,167,369
2026-27	1,018,820,596	788,844,612	118,947	8,007,393	205,040	1,601,479	91,450	1,190,033	343,875	-	6,176,995	924,694	5,252,301
2027-28	1,038,351,736	808,375,752	118,947	8,202,705	210,041	1,640,541	93,279	1,215,735	356,793	-	6,326,856	964,687	5,362,170
2028-29	1,058,273,498	828,297,514	118,947	8,401,922	215,142	1,680,384	95,145	1,241,951	372,370	-	6,477,314	1,008,882	5,468,432
2029-30	1,078,314,294	848,338,310	118,947	8,602,330	220,274	1,720,466	97,048	1,267,796	388,874	-	6,628,339	1,054,195	5,574,144
2030-31	1,099,040,896	869,064,912	118,947	8,809,596	225,581	1,761,919	98,989	1,295,071	405,736	-	6,784,220	1,101,063	5,683,157
2031-32	1,120,182,030	890,206,046	118,947	9,021,007	230,995	1,804,201	100,968	1,322,891	425,465	-	6,940,688	1,152,455	5,788,233
2032-33	1,141,745,986	911,770,002	118,947	9,236,647	236,516	1,847,329	102,988	1,351,268	445,589	-	7,100,287	1,204,875	5,895,412
2033-34	1,163,523,952	933,547,968	118,947	9,454,427	242,093	1,890,885	105,048	1,379,496	467,181	-	7,260,610	1,259,381	6,001,229
2034-35	1,185,959,093	955,983,109	118,947	9,678,778	247,838	1,935,756	107,148	1,409,019	492,451	-	7,422,321	1,331,707	6,090,615
2035-36	1,208,842,936	978,866,952	118,947	9,907,617	253,697	1,981,523	109,291	1,439,133	518,228	-	7,587,267	1,398,127	6,189,140
2036-37	1,232,184,456	1,002,208,472	118,947	10,141,032	259,674	2,028,206	111,477	1,469,848	544,520	-	7,755,512	1,465,875	6,289,637
2037-38	1,255,822,117	1,025,846,133	118,947	10,377,408	265,727	2,075,482	113,707	1,500,606	571,328	-	7,926,041	1,534,588	6,391,453
2038-39	1,280,106,635	1,050,130,651	118,947	10,620,254	271,945	2,124,051	115,981	1,532,563	598,682	-	8,101,082	1,605,073	6,496,009
2039-40	1,304,876,843	1,074,900,859	118,947	10,867,956	278,288	2,173,591	118,301	1,565,159	626,583	-	8,279,625	1,676,968	6,602,657
2040-41	1,330,142,455	1,100,166,471	118,947	11,120,612	284,758	2,224,122	120,667	1,598,406	655,042	-	8,461,739	1,751,605	6,710,134
TOTAL				\$214,873,753	\$5,502,120	\$42,974,751	\$2,402,945	\$31,315,632	\$10,159,868	\$2,418,710	\$163,074,478	\$27,025,581	\$ 136,048,897

⁽¹⁾ Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

⁽²⁾ The Dissolution Act eliminated the 20% housing set aside requirement and gross revenue is available to repay debt service, subject to the applicable pledge of revenue. This is shown for illustrative purposes only.

⁽³⁾ The amount shown as Net Tax Revenue after Senior Obligations is not net of pass-through payments that are subordinate to the debt service and is not net of housing.

Source: RSG, Inc.

Outstanding Indebtedness

On February 17, 2009, the Former Agency entered into an Amended and Restated Owner Participation Agreement (the “LOL OPA”) with Land O’Lakes, Inc. (“LOL”) related to the development of property by LOL in the Alpine Constituent Project Areas. The LOL OPA expires on June 30, 2024. Under the LOL OPA, the Agency is required to rebate to LOL 90% of the net tax increment (tax increment less the housing set-aside, pass-through payments and property tax administrative fees) from certain improvements that have been made to certain parcels owned by LOL in the Alpine Constituent Project Area. Payments under the amended LOL OPA are based on net tax increment from the subject parcels above a base year value of \$94,215,000. New value up to \$169,215,000 requires a payment of 90% of net tax increment. Improvement values above \$169,215,000 require additional incremental payments pursuant to a schedule in the LOL OPA. Amounts payable by the Successor Agency under the LOL OPA are secured by a pledge of tax increment revenues from the Alpine Constituent Project Area and are not included in the Tax Revenues pledged to secure the repayment of the 2016 Bonds. See APPENDIX B – “FISCAL CONSULTANT’S REPORT.”

RISK FACTORS

The following information should be considered by prospective investors in evaluating the 2016 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 2016 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 2016 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.

Reduction in Taxable Value

Tax Revenues available to pay principal and interest on the 2016 Bonds are determined by the amount of incremental taxable value in the Merged Project Area and the current rate or rates at which property in the Merged Project Area is taxed. The reduction of taxable values of property in the Merged Project Area caused by economic factors beyond the Successor Agency’s control, such as relocation out of the Merged Project Area by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Tax Revenues that provide for the repayment of and security for the 2016 Bonds. Such reduction of Tax Revenues could have an adverse effect on the Successor Agency’s ability to make timely payments of principal of and interest on the 2016 Bonds.

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 2016 Bonds could reduce Tax Revenues available to pay principal and interest on the 2016 Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, described herein under the heading “RISK FACTORS,” the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the 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 Revenues and adversely affect the source of repayment and security of the 2016 Bonds.

Concentration of Ownership

The risk of reduction in assessed value as a result of factors described herein may generally increase where the assessed value within the Merged Project Area is concentrated among a relatively few number of property owners. Ownership of property in the Merged Project Area is highly concentrated, with the ten largest property owners accounting for 51.39% of the Fiscal Year 2016-17 assessed valuation and 69.23% of the Merged Project Area incremental value. Land O’ Lakes, Inc. and Saputo Cheese USA Inc., the two largest taxpayers in the Merged Project Area account for 39.73% of the Fiscal Year 2016-17 assessed valuation and 53.53% of the Merged Project Area incremental value. Significant reduction in the assessed values of these property owners could, by itself or in combination with other factors, have a material adverse effect on the Successor Agency’s ability to pay debt service on the 2016 Bonds as such payments become due and payable. See “THE MERGED PROJECT AREA – Largest Taxpayers” herein.

Risks to Real Estate Market

The Successor Agency’s ability to make payments on the 2016 Bonds will be dependent upon the economic strength of the Merged Project Area. The general economy of the Merged 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 Merged Project Area could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a decline in the general economy of the Merged Project Area, the owners of property within such Merged 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 Merged Project Area. In addition, the insolvency or bankruptcy of one or more large owners of property within the Merged Project Area could delay or impair the receipt of Tax Revenues by the Successor Agency.

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 adjustments to the full cash value of real property within the Merged 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 Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Successor Agency to repay the 2016 Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Merged 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 2016 Bonds. Any reduction in Tax Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the Successor Agency's ability to pay the principal of and interest on the 2016 Bonds.

Estimated Revenues

In estimating that Tax Revenues will be sufficient to pay debt service on the 2016 Bonds, the Successor Agency has made certain assumptions with regard to present and future assessed valuation in the Merged 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 Tax Revenues available to pay debt service on the 2016 Bonds will be less than those projected and such reduced Tax Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the 2016 Bonds.

Recognized Obligation Payment Schedules

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, only those obligations listed in the Recognized Obligation Payment Schedule may be paid by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. By February 1st of each year, the Dissolution Act requires successor agencies to prepare, and submit to the successor agency's oversight board and the Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Recognized Obligation Payment Schedule" and "PROPERTY TAXATION IN CALIFORNIA – Property Tax Collection Procedures – Recognized Obligation Payment Schedule." If the Successor Agency was to fail to file a Recognized Obligation Payment Schedule with respect to a period, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period.

If a successor agency fails to submit to the Department of Finance an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the Department of Finance may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to clause (iv) in the following paragraph, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by the Department of Finance to the county auditor-controller of an amount to be withheld from allocations to taxing entities,

the county auditor-controller must distribute to taxing entities any monies in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule when and as approved by the Department of Finance.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act: (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act 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 pursuant to the Pass-Through Agreements and Statutory Pass-Through Amounts; (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).

If the successor agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the Department of Finance does not provide a notice to the county auditor-controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above.

AB 1484 also added new provisions to the Dissolution Act implementing certain penalties in the event that the Successor Agency does not timely submit a Recognized Obligation Payment Schedule by the deadline specified in the Dissolution Act. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the Department of Finance and the State Controller no later than each February 1, commencing February 1, 2017 with respect to each subsequent fiscal year. If the Successor Agency does not submit an Oversight Board approved Recognized Obligation Payment Schedule by such deadline, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% for any fiscal year for which the Successor Agency does not submit an Oversight Board approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline. If the Successor Agency fails to submit a Recognized Obligation Payment Schedule by the February 1 deadline, any creditor of the successor agency or the department or any affected taxing entity will have standing to, and may request a writ of mandate to, require the Successor Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the 2016 Bonds.

Regarding the late submissions referenced above in the table captioned "Recognized Obligation Payment Schedule Submission History," ROPS 13-14A was submitted on the Monday following a Friday deadline and ROPS 15-16A was submitted on the Monday following a Sunday deadline. ROPS I and II

were due at a time when the Dissolution Act was still new to successor agencies. The Successor Agency was not penalized for any of these late submissions.

Future Implementation of Dissolution Act

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by *Syncora Guarantee Inc. and Syncora Capital Assurance Inc.* (collectively, “Syncora”) against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the “Redistribution Provisions” thereof (i.e., California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the “contract clauses” of the United States and California Constitutions (U.S. Const. art. 1, § 10, cl.1; Cal. Const. art. 1, § 9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the “Takings Clauses” of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders’ and Syncora’s contractual right to critical security mechanisms without just compensation.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora’s constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora’s takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency’s ability to timely pay debt service on the 2016 Bonds.

Bankruptcy and Foreclosure

The payment of the property taxes from 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 2016 Bonds (including Bond Counsel’s approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the 2016 Bonds.

[Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the 2016 Bonds when all or some becomes due, any Owner of the 2016 Bonds shall have a claim under the applicable Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policies do not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional redemption of the 2016 Bonds by the Successor Agency that is recovered by the Successor Agency from the bond owner as a voidable preference under applicable bankruptcy law is covered by each Policy, however, such payments will be made by the 2016 Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the Successor Agency unless 2016 Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the 2016 Bond Insurer without appropriate consent. The 2016 Bond Insurer may direct and must consent to any remedies and the 2016 Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

If the 2016 Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policies, the 2016 Bonds are payable solely from the moneys received pursuant to the applicable bond documents. If the 2016 Bond Insurer becomes obligated to make payments with respect to the 2016 Bonds, no assurance is given that such event will not adversely affect the market price of the 2016 Bonds or the marketability (liquidity) for the 2016 Bonds.

The long-term ratings on the 2016 Bonds are dependent in part on the financial strength of the 2016 Bond Insurer and its claim paying ability. The 2016 Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the 2016 Bond Insurer and of the ratings on the 2016 Bonds insured by the 2016 Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the 2016 Bonds or the marketability (liquidity) for the 2016 Bonds.

The obligations of the 2016 Bond Insurer are contractual obligations and in an event of default by the 2016 Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Successor Agency nor the Underwriter has made independent investigation into the claims paying ability of the 2016 Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the 2016 Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Successor Agency to pay principal and interest on the 2016 Bonds and the claims paying ability of the 2016 Bond Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by the 2016 Bond Insurer and the Policies, which includes further instructions for obtaining current financial information concerning the 2016 Bond Insurer.]

No Validation Proceeding Undertaken

Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a "validation proceeding," for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases

where another statute authorizes its use. Relevant to the 2016 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.” Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters therein 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 2016 Bonds. The Successor Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the 2016 Bonds and specifying the related deadline for any challenge to the 2016 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 2016 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.

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. Any action by a court to invalidate provisions of the Dissolution Act required for the timely payment of principal of, and interest on, the 2016 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 2016 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 2016 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 Merged 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 Merged 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 Merged 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. The Merged Project Area commonly experiences flooding due to local waterways and its downstream location from the Pajaro Valley Watershed. If one or more of such

conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in the Merged Project Area could be diminished in the aftermath of such events. A substantial reduction of the value of such properties and could affect the ability or willingness of the property owners to pay the property taxes.

The Merged Project Area is located in a seismically active region of the State and faults are located near the Merged Project Area. The greatest amount of damage was due to the 1989 Loma Prieta earthquake, which was centered close to the City. In the event of property damage caused by an earthquake, the assessed valuation of affected property could be reduced. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the 2016 Bonds, which in turn could impair the ability of the Successor Agency to make payments of principal of and interest on the 2016 Bonds when due.

Changes in Law

There can be no assurance that the State electorate will not at some future time adopt initiatives or that the State Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the State Constitution resulting in a reduction of Tax Revenues, which could have an adverse effect on the Successor Agency's ability to pay debt service on the 2016 Bonds and such an effect could be material.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2016 Bonds, or, if a secondary market exists, that the 2016 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.

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

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

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

Collections. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured

personal property taxes: (i) initiating a civil action against the taxpayer, (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (iii) filing a certificate of delinquency for record in the county recorder's office to obtain a lien on certain property of the taxpayer, and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

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

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

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

Property Tax Administrative Costs. In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund. For fiscal year 2013-14, the County's administrative charge to the Former Agency and Successor Agency, together with certain charges relating to the dissolution of the Former Agency, was \$394,594, and for fiscal year 2014-15 and future years, the County's administrative charge to the Successor Agency is estimated to be 1.23% of gross revenues.

In addition to the amounts charged by the County for administration of property taxes under SB 2557, pursuant to ABx1 26, the County may charge an administrative fee for administration of the Redevelopment Property Tax Trust Fund. The amount charged to the Successor Agency for the January 2, 2014 Redevelopment Property Tax Trust Fund allocation was \$27,544. This nominal amount has not been factored into the projections.

Statutory Pass-Through Payments. The payment of Statutory Pass-Through Payments results from (i) plan amendments which add territory in existing project areas on or after January 1, 1994 and (ii) from plan amendments which eliminates one or more limitations within a redevelopment plan (such as the removal of the time limit on the establishment of loans, advances and indebtedness). The calculation of the amount due affected taxing entities is described in Sections 33607.5 and 33607.7 of the Redevelopment Law. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Statutory Pass-Through Payments” for further information regarding the applicability of the statutory pass-through provisions of the Redevelopment Law and the Dissolution Act to the Merged Project Area.

Recognized Obligation Payment Schedule. The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. The Dissolution Act requires successor agencies annually to prepare and approve, and submit to the Successor Agency’s oversight board and the Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the Successor Agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable.

Unitary Property

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

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

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

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

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

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

Legislation enacted by the Legislature to implement Article 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.

Appropriations Limitation – Article XIII B

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

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment Successor Agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by an Successor Agency of proceeds of taxes levied by or on behalf of an Successor Agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions. On the basis of these decisions, the Successor Agency 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 California. 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 2016 Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218. See also “– Propositions 218 and 26” below.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (not the Former Agency or the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies.

Appeals of Assessed Values

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

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

Proposition 8

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value

compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions under this code section may be initiated by the County Assessor or requested by the property owner.

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

The Successor Agency cannot guarantee that reductions undertaken by the County Assessor or requested by a property owner pursuant to Proposition 8 will not in the future reduce the assessed valuation of property in the Merged Project Area and, therefore, Tax Revenues that secure the 2016 Bonds.

Propositions 218 and 26

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the “Supermajority Vote to Pass New Taxes and Fees Act.” Proposition 26 amended Article XIII C of the California Constitution by adding an expansive definition for the term “tax,” which previously was not defined under the California Constitution. Tax Revenues securing the 2016 Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and outside of the scope of taxes which are limited by Proposition 26.

Future Initiatives

Article 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 State’s initiative process. From time to time other initiative measures could be adopted, further affecting Tax Revenues.

TAX MATTERS

Tax Matters – 2016A Bonds

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Successor Agency, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2016A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the 2016A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however,

is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Successor Agency in connection with the 2016A Bonds, and Bond Counsel has assumed compliance by the Successor Agency with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2016A Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Successor Agency, under existing statutes, interest on the 2016A Bonds is exempt from State personal income tax.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the 2016A Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2016A Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2016A Bonds in order that interest on the 2016A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2016A Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the 2016A Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Successor Agency has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2016A Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the 2016A Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a 2016A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the 2016A Bonds.

Prospective owners of the 2016A Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the 2016A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a 2016A Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the 2016A Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of 2016A Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any 2016A Bonds having OID (a “Tax-Exempt Discount Bond”), OID that has accrued and is properly allocable to the owners of the Tax-Exempt Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the 2016A Bonds.

In general, under Section 1288 of the Code, OID on a Tax-Exempt Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Tax-Exempt Discount Bond. An owner’s adjusted basis in a Tax-Exempt Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such 2016A Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Tax-Exempt Discount Bond even though there will not be a corresponding cash payment.

Owners of Tax-Exempt Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Tax-Exempt Discount Bonds.

Bond Premium

In general, if an owner acquires a 2016A Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the 2016A Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that 2016A Bond (a “Tax-Exempt Premium Bond”). In general, under Section 171 of the Code, an owner of a Tax-Exempt Premium Bond must amortize the bond premium over the remaining term of the Tax-Exempt Premium Bond, based on the owner’s yield over the remaining term of the Tax-Exempt Premium Bond determined based on constant yield principles (in certain cases involving a Tax-Exempt Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Tax-Exempt Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a Tax-Exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Tax-Exempt Premium Bond may realize a taxable gain upon disposition of the Tax-Exempt Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Tax-Exempt Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Tax-Exempt Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2016A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2016A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2016A Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the 2016A Bonds under Federal or state law or otherwise prevent beneficial owners of the 2016A Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2016A Bonds. For example, the Fiscal Year 2017 Budget proposed by the Obama Administration recommends a 28% limitation on “all itemized deductions, as well as other tax benefits” including “tax-exempt interest.” The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt bond, regardless of issue date.

Prospective purchasers of the 2016A Bonds should consult their own tax advisors regarding the foregoing matters.

Tax Matters – 2016B Bonds

In the opinion of Bond Counsel to the Successor Agency, interest on the 2016B Bonds (the “Taxable Bonds”) (i) is included in gross income for Federal income tax purposes, and (ii) is exempt, under existing statutes, from State personal income tax.

The following discussion is a brief summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of Taxable Bonds by original purchasers of the Taxable Bonds who are “U.S. Holders”, as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Taxable Bonds will be held as “capital assets”; and (iii) does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Taxable Bonds as a position in a “hedge” or “straddle”, holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders

who acquire Taxable Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Holders of Taxable Bonds should consult with their own tax advisors concerning the United States Federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount

In general, if Original Issue Discount (“OID”) is greater than a statutorily defined de minimis amount, a holder of a Taxable Bond must include in Federal gross income (for each day of the taxable year, or portion of the taxable year, in which such holder holds such Taxable Bond) the daily portion of OID, as it accrues (generally on a constant yield method) and regardless of the holder’s method of accounting. “OID” is the excess of (i) the “stated redemption price at maturity” over (ii) the “issue price”. For purposes of the foregoing: “issue price” means the first price at which a substantial amount of the Taxable Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); “stated redemption price at maturity” means the sum of all payments, other than “qualified stated interest”, provided by such Taxable Bond; “qualified stated interest” is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and “de minimis amount” is an amount equal to 0.25 percent of the Taxable Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity. A holder may irrevocably elect to include in gross income all interest that accrues on a Taxable Bond using the constant-yield method, subject to certain modifications.

Bond Premium

In general, if a Taxable Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Taxable Bond other than “qualified stated interest” (a “Taxable Premium Bond”), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the holder of a Taxable Premium Bond elects to amortize the premium as “amortizable bond premium” over the remaining term of the Taxable Premium Bond, determined based on constant yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the holder will make a corresponding adjustment to the holder’s basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the holder's original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Taxable Bond, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder’s adjusted tax basis in the Taxable Bond.

The Successor Agency may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer outstanding under the of the Indenture Taxable Bonds (a “defeasance”). See APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.” For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders of the Taxable Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Taxable Bond and the proceeds of the sale of a Taxable Bond before maturity within the United States. Backup withholding may apply to holders of Taxable Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term “U.S. Holder” means a beneficial owner of a Taxable Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, could affect the market price or marketability of the Taxable Bonds.

Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding the foregoing matters.

UNDERWRITING

The 2016A Bonds are being purchased by Morgan Stanley & Co. LLC (the “Underwriter”). The Underwriter has agreed to purchase the 2016A Bonds at a price of \$ _____ (being the principal amount of the 2016A Bonds of \$[Series A Par], plus a net original issue premium of \$ _____ and less an underwriter’s discount of \$ _____). The 2016B Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the 2016B Bonds at a price of \$ _____ (being the principal amount of the 2016B Bonds of \$[Series B Par], plus a net original issue premium of \$ _____ and less an underwriter’s discount of \$ _____). The purchase contract for the 2016 Bonds provides that the Underwriter will purchase all of the 2016 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by counsel and certain other conditions.

MUNICIPAL ADVISOR

The Successor Agency has retained Bartle Wells Associates to serve as Municipal Advisor in connection with the authorization, issuance, sale and delivery of the 2016 Bonds. Bartle Wells Associates is a registered municipal advisor.

VERIFICATION OF MATHEMATICAL ACCURACY

Upon delivery of the 2016 Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them that were prepared by the Successor Agency, relating to the sufficiency of monies to pay, when due, the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements with respect to the Prior Bonds. The report of the Verification Agent will include the statement to the effect that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or information coming to its attention, subsequent to the date of its report.

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 2016 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.

LEGALITY FOR INVESTMENT IN CALIFORNIA

The Redevelopment Law provides that obligations authorized and issued under the Redevelopment Law will be legal investments for all banks, trust companies and savings banks, insurance companies, and various other financial institutions, as well as for trust funds. The 2016 Bonds are also authorized security for public deposits under the Redevelopment Law.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), is expected to assign a rating of "___" (stable outlook) to the 2016 Bonds [with the understanding that upon delivery of the Bonds, the Policies guarantying the payment of principal of and interest on each Series of the Bonds when due will be issued by the 2016 Bond Insurer. See "BOND INSURANCE." In addition, S&P has assigned its underlying rating of "___" to the 2016 Bonds.]

Such ratings reflect only the views of S&P and any desired explanation of the significance of such ratings should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2016 Bonds. Investors should not make an investment decision based solely on the ratings of S&P. Investors must read this entire Official Statement to obtain information essential to making an informed investment decision with respect to the 2016 Bonds.

CONTINUING DISCLOSURE

The Successor Agency has covenanted for the benefit of the holders and beneficial owners of the 2016 Bonds pursuant to a Continuing Disclosure Certificate, dated the date of issuance of the 2016 Bonds (the “Continuing Disclosure Certificate”), to provide certain financial information and operating data relating to the Successor Agency (the “Annual Report”) no later than March 1 following the end of each fiscal year, commencing with the report for Fiscal Year 2015-16, and to provide notices of the occurrence of certain enumerated events through the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>. The specific nature of the information to be contained in the Annual Report and the enumerated events is set forth in APPENDIX E – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12, as amended (the “Rule”) promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

The Successor Agency did not submit its annual reports under the disclosure undertaking for the Redevelopment Agency of the City of Tulare 2010 Tax Allocation Bonds Series A, B and C for the fiscal years ending June 30, 2011, 2012, and 2013 until November 19, 2014. The Successor Agency has implemented procedures to help ensure that it complies with its disclosure undertakings under the Rule, including the Continuing Disclosure Certificate, in a timely basis in the future.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the 2016 Bonds and certain legal matters are subject to the approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Successor Agency. A complete copy of the proposed form of Bond Counsel’s opinion is attached as APPENDIX D. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

EXECUTION AND DELIVERY

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

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF TULARE

By: _____
Executive Director

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX B
FISCAL CONSULTANT'S REPORT

**SUCCESSOR AGENCY TO THE
TULARE REDEVELOPMENT AGENCY
FISCAL CONSULTANT REPORT**



DRAFT FISCAL CONSULTANT REPORT

**2016 TAX ALLOCATION REFUNDING
BONDS, SERIES A AND B**

Tulare Merged Redevelopment Project

**Successor Agency to the
Tulare Redevelopment Agency**

October 26, 2016

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INTRODUCTION

The City of Tulare is the Successor Agency to the Tulare Redevelopment Agency (“Agency”). This Fiscal Consultant Report (“Report”) has been prepared by RSG, Inc. (“RSG”) at the request of the Agency¹ in order to substantiate available tax revenues to be generated from the Merged Tulare Redevelopment Project Area (“Merged Project Area”) for the proposed 2016 Tax Allocation Refunding Bonds, Series A and B (“2016 TABS”). The 2016 TABS will refinance all of the currently outstanding bonded indebtedness incurred by the former Tulare Redevelopment Agency for its 2010 Tax Allocation Bonds, Series A (Tax-Exempt), 2010 Tax Allocation Bonds, Series B (Taxable), and 2010 Tax Allocation Housing Bonds, Series C (Taxable) (collectively, the “2010 Bonds”), thus reducing the total amount of the Agency’s debt service.

The further purpose of this Report is to estimate future tax revenues from the Merged Project Area that will be available to pay debt obligations. Future revenue has been estimated based upon the construction of a tax revenue projection model (“Revenue Projections”) included within this Report. The Report also includes and describes the general methodology and assumptions used to prepare the Revenue Projections and provides historical assessed valuation, revenue, and other pertinent information pertaining to the Merged Project Area and its constituent Project Areas (described in more detail in the Background Section). The following tables and graphs are provided as back-up and support for the Revenue Projections.

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¹ Compensation paid to RSG by the Agency for preparation of this Report is not contingent upon the sale of bonds.

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The Merged Project Area’s total assessed value for Fiscal Year (“FY”) 2016-17 is \$892,264,242, representing an increase of 1.3% over FY 2015-16 assessed valuations. Gross tax revenue for FY 2016-17 is estimated to be \$6,622,883. Table 1, on the following page, summarizes the overall findings of this Report, including Revenue Projections illustrating the amount of net tax revenue available to the Agency for the 2016 TABS. Assumptions for the projections are detailed in the remainder of this Report.

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**SUCCESSOR AGENCY TO THE
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Tax Increment Revenue Projections

Table 1

**Tulare Successor Agency
Merged Project Area**

Bond Year	Fiscal Year	Total Assessed Valuation	Incremental Valuation	Unitary Revenue	Estimated Gross Tax Revenue	County Admin Fees	Low/Mod Housing Set-aside (1)	Section 33676 Pass Throughs	Negotiated Pass Throughs	Senior AB 1290 Payments	Land O Lakes Agreement Payment	Net Tax Revenue after Senior Obligations (2)	Subordinate AB 1290 Payments	Net Revenue Less Subordinate AB 1290	
					1%	2.6%	20%								
Base Year															
Value:		\$229,975,984													
1	2016-17	\$ 892,264,242	\$ 662,288,258	\$ 118,947	\$ 6,741,830	\$ 172,633	\$ 1,348,366	\$ 75,021	\$ 950,222	\$ 261,643	\$ 283,007	\$ 4,999,303	\$ 650,112	\$ 4,349,191	
2	2017-18	903,417,338	673,441,354	118,947	6,853,361	175,489	1,370,672	76,521	966,303	269,109	288,159	5,077,778	673,487	4,404,291	
3	2018-19	912,810,203	682,834,219	118,947	6,947,289	177,894	1,389,458	78,052	981,852	275,365	293,478	5,140,648	693,979	4,446,669	
4	2019-20	922,413,104	692,437,120	118,947	7,043,318	180,353	1,408,664	79,613	997,665	281,796	298,835	5,205,057	714,936	4,490,121	
5	2020-21	932,181,729	702,205,745	118,947	7,141,004	182,855	1,428,201	81,205	1,054,205	288,352	304,232	5,230,156	737,384	4,492,772	
6	2021-22	941,631,632	711,655,648	118,947	7,235,503	185,274	1,447,101	82,829	1,070,008	294,923	309,671	5,292,797	759,139	4,533,659	
7	2022-23	956,594,002	726,618,018	118,947	7,385,127	189,106	1,477,025	84,486	1,093,287	304,390	316,973	5,396,886	791,202	4,605,684	
8	2023-24	971,825,443	741,849,459	118,947	7,537,442	193,006	1,507,488	86,176	1,117,031	314,021	324,354	5,502,854	823,861	4,678,993	
9	2024-25	987,331,034	757,355,050	118,947	7,692,498	196,976	1,538,500	87,899	1,141,250	323,819	-	5,942,552	857,126	5,085,426	
10	2025-26	1,002,751,069	772,775,085	118,947	7,846,698	200,925	1,569,340	89,657	1,164,836	333,732	-	6,057,549	890,180	5,167,369	
11	2026-27	1,018,820,596	788,844,612	118,947	8,007,393	205,040	1,601,479	91,450	1,190,033	343,875	-	6,176,995	924,694	5,252,301	
12	2027-28	1,038,351,736	808,375,752	118,947	8,202,705	210,041	1,640,541	93,279	1,215,735	356,793	-	6,326,856	964,687	5,362,170	
13	2028-29	1,058,273,498	828,297,514	118,947	8,401,922	215,142	1,680,384	95,145	1,241,951	372,370	-	6,477,314	1,008,882	5,468,432	
14	2029-30	1,078,314,294	848,338,310	118,947	8,602,330	220,274	1,720,466	97,048	1,267,796	388,874	-	6,628,339	1,054,195	5,574,144	
15	2030-31	1,099,040,896	869,064,912	118,947	8,809,596	225,581	1,761,919	98,989	1,295,071	405,736	-	6,784,220	1,101,063	5,683,157	
16	2031-32	1,120,182,030	890,206,046	118,947	9,021,007	230,995	1,804,201	100,968	1,322,891	425,465	-	6,940,688	1,152,455	5,788,233	
17	2032-33	1,141,745,986	911,770,002	118,947	9,236,647	236,516	1,847,329	102,988	1,351,268	445,589	-	7,100,287	1,204,875	5,895,412	
18	2033-34	1,163,523,952	933,547,968	118,947	9,454,427	242,093	1,890,885	105,048	1,379,496	467,181	-	7,260,610	1,259,381	6,001,229	
19	2034-35	1,185,959,093	955,983,109	118,947	9,678,778	247,838	1,935,756	107,148	1,409,019	492,451	-	7,422,321	1,331,707	6,090,615	
20	2035-36	1,208,842,936	978,866,952	118,947	9,907,617	253,697	1,981,523	109,291	1,439,133	518,228	-	7,587,267	1,398,127	6,189,140	
21	2036-37	1,232,184,456	1,002,208,472	118,947	10,141,032	259,674	2,028,206	111,477	1,469,848	544,520	-	7,755,512	1,465,875	6,289,637	
22	2037-38	1,255,822,117	1,025,846,133	118,947	10,377,408	265,727	2,075,482	113,707	1,500,606	571,328	-	7,926,041	1,534,588	6,391,453	
23	2038-39	1,280,106,635	1,050,130,651	118,947	10,620,254	271,945	2,124,051	115,981	1,532,563	598,682	-	8,101,082	1,605,073	6,496,009	
24	2039-40	1,304,876,843	1,074,900,859	118,947	10,867,956	278,288	2,173,591	118,301	1,565,159	626,583	-	8,279,625	1,676,968	6,602,657	
25	2040-41	1,330,142,455	1,100,166,471	118,947	11,120,612	284,758	2,224,122	120,667	1,598,406	655,042	-	8,461,739	1,751,605	6,710,134	
TOTAL					\$ 214,873,753	\$ 5,502,120	\$ 42,974,751	\$ 2,402,945	\$ 31,315,632	\$ 10,159,868	\$ 2,418,710	\$ 163,074,478	\$ 27,025,581	\$ 136,048,897	

(1) The Dissolution Act eliminated the 20% housing set aside requirement and gross revenue is available to repay debt service. This is shown for illustrative purposes only.
(2) The amount shown as Net Tax Revenue after Senior Obligations is not net of pass-through payments that are subordinate to the debt service and is not net of housing.



BACKGROUND

The Merged Project Area is located in the City of Tulare (“City”) in Tulare County (“County”), California. The City is approximately 60 miles north of the City of Bakersfield. The City was incorporated in 1888 and encompasses an area of nearly 13,500 acres of land. According to the U.S. Census, as of 2010, the City had a total of 59,278 residents and 19,013 housing units. The City is known for its agriculture and central location to several key markets within California.

The Merged Project Area is comprised of four formerly independent redevelopment project areas. In 2007, the Tulare Redevelopment Agency (“RDA”) determined the four separate project areas would be more effective if merged. In September 2009, the former RDA merged the four project areas into one Merged Project Area. The Merged Project Area includes:

- The Downtown Project Area, including the territory that was originally included (“Original Area”) plus two amended areas (“Second Amendment Area” and “Third Amendment Area”), collectively known as the “Downtown Project Area”. The Downtown Project Area consists of a total of 314 acres.
- The Alpine Project Area, which consists of an Original and an Amendment Area, collectively known as the “Alpine Project Area”. The Alpine Project Area includes 260 acres of land.
- The West Tulare Project Area, which has 819 acres of land.
- The South K Street Project Area, which consists of an Original and Amendment Area, collectively known as the “South K Street Project Area”. The South K Street Project Area has 807 acres of land.

RECENT CHANGES TO REDEVELOPMENT LAW

Due to Assembly Bill x1 26 (“ABx1 26”), upheld by the California State Supreme Court in December 2011, all redevelopment agencies were dissolved on February 1, 2012. This action implemented significant changes to the Health and Safety (“H&S”) Code, including severe restrictions on any redevelopment activities, as well as changes to the method for collection and distribution of tax increment. For each dissolved redevelopment agency, a successor agency was created to wind down redevelopment activities and oversee payment of all valid debts, including bond indebtedness. When the Tulare Redevelopment Agency was dissolved, the City elected to become the successor agency. Under current dissolution law, most actions taken by the Agency require approval by a seven-member Oversight Board (“Oversight Board”), whose actions are in turn reviewed by the California State Department of Finance (“DOF”), including the refinancing of debt.

Unlike redevelopment agencies, successor agencies are not allocated all tax increment in a project area. Instead, successor agencies are allocated available revenues in amounts necessary to pay valid debts, or recognized enforceable obligations, according to schedules created by the successor agency and approved by DOF once a year. These schedules are known as Recognized Obligation Payment Schedules, or “ROPS.”

All property tax formerly known as tax increment is now collected by county auditor-controllers and deposited pursuant to H&S Code Section 34183 into successor agencies’ Redevelopment Property Tax Trust Fund (“RPTTF”). Former tax increment is distributed in the following priority:

- (1) County and State administrative fees;
- (2) Taxing agency (“pass-through”) payments;
- (3) Successor agency debts, including bond debt, as identified on the ROPS;
- (4) Successor agency administrative costs; and
- (5) All remaining money is shared among the project area’s affected taxing agencies.

Subtraction of the County and State administrative fees and the pass-through payments from the gross incremental revenue results in the net revenue available for the Successor Agency’s debt service payments and other obligations (“Total Net Revenue”).

It should be noted that pass-through payments that were subordinated to bond issues remain subordinate under ABx1 26. However, a successor agency would need to substantiate an insufficiency in RPTTF funds in order to initiate subordination of pass-through payments.

ELIMINATION OF LOW AND MODERATE INCOME HOUSING SET-ASIDE

Under ABx1 26 and Assembly Bill 1484 (“AB 1484”) (together with Senate Bill 107, the “Dissolution Act”), the requirement for redevelopment agencies to set aside 20% of their annual tax increment revenue for affordable housing has been abolished. Only in the circumstance in which a successor agency has loans outstanding against their housing fund is it required that property tax revenues flow back to the successor agency’s housing entity to be reserved for affordable housing.

The effect of the abolition of the housing set-aside requirement in the Agency’s case is to increase the available property tax revenue by the previously required 20% deposit. Pursuant to the Dissolution Act, 100% of the property tax revenue generated by the Merged Project Area now goes into the Agency’s RPTTF, thereby increasing the revenue available to cover debt service payments. However, because outstanding housing bonds will be part of the 2016 TABS, RSG has prepared

Revenue Projections illustrating the amount of tax revenue available both with and without the 20% set-aside. If there is a shortfall in funding, the 20% of the RPTTF is technically required to be used first to pay housing obligations.

TAX INCREMENT REVENUE VERSUS PROPERTY TAX REVENUE

On a technical note, the Dissolution Act essentially eliminated the term “tax increment” and refers instead only to property taxes. However, it is important to note that the process for determining the property tax amounts subject to the Dissolution Act continues to be determined in the same manner utilized prior to dissolution (i.e., the base year value is subtracted from the current year value and property taxes are paid based on this incremental value). For the purpose of consistency with the Official Statement and Indenture, this Report uses the term “tax revenue” to refer to those property taxes generated in the Merged Project Area from the assessed value above the established base year value.

REDEVELOPMENT PLAN LIMITATIONS

The former California Community Redevelopment Law, H&S Code Section 33000, et seq., required redevelopment agencies to include certain time and financial limits in adopted redevelopment plans. The Plan contains certain time and financial limitations regarding the collection of tax revenue, incurring bonded indebtedness, and redevelopment plan effectiveness. Pursuant to Senate Bill 107 and the amended H&S Code Section 34189, however, successor agencies are no longer bound by time and financial limits of adopted redevelopment plans. HSC 34189 now states:

34189. (a) Commencing on the effective date of this part, all provisions of the Community Redevelopment Law that depend on the allocation of tax increment to redevelopment agencies, including, but not limited to, Sections 33445, 33640, 33641, and 33645, and subdivision (b) of Section 33670, shall be inoperative. Solely for the purposes of the payment of enforceable obligations defined by subparagraphs (A) to (G), inclusive, of paragraph (1) of subdivision (d) of Section 34171 and subdivision (b) of Section 34191.4, and for no other purpose whatsoever, a successor agency is not subject to the limitations relating to time, number of tax dollars, or any other matters set forth in Sections 33333.2, 33333.4, and 33333.6. Notwithstanding any other provision in this section, this subdivision shall not result in the restoration or continuation of funding for projects whose contractual terms specified that project funding would cease once the limitations specified in any of Section 33333.2, 33333.4, or 33333.6 were realized.

Regardless of the elimination of redevelopment plan time limits, the proposed terms of the 2016 Bonds will not extend beyond the terms of the 2010 Bonds. Thus, debt service payments for the 2016 Bonds are scheduled to cease in FY 2040-41.

HISTORICAL ASSESSED VALUATION & REVENUES

The ad valorem property tax system in California dictates that property taxes be based upon a 1% general levy tax rate applied to non-exempt local and state secured and unsecured assessed valuations. In accordance with the H&S Code and the Plan, the Agency collects tax revenue generated by increases in assessed valuation above the base year assessed valuation, or the assessed valuation at the time a project area is adopted. Each year, the local roll is released by the

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Tulare County Assessor (“Assessor”) to the Tulare County Auditor-Controller (“Auditor” or “Auditor-Controller”), who establishes the equalized assessment roll and provides a report of Merged Project Area assessed valuations for the current fiscal year and base year.

As reported by the County Auditor in 2016-17, the FY 2016-17 base year assessed valuation for the Project Area is \$229,975,984. Base year assessed valuations can occasionally fluctuate, often due to formerly exempt land uses being sold for private purposes or, conversely, private property purchased by a government becoming exempt. For example, from FY 2010-11 to FY 2011-12, the base year value in the Merged Project Area increased from \$225,886,646 to the current amount of \$229,975,984. The change in base year value occurred due to a change in the South K Street Project Area. For the purposes of this Report, the Agency’s tax revenues are projected based upon future assessed valuation in excess of the base year assessed value currently in use by the County Auditor.

Table 2 provides a 10-year historical summary of assessed valuations in the Merged Project Area. FY 2016-17 assessed value in the Merged Project Area is 21% higher than it was in 2007-08. Following a decrease between FY 2010-11 and FY 2013-14, assessed values reached an historic high in 2014-15 after growing more than 7% over the previous year and have continued to grow, albeit slowly, since then.

Historical Assessed Valuations **Table 2**
Tulare Successor Agency
Merged Project Area

Fiscal Year	Total Taxable Value	Percentage Change from Prior Year	Percentage Change from 2007-08
2007-08	\$ 736,221,986	3.8%	
2008-09	774,125,471	5.1%	5.1%
2009-10	859,584,072	11.0%	16.8%
2010-11	854,161,285	-0.6%	16.0%
2011-12	867,850,513	1.6%	17.9%
2012-13	844,940,461	-2.6%	14.8%
2013-14	816,884,582	-3.3%	11.0%
2014-15	877,594,528	7.4%	19.2%
2015-16	883,787,705	0.7%	20.0%
2016-17	892,264,242	1.0%	21.2%

Source: Tulare County Auditor-Controller

Table 3 provides a five-year historical summary of assessed valuations and tax revenues generated from the Merged Project Area and its constituent Project Areas. Based on current and base year assessed valuations provided in Table 3, the FY 2016-17 incremental assessed valuation is \$662,288,258, which serves as the basis for the Revenue Projections.

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Following the trend in assessed valuations shown in Table 2, incremental assessed value in the Merged Project Area decreased from FY 2012-13 to FY 2013-14 (as well as in the previous year), but increased 10.34% to FY 2014-15 and continued to increase after that. These changes in incremental assessed value have been inconsistent among the project areas. The Downtown and Alpine Project Areas decreased in incremental assessed value followed by a large increase and then two years of smaller, continued increases. The Downtown and Alpine Project Areas combined constitute approximately 43% to 45% of the Merged Project Area's incremental assessed value.

Incremental assessed value in the West Tulare Project Area, on the other hand, has consistently increased over the last five years (following large decreases in FYs 2009-10, 2010-11, and 2012-13). While not fully recovered to its previous peak level, the West Tulare Project Area's incremental assessed value increased in FY 2016-17 to its highest level since FY 2008-09. The West Tulare Project Area currently provides 14% of the Merged Project Area's incremental assessed value.

The South K Street Project Area has also experienced a different trend in incremental assessed value compared to the Merged Project Area. Aside from growth from FY 2013-14 to FY 2014-15, incremental assessed value in the South K Street Project Area decreased each year. Over the five-year span, the South K Street Project Area's incremental assessed value decreased from \$290.7 million to \$266.9 million. The South K Street Project Area constitutes approximately 40% of the Merged Project Area's incremental assessed value.

Despite the decline in the South K Street Project Area, the Merged Project Area's incremental assessed value has been increasing since FY 2013-14. The gross estimated total revenue, equal to 1% of incremental assessed value has similarly increased since FY 2013-14. As Table 3 shows, gross actual revenue is typically not equal to 1% of the incremental assessed value, ranging between 98% and 104% of the gross estimated total revenue. This discrepancy occurs due to supplemental revenue, delinquencies, and assessment roll corrections (ARCs). Supplemental revenue is the revenue generated from supplemental tax bills, which are issued when a property sale occurs or construction is completed after January 1st (the Assessor's cut-off date for the next year's assessment roll). The County is not on the Teeter Plan and the Agency is affected by delinquent property tax payments. ARCs relate to values that were added to the assessment roll after it was finalized on August 20, the date by which the roll is required by law to be equalized; these roll corrections occur for any of a variety of reasons, including corrected exemptions and errors by the Assessor.

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Historic Assessed Values and Tax Increment Revenue
Tulare Successor Agency

Table 3

	2012-13		2013-14		2014-15		2015-16		2016-17	
	Value	% change (1)	Value	% change (1)	Value	% change (1)	Value	% change (1)	Value	% change (1)
Merged Project Area										
Secured Assessed Value (2)	\$ 804,504,054	-3.80%	\$ 773,971,304	7.77%	\$ 834,142,938	0.87%	\$ 841,432,077	0.84%	\$ 848,476,670	
Utility Assessed Value	3,645,427		2,858,472		2,858,472		2,858,472		2,858,472	
Unsecured Assessed Value	36,790,980		40,054,806		40,593,118		39,497,156		40,929,100	
Total Assessed Value	844,940,461	-3.32%	816,884,582	7.43%	877,594,528	0.71%	883,787,705	0.96%	892,264,242	
<i>Less: Base Year</i>	(229,975,984)		(229,975,984)		(229,975,984)		(229,975,984)		(229,975,984)	
Incremental Assessed Value	614,964,477	-4.56%	586,908,598	10.34%	647,618,544	0.96%	653,811,721	1.30%	662,288,258	
Downtown Project Area										
Secured Assessed Value (2)	\$ 89,766,795	-1.27%	\$ 88,623,844	9.36%	\$ 96,921,534	1.42%	\$ 98,301,565	2.34%	\$ 100,606,645	
Utility Assessed Value	3,645,427		2,858,472		2,858,472		2,858,472		2,858,472	
Unsecured Assessed Value	15,274,159		14,711,134		14,166,282		13,572,709		13,364,545	
Total Assessed Value	108,686,381	-2.29%	106,193,450	7.30%	113,946,288	0.69%	114,732,746	1.83%	116,829,662	
<i>Less: Base Year</i>	(48,703,059)		(48,703,059)		(48,703,059)		(48,703,059)		(48,703,059)	
Incremental Assessed Value	59,983,322	-4.16%	57,490,391	13.49%	65,243,229	1.21%	66,029,687	3.18%	68,126,603	
Alpine Project Area										
Secured Assessed Value (2)	\$ 222,298,292	-5.84%	\$ 209,312,983	7.84%	\$ 225,728,127	3.79%	\$ 234,291,637	2.25%	\$ 239,572,379	
Utility Assessed Value	-		-		-		-		-	
Unsecured Assessed Value	3,841,094		3,597,600		3,235,745		6,911,298		6,343,818	
Total Assessed Value	226,139,386	-5.85%	212,910,583	7.54%	228,963,872	5.35%	241,202,935	1.95%	245,916,197	
<i>Less: Base Year</i>	(13,571,730)		(13,571,730)		(13,571,730)		(13,571,730)		(13,571,730)	
Incremental Assessed Value	212,567,656	-6.22%	199,338,853	8.05%	215,392,142	5.68%	227,631,205	2.07%	232,344,467	
West Tulare Project Area										
Secured Assessed Value (2)	\$ 164,122,984	3.75%	\$ 170,281,490	11.37%	\$ 189,650,318	4.08%	\$ 197,378,754	4.65%	\$ 206,550,975	
Utility Assessed Value	-		-		-		-		-	
Unsecured Assessed Value	5,194,647		7,874,325		8,831,143		4,261,615		5,924,775	
Total Assessed Value	169,317,631	5.22%	178,155,815	11.41%	198,481,461	1.59%	201,640,369	5.37%	212,475,750	
<i>Less: Base Year</i>	(117,606,203)		(117,606,203)		(117,606,203)		(117,606,203)		(117,606,203)	
Incremental Assessed Value	51,711,428	17.09%	60,549,612	33.57%	80,875,258	3.91%	84,034,166	12.89%	94,869,547	
South K Street Project Area										
Secured Assessed Value (2)	\$ 328,315,983	-6.87%	\$ 305,752,987	5.26%	\$ 321,842,959	-3.23%	\$ 311,460,121	-3.12%	\$ 301,746,671	
Utility Assessed Value	-		-		-		-		-	
Unsecured Assessed Value	12,481,080		13,871,747		14,359,948		14,751,534		15,295,962	
Total Assessed Value	340,797,063	-6.21%	319,624,734	5.19%	336,202,907	-2.97%	326,211,655	-2.81%	317,042,633	
<i>Less: Base Year</i>	(50,094,992)		(50,094,992)		(50,094,992)		(50,094,992)		(50,094,992)	
Incremental Assessed Value	290,702,071	-7.28%	269,529,742	6.15%	286,107,915	-3.49%	276,116,663	-3.32%	266,947,641	
Incremental Assessed Value	\$ 614,964,477		\$ 586,908,598		\$ 647,618,544		\$ 653,811,721		\$ 662,288,258	
Gross Estimated Total Revenue	6,149,645		5,869,086		6,476,185		6,538,117		6,622,883	
Gross Actual Revenue	6,057,125		5,735,458		6,692,912		6,803,579		N/A	
<i>Less: County Administrative Fee</i>	(164,535)		(159,492)		(166,521)		(159,350)		N/A	
<i>Less: Pass Throughs</i>	(1,693,371)		(1,675,899)		(1,847,666)		(1,924,732)		N/A	
Net Actual Revenue	\$ 4,199,219		\$ 3,900,067		\$ 4,678,725		\$ 4,719,497		N/A	
% Gross Actual v Estimated (3)		98%		98%		103%		104%		

Sources: Tulare County Assessor 2016-17 Tax Roll, Tulare County Auditor-Controller

(1) Represents the change in value from the previous fiscal year.

(2) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(3) Although the Project Area is paid 100% of its gross levy, gross actual revenue is not equal to 1% of Incremental assessed value most fiscal years due to roll corrections and supplemental revenue.

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TOP 10 TAXPAYERS

A significant concentration of assessed value in the Merged Project Area is among the top 10 taxpayers. Top taxpayers were identified based upon property owners with the largest taxable assessed valuation recorded on the County Assessor's 2016-17 Equalized Assessment Roll. In the Merged Project Area, the 10 largest taxpayers (shown in Table 4) own 123 parcels with a combined value of over \$458 million, or 51.39% of the area's FY 2016-17 total taxable assessed valuation.

Fiscal Year 2016-17 Top 10 Taxpayers

Table 4A

**Tulare Successor Agency
Merged Project Area**

Taxpayer	# of Parcels	Land Use(s)	Total Secured Assessed Value	Total Unsecured Assessed Value	Total Assessed Value	% of Project Area FY 2016-17 Total Assessed Value	% of Project Area FY 2016-17 Incremental Assessed Value
1 Land O'Lakes, Inc. (1)	22	Industrial, Commercial	\$ 182,547,043	\$3,687,590	\$ 186,234,633	20.87%	28.12%
2 Saputo Cheese USA Inc.	1	Industrial	168,264,970	7,080	168,272,050	18.86%	25.41%
3 United States Cold Storage of California	2	Industrial	43,270,572	-	43,270,572	4.85%	6.53%
4 Sulphur Springs Cultured Specialties	2	Industrial, Commercial	23,448,082	6,700	23,454,782	2.63%	3.54%
5 Love's Travel Stops & Country Stores of California	3	Commercial	11,453,700	448,720	11,902,420	1.33%	1.80%
6 Ruiz Foods Products Inc.	1	Industrial	5,981,902	-	5,981,902	0.67%	0.90%
7 J.D. Heiskell & Co. (2)	8	Industrial, Commercial, Residential	5,032,399	283,440	5,315,839	0.60%	0.80%
8 Stephen C. Secrest (3)	78	Residential, Industrial, Commercial	5,119,500	-	5,119,500	0.57%	0.77%
9 Plaza Place, Inc.	1	Commercial	4,547,121	-	4,547,121	0.51%	0.69%
10 Freitas Rentals 2 LP	5	Industrial, Commercial	3,549,918	853,070	4,402,988	0.49%	0.66%
Subtotal	123				\$ 458,501,807	51.39%	69.23%
Project Area FY 2016-17 Total Assessed Value					\$ 892,264,242		
Project Area FY 2016-17 Incremental Assessed Value					\$ 662,288,258		

(1) Listed as Land O Lakes Inc., Land O Lakes Inc., and Land O Lakes

(2) Also listed as J.D. Heiskell & Co. Inc. and J.D. Heiskell Holdings LLC

(3) Also listed as Secrest Sales Co. Inc., Stepehn C. Secrest, Stephen & Koleen Secrest, Stephen Charles Secrest, Stephen Charles & Koleen Maria Secrest, Steve Secrest, Steve C. Secrest

Source: County of Tulare 2016-17 Equalized Property Tax Roll

Descriptions of the top three taxpayers that represent the highest concentration are presented below:

- Land O'Lakes is the taxpayer for 22 industrial and commercially zoned parcels within the Merged Project Area. The parcels have a total FY 2016-17 assessed value of over \$186 million. The former RDA entered into an agreement with Land O'Lakes on April 21, 2011 to pay Land O'Lakes a portion of the increase in the annual tax increments from the site received by the the former RDA until June 30, 2024.
- Saputo Cheese USA Inc. is the taxpayer for one industrial zoned parcel within the Merged Project Area with a total assessed value of over \$168 million. A plant that produces cheese is currently located on the parcel.
- United States Cold Storage of California is the taxpayer for two parcels in the Merged Project Area zoned for industrial use. The assessed value of the parcels totals over \$43 million. The parcels are developed with for various companies to use as cold stoarge for a range of products. They recently upgraded their Tulare distribution facilities in 2002.

The following narrative describes the Top 10 Taxpayers tables broken down by each of the constituent Project Areas.

The top two taxpayers in the Downtown Project Area are also in the top 10 taxpayers for the Merged Project Area. Sulpher Springs Cultured Specialties is the fourth highest taxpayer in the Merged Project Area and owns two parcels in the Downtown Project Area with an assessed value of over \$23 million. J.D. Heiskell & Co. is the seventh highest taxpayer in the Merged Project Area

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and owns three parcels in the Downtown Project Area with an assessed value of just over \$5 million.

Fiscal Year 2016-17 Top 10 Taxpayers

Table 4B

**Tulare Successor Agency
Downtown Project Area**

Taxpayer	# of Parcels	Land Use(s)	Total Secured Assessed Value	Total Unsecured Assessed Value	Total Assessed Value	% of Project Area FY 2016-17 Total Assessed Value	% of Project Area FY 2016-17 Incremental Assessed Value
1 Sulphur Springs Cultured Specialties	2	Industrial, Commercial	\$ 23,448,082	\$ 6,700	\$ 23,454,782	20.08%	34.43%
2 J.D. Heiskell & Co. (1)	3	Industrial	4,843,343	283,440	5,126,783	4.39%	7.53%
3 Annathan Holdings, LLC	3	Commercial	1,930,998	798,930	2,729,928	2.34%	4.01%
4 Bos Properties LLC	1	Commercial	2,208,592	327,420	2,536,012	2.17%	3.72%
5 Choboian Trusts (2)	3	Commercial	1,888,422	56,901	1,945,323	1.67%	2.86%
6 Josephine Massimini Trust	1	Commercial	1,343,202	332,350	1,675,552	1.43%	2.46%
7 Blain Companies (3)	7	Commercial	1,535,364	49,340	1,584,704	1.36%	2.33%
8 E & R Properties LLC	1	Commercial	1,109,583	375,450	1,485,033	1.27%	2.18%
9 James Pidgeon	3	Commercial	1,424,997	54,072	1,479,069	1.27%	2.17%
10 Well Fargo & Company	1	Commercial	1,408,378	-	1,408,378	1.21%	2.07%
Subtotal	25				\$ 43,425,564	37.17%	63.74%
Project Area FY 2016-17 Total Assessed Value					\$ 116,829,662		
Project Area FY 2016-17 Incremental Assessed Value					\$ 68,126,603		

(1) Also listed as J.D. Heiskell & Co. Inc.

(2) Listed as Mitchell Choboian Trust, Mitchell Choboian Trust MC, and Manya Evon Choboian Trust

(3) Listed as Blain Investments, Kevin W. Blain, and Kevin Blain

Source: County of Tulare 2016-17 Equalized Property Tax Roll

Land O'Lakes, the highest taxpayer in the Merged Project Area, is in the Alpine Project Area. They are the only top 10 taxpayer in the Merged Project Area also in the Alpine Project Area.

Fiscal Year 2016-17 Top 10 Taxpayers

Table 4C

**Tulare Successor Agency
Alpine Project Area**

Taxpayer	# of Parcels	Land Use(s)	Total Secured Assessed Value	Total Unsecured Assessed Value	Total Assessed Value	% of Project Area FY 2016-17 Total Assessed Value	% of Project Area FY 2016-17 Incremental Assessed Value
1 Land O'Lakes, Inc. (1)	22	Industrial, Commercial	\$ 182,547,043	\$3,687,590	\$ 186,234,633	75.73%	80.15%
2 Tulare Petroleum, Inc.	1	Commercial	1,967,516	794,110	2,761,626	1.12%	1.19%
3 Lionel & Vicki Pires Trust (2)	2	Commercial, Miscellaneous	2,009,737	337,267	2,347,004	0.95%	1.01%
4 Mark & Paula Taylor Trust	4	Commercial	1,193,001	361,204	1,554,205	0.63%	0.67%
5 Calva Products Inc.	1	Industrial	1,329,390	-	1,329,390	0.54%	0.57%
6 Majco Inc.	1	Commercial	1,150,000	-	1,150,000	0.47%	0.49%
7 Matt & Denyse Weaver	1	Commercial	853,688	29,170	882,858	0.36%	0.38%
8 Camara Auto Services, Inc. (3)	2	Commercial	745,232	33,060	778,292	0.32%	0.33%
9 Sturgeon & Beck, Inc.	5	Commercial	597,750	28,690	626,440	0.25%	0.27%
10 Beak Investments LLC	6	Residential	488,404	-	488,404	0.20%	0.21%
Subtotal	45				\$ 198,152,852	80.58%	85.28%
Project Area FY 2016-17 Total Assessed Value					\$ 245,916,197		
Project Area FY 2016-17 Incremental Assessed Value					\$ 232,344,467		

(1) Listed as Land O Lakes, Inc. and Land O Lakes

(2) Also listed as Lionel J. & Vicki L. Pires Trust

(3) Also listed as Sturgeon and Beck Inc. and Sturgeon & Beck

Source: County of Tulare 2016-17 Equalized Property Tax Roll

The top two taxpayers in the West Tulare Project Area are also in the top 10 taxpayers for the Merged Project Area. Plaza Place, Inc. is the ninth highest taxpayer in the Merged Project Area and owns one parcel in the West Tulare Project Area with an assessed value of \$4.5 million. Stephen C. Secrest is the eighth highest taxpayer in the Merged Project Area and owns 65 parcels in the West Tulare Project Area with an assessed value of \$4.2 million. In the Merged Project Area, Stephen C. Secrest owns 78 parcels with an assessed value of \$5.1 million.

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Fiscal Year 2016-17 Top 10 Taxpayers

Table 4D

**Tulare Successor Agency
West Tulare Project Area**

Taxpayer	# of Parcels	Land Use(s)	Total Secured Assessed Value	Total Unsecured Assessed Value	Total Assessed Value	% of Project Area FY 2016-17 Total Assessed Value	% of Project Area FY 2016-17 Incremental Assessed Value
1 Plaza Place, Inc.	1	Commercial	\$ 4,547,121	\$ -	\$ 4,547,121	2.14%	4.79%
2 Stephen C. Secrest (1)	65	Residential, Commercial	4,255,718	-	4,255,718	2.00%	4.49%
3 Tulare Mini Storage	2	Commercial	3,829,525	37,967	3,867,492	1.82%	4.08%
4 CVS Pharmacy / CVS Health	1	Commercial	3,197,500	322,730	3,520,230	1.66%	3.71%
5 Carlos & Berta De Ochoa Trust	6	Residential, Commercial	1,921,260	265,890	2,187,150	1.03%	2.31%
6 Family Dollar Stores, Inc.	1	Commercial	2,044,465	-	2,044,465	0.96%	2.16%
7 JCH Family Limited Partnership	45	Residential	2,017,845	8,555	2,026,400	0.95%	2.14%
8 Steven Gong Trust (2)	2	Commercial	1,722,902	32,120	1,755,022	0.83%	1.85%
9 Gurdeep & Kuldeep Singh	1	Commercial	1,035,641	368,632	1,404,273	0.66%	1.48%
10 Gill Balraj Singh General Partners	1	Commercial	1,400,000	2,650	1,402,650	0.66%	1.48%
Subtotal	125				\$ 27,010,521	12.71%	28.47%
Project Area FY 2016-17 Total Assessed Value					\$ 212,475,750		
Project Area FY 2016-17 Incremental Assessed Value					\$ 94,869,547		

(1) Also listed as Secrest Sales Co. Inc., Stepehn C. Secrest, Stephen & Koleon Secrest, Stephen Charles Secrest, Stephen Charles & Koleon Maria Secrest, Steve Secrest,
(2) Listed at Steven Gong Co-Trust and Steven Gong Co. Trust

Source: County of Tulare 2016-17 Equalized Property Tax Roll

The top five taxpayers in the South K Street Project Area are also in the top 10 taxpayers for the Merged Project Area. Saputo Cheese USA Inc. is the second highest taxpayer in the Merged Project Area and owns one parcel in the South K Street Project Area with an assessed value of over \$168 million. United States Cold Storage of California is the third highest taxpayer in the Merged Project Area and owns two parcels in the South K Street Project Area with an assessed value of just over \$43 million. The remaining three taxpayers in the South K Street Project Area also in the Merged Project Area's top 10 taxpayers are: Love's Travel Stops & Country Stores of California, Ruiz Foods Products Inc., and Freitas Rentals 2 LP ranked third, sixth, and tenth in the Merged Project Area, respectively.

Fiscal Year 2016-17 Top 10 Taxpayers

Table 4E

**Tulare Successor Agency
South K Street Project Area**

Taxpayer	# of Parcels	Land Use(s)	Total Secured Assessed Value	Total Unsecured Assessed Value	Total Assessed Value	% of Project Area FY 2016-17 Total Assessed Value	% of Project Area FY 2016-17 Incremental Assessed Value
1 Saputo Cheese USA Inc.	1	Industrial	\$ 168,264,970	\$ 7,080	\$ 168,272,050	53.08%	63.04%
2 United States Cold Storage of California	2	Industrial	43,270,572	-	43,270,572	13.65%	16.21%
3 Love's Travel Stops & Country Stores of California	3	Commercial	11,453,700	448,720	11,902,420	3.75%	4.46%
4 Ruiz Foods Products Inc.	1	Industrial	5,981,902	-	5,981,902	1.89%	2.24%
5 Freitas Rentals 2 LP (1)	5	Industrial, Commercial	3,549,918	853,070	4,402,988	1.39%	1.65%
6 Knight Transportation Inc.	2	Commercial	2,923,210	-	2,923,210	0.92%	1.10%
7 RJA Properties (2)	2	Industrial, Commercial	2,040,820	861,570	2,902,390	0.92%	1.09%
8 Freddie & Krista Galante Trust	1	Industrial	530,000	2,061,950	2,591,950	0.82%	0.97%
9 Serrano Investment Properties V, LLC	1	Commercial	2,385,606	13,630	2,399,236	0.76%	0.90%
10 Wilbourn Partnership (3)	2	Commercial, Industrial	2,283,948	32,357	2,316,305	0.73%	0.87%
Subtotal	20				\$ 246,963,023	77.90%	92.51%
Project Area FY 2016-17 Total Assessed Value					\$ 317,042,633		
Project Area FY 2016-17 Incremental Assessed Value					\$ 266,947,641		

(1) Also listed as Danny & Jeannette Freitas
(2) Also listed as R J A Properties
(3) Also listed as Ronald & Linda Wilbourn Trust

Source: County of Tulare 2016-17 Equalized Property Tax Roll

Outstanding assessment appeals filed by the top 10 taxpayers are discussed later in this Report in the section regarding proposition 8 reassessments and assessment appeals.



SECURED ASSESSED VALUATION BY LAND USE

Table 5A through 5E provide a summary of the distribution of parcels by project area and FY 2016-17 secured assessed valuation by type of land use. As illustrated in the Merged Project Area table (5A), the majority of secured assessed valuation is for property developed for industrial uses (53.48%), residential uses (26.62%), and commercial uses (19.14%). The remaining properties represent less than 1% of the value and are comprised of institutional, agricultural, and other uses (0.76%). While each of the constituent Project Areas is relatively concentrated in a specific land use category, the Merged Project Area represents a more balanced mixture of land uses.

Secured Assessed Valuation by Land Use **Table 5A**

Tulare Successor Agency

Merged Project Area

Land Use	Number of Parcels (1)	% of Total Taxable Parcels	Secured Assessed Value (2)	% of Project Area FY 2016-17 Secured Assessed Value
Industrial	100	2.83%	\$ 453,758,973	53.48%
Residential	2,989	84.51%	225,858,419	26.62%
Commercial	420	11.87%	162,413,819	19.14%
Institutional (3)	18	0.51%	4,142,707	0.49%
Agriculture	2	0.06%	169,797	0.02%
Miscellaneous (4)	8	0.23%	2,132,955	0.25%
Total	3,537	100.00%	\$ 848,476,670	100.00%

(1) The analysis excludes 40 parcels owned by the government or religious organizations, all of which are non-taxable and thus have no assessed value.

(2) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(3) Includes religious and fraternal organization uses that are taxable.

(4) Includes parcels used for parking lots and parking garages, public right of way, and mixed use properties (retail/residential).

Source: County of Tulare 2016-17 Equalized Property Tax Roll

Table 5B represents the Downtown Project Area. Most of the land in the Downtown Project Area is used for commercial (62.32%) and industrial (27.98%) purposes.

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Secured Assessed Valuation by Land Use **Table 5B**
Tulare Successor Agency
Downtown Project Area

Land Use	Number of Parcels (1)	% of Total Taxable Parcels	Secured Assessed Value (2)	% of Project Area FY 2016-17 Secured Assessed Value
Commercial	205	69.49%	\$ 62,696,081	62.32%
Industrial	4	1.36%	28,149,671	27.98%
Residential	80	27.12%	8,028,370	7.98%
Institutional (3)	4	1.36%	1,684,884	1.67%
Agriculture	1	0.34%	42,055	0.04%
Miscellaneous (4)	1	0.34%	5,584	0.01%
Total	295	100.00%	\$ 100,606,645	100.00%

(1) The analysis excludes 11 parcels owned by the government or religious organizations, all of which are non-taxable and thus have no assessed value.

(2) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(3) Includes religious and fraternal organization uses that are taxable.

(4) Includes parcels used for parking lots and parking garages, public right of way, and mixed use properties (retail/residential).

Source: County of Tulare 2016-17 Equalized Property Tax Roll

The Alpine Project Area, as shown in Table 5C, is mostly used for industrial (76.52%) and residential (18.75%) purposes. While the Alpine Project Area landscape is mainly comprised of single family residences, the 20 industrial properties in this area provide the overwhelming majority of assessed value.

Secured Assessed Valuation by Land Use **Table 5C**
Tulare Successor Agency
Alpine Project Area

Land Use	Number of Parcels (1)	% of Total Taxable Parcels	Secured Assessed Value (2)	% of Project Area FY 2016-17 Secured Assessed Value
Industrial	20	3.34%	\$ 183,308,986	76.52%
Residential	545	91.14%	44,926,101	18.75%
Commercial	31	5.18%	10,175,555	4.25%
Institutional (3)	1	0.17%	92,909	0.04%
Miscellaneous (4)	1	0.17%	1,068,828	0.45%
Total	598	100.00%	\$ 239,572,379	100.00%

(1) The analysis excludes 9 parcels owned by the government or religious organizations, all of which are non-taxable and thus have no assessed value.

(2) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(3) Includes religious and fraternal organization uses that are taxable.

(4) Includes parcels used for parking lots and parking garages, public right of way, and mixed use properties (retail/residential).

Source: County of Tulare 2016-17 Equalized Property Tax Roll

Table 5D illustrates the West Tulare Project Area which includes a large proportion of residential land use (82.06%) and a significant amount of commercial land use (16.45%). Given the

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predominance of residential land uses in the West Tulare Project Area, it is useful to look at the trend of residential home values, presented in Figure 1.

Secured Assessed Valuation by Land Use Table 5D

**Tulare Successor Agency
West Tulare Project Area**

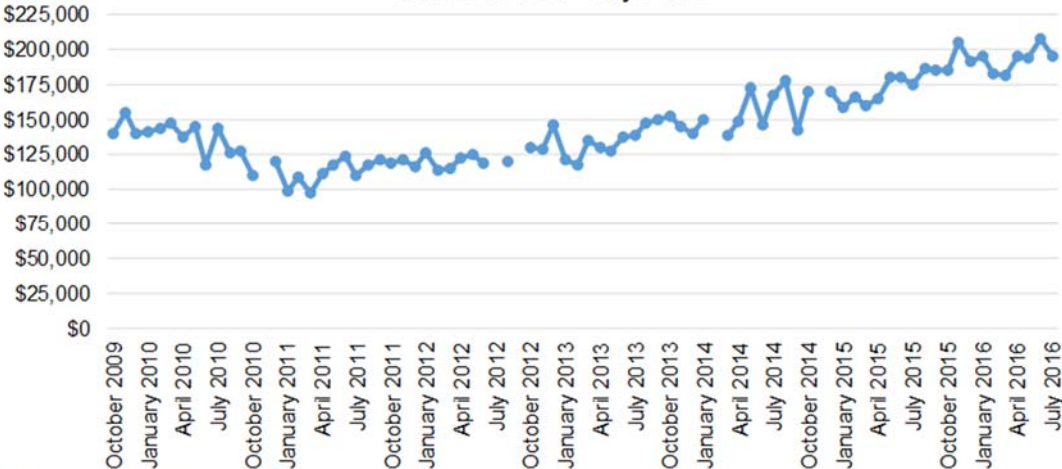
Land Use	Number of Parcels (1)	% of Total Taxable Parcels	Secured Assessed Value (2)	% of Project Area FY 2016-17 Secured Assessed Value
Residential	2,318	96.14%	169,493,911	82.06%
Commercial	76	3.15%	33,972,558	16.45%
Institutional (3)	11	0.46%	2,095,753	1.01%
Industrial	3	0.12%	\$ 988,753	0.48%
Miscellaneous (4)	3	0.12%	-	0.00%
Total	2,411	100.00%	\$ 206,550,975	100.00%

(1) The analysis excludes 20 parcels owned by the government or religious organizations, all of which are non-taxable and thus have no assessed value.
 (2) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.
 (3) Includes religious and fraternal organization uses that are taxable.
 (4) Includes parcels used for parking lots and parking garages, public right of way, and mixed use properties (retail/residential).

Source: County of Tulare 2016-17 Equalized Property Tax Roll

As Figure 1 shows, home sale prices have increased steadily in the City since 2011, fully recovering from a decline prior to 2011. This corresponds to assessed value in the predominantly residential West Tulare Project Area which decreased from FY 2009-10 to FY 2012-13 and increased since then.

Figure 1
City of Tulare Median Home Sale Prices,
October 2009 - July 2016



Source: DQ News

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As seen in Table 5E, the South K Street Project Area, is composed of mostly industrial (79.97%) and commercial (18.42%) land uses. The commercial mix contains hotels, motels, auto repair shops, warehouse and storage facilities, and service centers.

Secured Assessed Valuation by Land Use **Table 5E**
Tulare Successor Agency
South K Street Project Area

Land Use	Number of Parcels (1)	% of Total Taxable Parcels	Secured Assessed Value (2)	% of Project Area FY 2016-17 Secured Assessed Value
Industrial	73	31.33%	\$ 241,311,563	79.97%
Commercial	108	46.35%	55,569,625	18.42%
Residential	46	19.74%	3,410,037	1.13%
Institutional (2)	2	0.86%	269,161	0.09%
Agriculture	1	0.43%	127,742	0.04%
Miscellaneous (3)	3	1.29%	1,058,543	0.35%
Total	233	100.00%	\$ 301,746,671	100.00%

(1) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

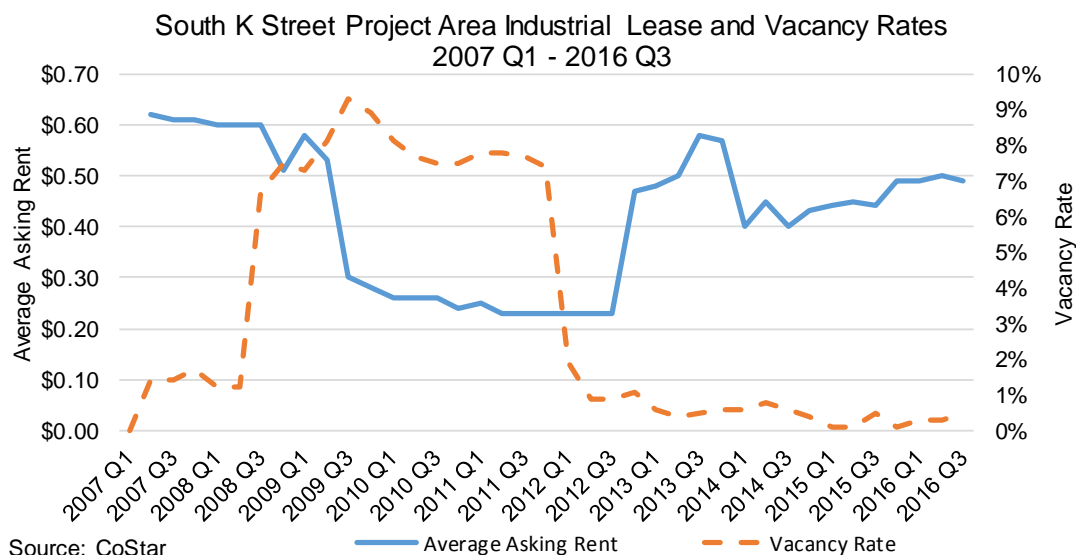
(2) Includes religious and fraternal organization uses that are taxable.

(3) Includes parcels used for parking lots and parking garages, public right of way, and mixed use properties (retail/residential).

Source: County of Tulare 2016-17 Equalized Property Tax Roll

Given the high percentage of industrial land use in the South K Street Project Area and the decline in the South K Street Project Area's assessed value in three of the last four years, RSG looked more closely at the local industrial market. Figure 2 shows that the South K Street Project Area industrial vacancy rate increased from 1.2% in 2008 to more than 9% in 2009 and returned to less than 1% by 2012, where it has remained since. The average asking rent followed a slightly delayed converse trend to vacancy rate, decreasing from its \$0.50-\$0.60 range in 2008 and 2009 to a \$0.20-\$0.30 range during 2009 to 2012. In the fourth quarter of 2012, the average asking rent increased back to a \$0.40-\$0.60 range, where it has remained. Based on the recent stability of relatively high rents and a low vacancy in the local industrial market, RSG expects that the South K Street Project Area will see a recovery in assessed value in the coming years. Nonetheless, the Tax Revenue Projections use a conservative projection of assessed value in the South K Street Project Area, 0% in the next five years, 1% in the following five years, and 2% after that.

Figure 2



TAX REVENUE PROJECTIONS METHODOLOGY & GENERAL ASSUMPTIONS

The methodology for projecting tax revenues begins with the most recently available assessed valuations and 1% general levy tax rates and uses conservative adjustments for possible future events that could have an impact on the growth or decline of assessed valuations and property tax revenues. The following discussion articulates key factors that could impact the Agency’s property tax revenues from the Project Area.

GROWTH ASSUMPTIONS

The Tax Revenue Projections use growth rate assumptions for secured assessed value made for each Project Area based on recent assessed value growth. Since the Downtown Project Area grew an average of 1.82% annually over the previous five years and the Alpine Project Area grew 2.12% annually over the same time period, the projections use a 1.50% growth rate for both of these project areas for the next five years and a 2.00% percent growth rate following that. The West Tulare Project Area has seen consistent growth, an annual average of 5.84% over the previous five years. Therefore, the projections use the Proposition 13-limited 2.00% growth rate for the West Tulare Project Area.

The South K Street Project Area assessed value has declined during the past five years. As described in the Land Use section, RSG expects the South K Street Project Area’s assessed value to increase given the stability of a low vacancy rate and high asking lease rates for industrial properties in the South K Street Project Area. To maintain conservative projections, RSG applied a 0.00% growth rate to the South K Project Area for the next five years, a 1.00% growth rate for the following five years, and a 2.00% growth rate after that.

The combination of these growth rates results in a Merged Project Area growth rate ranging from 1.09% in FY 2017-18, rising to 1.67% in FY 2022-23, and reaching its maximum 2.00% in FY 2027-28. RSG projects a California Consumer Price Index (“CCPI”) inflation rate for FY 2017-18 of 2.00%, further establishing the Tax Revenue Projections methodology as conservatively estimating available tax increment revenues for debt service.

Unsecured assessed value is not subject to the same annual adjustments that affect secured assessed value. For this reason, RSG has assumed no change in unsecured assessed values. State assessed property value often decreases due to the depreciation of state assessed property. All of the Successor Agency's state assessed property is located in the Downtown Project Area. Over the last 10 years, the state assessed value has decreased approximately 20% each five years. The Tax Revenue Projections use this decrease to project the future value of state assessed property.

ARTICLE XIII A (PROPOSITION 13) INFLATIONARY ADJUSTMENTS

Article XIII A of the California Constitution, enacted in 1978 by California Proposition 13, and State Board of Equalization ("SBOE") Rule 460, subdivision (b)(5) provide that the "full value of real property shall be modified to reflect the percentage change in the cost of living . . . provided that such value shall not reflect an increase in excess of 2% of the taxable value of the preceding lien date." The CCPI change from October of one year to October of the following year, published by the, California Department of Industrial Relations, establishes the inflation rate used to determine the "percentage change in cost of living."

In most years, the CCPI has exceeded 2% and has resulted in an upward adjustment to the valuation of real property by 2%. In the last 40 fiscal years, the inflationary adjustment was less than 2% for 10 fiscal years, including five out of the last seven years. Based on the CCPI from October 2015 to August 2016, the most recent month for which this data is available, RSG projects that the CCPI inflation rate for FY 2017-18 will be 2.00%.

STATE ASSESSED PROPERTY

The California State Board of Equalization sets market values for public utilities and railroads. These values are allocated to local jurisdictions based on the utilities' and railroads' location for levy and property tax collection. All of the Merged Project Area's \$2,858,472 of state assessed property is located within the Downtown Project Area. A look at the last 10 years of that state assessed property shows significant periodic declines in value with no change in between. The Revenue Projections recreate a similar pattern for state assessed value going forward.

CHANGES IN VALUATION FROM SALES

The taxable assessed valuation of a property may increase or decrease based upon the difference between its sales price and the property's taxable assessed valuation prior to the sale. Due to the January 1st lien date, changes in value due to property sales occurring during calendar year 2016 will appear on the Tulare County Equalized Assessment Roll in FY 2017-18. Tables 6A-6E estimate the change in assessed valuation for FY 2017-18 attributable to actual real property ownership changes occurring between January 1, 2016 and August 31, 2016.

As shown in Table 6A, in the Merged Project Area, there were a total of 96 real property sales between January 1, 2016 and August 31, 2016, which are expected to result in an increase in secured assessed valuation on the FY 2017-18 assessment roll in the amount of nearly \$2.6 million (0.31% of FY 2016-17 secured assessed value).

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Increase in Assessed Value due to Property Sales **Table 6A**

**Tulare Successor Agency
Merged Project Area**

Month	No. of sales	Sale Value	Presale Value	Increase
January 2016	3	\$ 314,000	\$ 182,106	\$ 131,894
February 2016	10	1,579,000	1,515,925	63,075
March 2016	14	1,343,600	1,061,100	282,500
April 2016	17	1,447,000	1,171,869	275,131
May 2016	12	1,155,850	763,121	392,729
June 2016	11	1,427,000	884,434	542,566
July 2016	12	928,025	667,740	260,285
August 2016	17	1,905,860	1,262,921	642,939
Total, Year-to-Date	96	10,100,335	7,509,216	2,591,119

Total Project Area 2016-17 Secured Value:	\$848,476,670
Assessed Value Added to 2017-18 Roll:	\$2,591,119
Percent Assessed Value Increase from 2016-17 Sales:	0.31%

Source: Metroscan CoreLogic, based on Fiscal Year 2016-17 Tulare County Assessment Roll (September, 2016)

Table 6B shows that property sales in the Downtown Project Area are expected to add approximately \$181,000 to the FY 2017-18 assessment roll.

Increase in Assessed Value due to Property Sales **Table 6B**

**Tulare Successor Agency
Downtown Project Area**

Month	No. of sales	Sale Value	Presale Value	Increase
January 2016	0	\$ -	\$ -	\$ -
February 2016	2	423,000	420,927	2,073
March 2016	1	59,000	42,000	17,000
April 2016	1	120,000	110,384	9,616
May 2016	0	-	-	-
June 2016	1	350,000	186,187	163,813
July 2016	0	-	-	-
August 2016	1	180,000	191,367	(11,367)
Total, Year-to-Date	6	1,132,000	950,865	181,135

Total Project Area 2016-17 Secured Value:	\$100,606,645
Assessed Value Added to 2017-18 Roll:	\$181,135
Percent Assessed Value Increase from 2016-17 Sales:	0.18%

Source: Metroscan CoreLogic, based on Fiscal Year 2016-17 Tulare County Assessment Roll (September, 2016)

As shown in Table 6C, property sales in the Alpine Project Area are expected to add approximately \$478,000 to the FY 2017-18 assessment roll.

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Increase in Assessed Value due to Property Sales **Table 6C**

**Tulare Successor Agency
Alpine Project Area**

Month	No. of sales	Sale Value	Presale Value	Increase
January 2016	2	\$ 230,000	\$ 119,106	\$ 110,894
February 2016	1	140,000	45,460	94,540
March 2016	4	341,100	278,862	62,238
April 2016	1	115,000	76,000	39,000
May 2016	2	240,000	158,443	81,557
June 2016	4	411,000	394,193	16,807
July 2016	0	-	-	-
August 2016	1	213,000	139,927	73,073
Total, Year-to-Date	15	1,690,100	1,211,991	478,109

Total Project Area 2016-17 Secured Value:	\$239,572,379
Assessed Value Added to 2017-18 Roll:	\$478,109
Percent Assessed Value Increase from 2016-17 Sales:	0.20%

Source: Metroscan CoreLogic, based on Fiscal Year 2016-17 Tulare County Assessment Roll (September, 2016)

Property sales in the West Tulare Project Area are expected to add approximately \$1.9 million to the FY 2017-18 assessment roll, as shown in Table 6D.

Increase in Assessed Value due to Property Sales **Table 6D**

**Tulare Successor Agency
West Tulare Project Area**

Month	No. of sales	Sale Value	Presale Value	Increase
January 2016	1	\$ 84,000	\$ 63,000	\$ 21,000
February 2016	6	926,000	980,377	(54,377)
March 2016	9	943,500	740,238	203,262
April 2016	14	1,151,000	915,835	235,165
May 2016	10	915,850	604,678	311,172
June 2016	6	666,000	304,054	361,946
July 2016	11	873,025	623,149	249,876
August 2016	15	1,512,860	931,627	581,233
Total, Year-to-Date	72	7,072,235	5,162,958	1,909,277

Total Project Area 2016-17 Secured Value:	\$206,550,975
Assessed Value Added to 2017-18 Roll:	\$1,909,277
Percent Assessed Value Increase from 2016-17 Sales:	0.92%

Source: Metroscan CoreLogic, based on Fiscal Year 2016-17 Tulare County Assessment Roll (September, 2016)

Property sales in the South K Street Project Area are expected to add approximately \$23,000 to the FY 2017-18 assessment roll, as Table 6E shows.

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Increase in Assessed Value due to Property Sales **Table 6E**

**Tulare Successor Agency
South K Street Project Area**

Month	No. of sales	Sale Value	Presale Value	Increase
January 2016	0	\$ -	\$ -	\$ -
February 2016	1	90,000	69,161	20,839
March 2016	0	-	-	-
April 2016	1	61,000	69,650	(8,650)
May 2016	0	-	-	-
June 2016	0	-	-	-
July 2016	1	55,000	44,591	10,409
August 2016	0	-	-	-
Total, Year-to-Date	3	206,000	183,402	22,598

Total Project Area 2016-17 Secured Value:	\$301,746,671
Assessed Value Added to 2017-18 Roll:	\$22,598
Percent Assessed Value Increase from 2016-17 Sales:	0.01%

Source: Metroscan CoreLogic, based on Fiscal Year 2016-17 Tulare County Assessment Roll (September, 2016)

VALUE FROM NEW CONSTRUCTION

WAITING ON DATA FROM THE CITY; MAY EXCLUDE IF DATA IS NOT PROVIDED

UNITARY UTILITY REVENUE

As provided by Assembly Bill 454, property tax revenue from unitary utility property (“Unitary Revenue”) is disbursed in a different manner than revenue from non-unitary property. For FY 2015-16, the latest available Unitary Revenue as of the date of this Report, the Auditor reports Unitary Revenue to be \$10,500 in the Downtown Project Area, \$46,293 in the Alpine Project Area, \$12,591 in the West Tulare Project Area, and \$49,564 in the South K Street Project Area. In total, the Merged Project Area contained \$118,947 of Unitary Revenue.

Since unitary utility apportionments are not increased in the same manner as other secured and unsecured assessed property, make up a very small portion of overall tax increment revenue, and are difficult to project, RSG has conservatively projected no annual growth in unitary utility revenue over the term of the Revenue Projections in Tables 10A through 10E.

COUNTY COLLECTIONS/DELINQUENCIES

The County does not offer a Teeter Plan, which stabilizes property tax payments at 100% of anticipated receipts. The County applies delinquencies for current secured and unsecured property taxes on a countywide basis, meaning that the delinquency rate in a given year will be the same for all taxing entities that receive a portion of the 1% ad valorem property tax. Table 7 summarizes the percent of delinquencies on secured and unsecured taxes due in the last five years in the Merged Project Area. The percent of delinquencies has ranged from 2.6% to 4.0% and averaged 3.21%. However, as shown in Table 3, actual receipts have historically exceeded or been nearly 100% of estimated collections in certain years due to supplemental and prior year tax collections.

Historical Secured and Unsecured Delinquencies **Table 7**
Tulare Successor Agency
Merged Project Area

Fiscal Year	Paid	Open	Total	Delinquencies
2011-12	\$ 6,020,804	\$ 251,208	\$ 6,272,012	4.0%
2012-13	5,754,243	234,106	5,988,349	3.9%
2013-14	5,688,611	153,574	5,842,185	2.6%
2014-15	6,268,520	186,415	6,454,934	2.9%
2015-16	6,356,761	173,851	6,530,612	2.7%

Average Delinquency Rate, 2011-12 - 2015-16	3.21%
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Note: Delinquencies shown are based on secured and unsecured taxes due for the current tax year and do not include supplemental or prior year apportionments.

Source: Tulare County Auditor-Controller

SUPPLEMENTAL ROLL REVENUE

Supplemental revenue is the revenue generated from a supplemental tax bill, which is issued when a property sale occurs or construction is completed after January 1st (the Assessor's cut-off date for the next year's assessment roll). A supplemental tax bill is used for the period between the sale or completion of construction and the next regular tax bill. Supplemental Revenue can be unpredictable and is not identified separately by the County in the Redevelopment Property Tax Trust Fund reports; consequently, these revenues are not included in the Revenue Projections.

PROPOSITION 8 REASSESSMENTS & ASSESSMENT APPEALS

California Proposition 8 is a constitutional amendment to Proposition 13 that allows a temporary reduction in assessed valuation when a property suffers a decline in value. Proposition 8 requires the Assessor to enroll the lower of either:

- 1) the taxable value (market value of the property when it was acquired, plus a consumer price index adjustment of up to 2% per year and the value of any new construction, also known as Proposition 13 value); or
- 2) the market value as of the annual January 1 lien date.

Reductions in assessed valuation under Proposition 8 are temporary and are reviewed annually until the Proposition 13 value is again lower than market value, at which point the Proposition 13 value is reinstated. Reductions in assessed valuation pursuant to Proposition 8 may be initiated by the Assessor or result from owner initiated assessment appeals. During the recent recession, the County Assessor pro-actively reduced vast numbers of properties to reflect the drop in market value many experienced. Since then, many property values have been partially or completely restored by the County Assessor to their Proposition 13 value.

The County Clerk of the Board maintains records regarding decline-in-value applications filed by property owners who believe that their taxable valuation is above market valuation. Table 8 details the decline-in-value applications that were filed for the 2011-12 through 2015-16 tax years.

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Five-Year Assessment Appeals History¹

Table 8

Tulare Merged Project Areas

Appeal Status	2011	2012	2013	2014	2015	5-Year Total
Stipulated/Reduced	10	4	4	0	0	18
Withdrawn/Denied	0	2	0	0	0	2
Pending	1	2	0	0	0	3
Total	11	8	4	0	0	23
Total Value of Properties Under Appeal ²	\$ 416,914,931	\$ 405,854,076	\$ 378,752	\$ -	\$ -	\$ 823,147,759
Portion of Area Secured & Unsecured Value	48.04%	48.03%	0.05%	0.00%	0.00%	
Total Area Secured & Unsecured Value	\$ 867,850,513	\$ 844,940,461	\$ 816,884,582	\$ 877,594,528	\$ 883,787,705	
Requested Reductions	\$ 72,254,344	\$ 201,732,158	\$ 150,752	\$ -	\$ -	\$ 274,137,254
Portion of Total Area Value	8.33%	23.88%	0.02%	0.00%	0.00%	
Granted Reductions	\$ 7,822,648	\$ 633,621	\$ 128,752	\$ -	\$ -	\$ 8,585,021
Portion of Total Area Value	0.90%	0.07%	0.02%	0.00%	0.00%	
Average Granted Reductions	\$ 782,265	\$ 158,405	\$ 32,188	\$ -	\$ -	\$ 476,945.61
Portion of Total Area Value	0.09%	0.02%	0.00%	0.00%	0.00%	
Potential Pending Reductions ³	\$ 48,076,722	\$ 200,641,727	\$ -	\$ -	\$ -	\$ 248,718,449
Portion of Total Area Value	5.54%	23.75%	0.00%	0.00%	0.00%	
<i>Historical Rate of Total Number of Granted Appeals:</i>	90.00%					
<i>2011-2015 Granted Reductions as Percentage of Requested Reductions (Averaged):</i>	3.13%					
<i>Total Number of Pending Appeals:</i>	3.0					
<i>Potential Number of Pending Appeals that will be Granted⁴:</i>	2.7					
<i>Potential Granted Reduction⁵:</i>	\$7,788,993					
<i>Potential Granted Reduction as Percentage of Fiscal Year 2016-17 Total AV:</i>	0.87%					

¹ This analysis includes all data related to appeals applications filed for the roll years 2011-12 through 2015-16.

² These values are based on the amount listed as the roll value.

³ These values are based on the applicants' requested assessed value reduction for properties with pending appeals.

⁴ Based on the historic rate at which appeals have been granted and the total number of pending appeals.

⁵ This projection is based on the Potential Pending Reductions calculation and assumes that the pending appeals are granted at the historic average rate of granted reductions.

Source: Tulare County Assessment Appeals Board via Clerk of the Board Office (current as of October 21, 2016).

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As shown in Table 8, of the 23 appeals filed between FY 2011-12 and 2015-16, two appeals (9%) were withdrawn or denied and 18 appeals (78%) resulted in an approximately \$8.6 million reduction. As of October 21, 2016, three (13%) appeals are pending. Appeals are typically resolved within three years. Given that all of the pending appeals in the Merged Project Area are from at least four years ago and that two of them have had appeal hearings, this Report assumes that the pending appeals will not be granted and does not apply their potential reduction in the Revenue Projections.

TAX RATES

The Agency receives tax revenue based on the 1% general tax levy rate levied in the Merged Project Area. Table 9 summarizes the FY 2016-17 weighted tax rate information for the Merged Project Area. FY 2015-16 tax rates within each tax rate area are used since they generally do not change from year to year. The tax rates are weighted by FY 2016-17 assessed values in each tax rate area.

Fiscal Year 2016-17 Taxing Agency Shares **Table 9**

Tulare Redevelopment Agency

Merged Project Area

Taxing Entity	Share Incorporating ERAF	Share Without ERAF
Educational Revenue Augmentation Fund	0.2356291	0.0000000
Tulare County General Fund	0.1634690	0.3317328
Tulare Elementary School District	0.1595340	0.1595340
Tulare Joint Union High School District	0.1485558	0.1485558
City of Tulare	0.1426179	0.1913523
College of Sequoias	0.0478566	0.0478566
Tulare District Hospital	0.0250516	0.0250516
Tulare County School Fund	0.0220979	0.0220979
Kaweah Delta Water District	0.0185614	0.0185614
Tulare Mosquito Abatement District	0.0175551	0.0305342
Tulare Memorial District	0.0097124	0.0110529
Palo Verde Elementary School District	0.0047057	0.0047057
Tulare Cemetary District	0.0024215	0.0037520
Tulare County Flood Control District	0.0019188	0.0048996
Tulare County Air Pollution Control District	0.0003134	0.0003134
Total	1.000000	1.000000

Source: Tulare County Auditor-Controller

TAXING SHARING AGREEMENTS

H&S Code recognizes three types of pass-throughs to affected taxing agencies: negotiated agreements or fiscal mitigation agreements (former Section 33401), typically for project areas formed prior to January 1, 1994; inflationary pass-throughs (Section 33676), also applicable to project areas formed between 1985 and 1993; and statutory pass-through agreements (Sections

33607.5 and 33607.7), applicable to project areas formed on or after January 1, 1994, as well as project areas where certain amendments have been made to the redevelopment plan. The Merged Project Area is subject to all three types of pass-through payments.

Section 33676 Disbursements

For project areas adopted between 1985 and 1993, Section 33676 of the H&S Code permitted affected taxing agencies to adopt and transmit to the County Auditor-Controller a resolution requesting their share of the tax increment revenues attributed to the annual inflationary adjustment in real property values in a project area, pursuant to Proposition 13. Prior to allocating tax increment revenue to the Agency, the County Auditor-Controller distributes a portion of the revenue pursuant to this section of the law to the following entities: Tulare Elementary School District, Tulare High School, the College of Sequoias, and the County Office of Education in the Second Amendment Area of the Downtown Project Area.

Fiscal Mitigation Agreements

The RDA entered into two fiscal mitigation agreements:

- 1) County, Flood Control, and Air Pollution District Agreement – The Agency entered into a fiscal mitigation agreement on June 20, 1989 for tax increment revenue generated in the Downtown Original and Second Amendment Area, and the Alpine Project Area. The agreement has step up provisions that increase the amount of revenue passed through to the County Districts'. A summary of the step up provisions is as follows:
 - a. Downtown Original – 100% of the Districts' share starting in 2000-01.
 - b. Second Amendment Area – 75% of the Districts' share until 2019-20 and 100% of the Districts' share from 2020-21 until the Agency is dissolved.
 - c. Alpine Project Area – 100% of the Districts' share starting in 2003-04.
- 2) Tulare Memorial Hospital Agreement – The Agency entered into a fiscal mitigation agreement on November 21, 1989 for tax increment revenue generated in the Downtown Second Amendment Area. The District receives 75% of its share until 2020-21 and then it increases to 100%.

Statutory Payments

Beginning on January 1, 1994, H&S Code Section 33607.5 established a set formula for taxing entity payments. Any project area adopted after 1994 is subject to statutory pass through payments and fiscal mitigation agreements pursuant to H&S Code Section 33401 were no longer allowed. The Downtown Third Amendment Area, the South K Street Area, and the West Tulare Project Area were each adopted after 1994 and are subject to these payments. Statutory pass through payments are calculated as follows.

- A. Tier 1 - The taxing agency's respective share of 25% after deduction of the 20% former Housing Fund set aside, of the tax increment received by based on the difference between the assessed valuation in such year compared to the first adjusted based year assessed valuation; plus

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- B. Tier 2 - Starting in the 11th year of payments, the payment is equal to the amount calculated pursuant to (A) above plus the taxing agency's respective share of 21% (after deduction of the 20% former Housing Fund set aside) of the tax increment received based on the difference between assessed valuation in such year compared to a second adjusted based year assessed valuation which is the assessed valuation as of Year 10; plus
- C. Tier 3 - Starting in the 31st year of payments, the payment is equal to amounts calculated pursuant to (A) and (B) above, plus the taxing agency's respective share of 14% (after deduction of the 20% former Housing Fund set aside) of the tax increment received based on the difference between assessed valuation in such year compared to a third adjusted based year assessed valuation which is the assessed valuation as of Year 30.

As detailed earlier in this Report in the "Background" section, the Dissolution Act abolished the requirement for redevelopment agencies to set aside 20% of their annual tax increment revenue for affordable housing. However, because the statutory formula for these taxing entity payments assumed a 20% set-aside for affordable housing, the Revenue Projections in this Report reflect a 20% deduction of tax revenue prior to the calculation of the statutory payment calculations. This is consistent with the County's Pass Through calculations (as well as those of other counties), which dissolution law establishes as the official calculations.

Statutory pass through payments may also be required for project areas that were adopted prior to 1994 if a redevelopment agency amended the redevelopment plan to eliminate or extend the time limit to incur debt or the redevelopment plan effectiveness date. The time limit to incur debt was eliminated from the Downtown Original and Second Amendment Area, and the Alpine Project Area. Because of these actions, these Project Areas are subject to Section 33607.7 of the H&S Code and the imposition of statutory pass throughs when the Project Areas exceeded their original time limit to incur debt. Statutory pass throughs are required for all those taxing entities for which the Agency had not entered into a prior fiscal mitigation agreement. In this case, payments are implemented in the following manner: in the year that the original time limit to incur debt is exceeded, Section 33607.7 establishes an adjusted base year by which to calculate and apply the statutory pass throughs. These statutory pass through payments are based upon new incremental revenue, above that which was received in the year the old limit is exceeded (Adjusted Base Year Revenue). Otherwise, the calculation is the same as described above. The adjust base years for tier 1 are as follows:

- Downtown Original Area: 2003-04
- Downtown Second Amendment Area: 2009-10
- Alpine Project Area: 2003-04

SUBORDINATION TO DEBT SERVICE

Pursuant to the H&S Code, the Agency may subordinate statutory taxing agency payments prior to incurring any loans, bonds, or other indebtedness, except for loans or advances to the community. The affected taxing agencies must approve of any Agency subordinations. At the time of the subordination request, the Agency must provide evidence that sufficient funds will be available to pay both debt service and taxing agency payments. Within 45 days after receipt of the Agency's request, the affected taxing agencies should either approve or deny the subordination. If the taxing agencies do not respond within 45 days, the subordination is deemed approved and shall be final and conclusive.

**SUCCESSOR AGENCY TO THE
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The Agency has taken the appropriate action to subordinate the pass-through payments to the debt service associated with the 2016 TABS. Thus, as mentioned earlier in this Report in the section regarding historical assessed values and revenues, when submitting its ROPS to DOF, for the ROPS “B periods” (during which tax revenue collected primarily in the first half of the fiscal year is distributed by the County on or around January 2nd), the Agency will request the entire amount needed to pay debt service to comply with covenants in the Bond Indenture, namely the two installments of payments due in the following fiscal year. The County will subsequently pay pass-through payments (as well as other enforceable obligations and any amount of debt service requested for the prior period but denied due to a lack of sufficient tax revenue) during the ROPS “A periods” (during which tax revenue collected primarily in the second half of the fiscal year is distributed by the County on or around June 1st).

OTHER AGREEMENTS

Land O’Lakes Agreement

On November 29, 2007, the RDA entered into an Owner Participation Agreement (“OPA”) with Land O’Lakes for property located in the Alpine Project Area. The OPA was subsequently amended on February 17, 2009 and expires on June 30, 2024. The OPA states that the Agency is required to rebate a portion of net tax increment (less housing set-aside, pass through payments, and administrative fees) generated on the Land O’Lakes parcels each fiscal year if the assessed valuation is in excess of \$94,215,000. The rebate is calculated using a series of additional incremental payments as detailed in the chart below. Each level of Agency assistance builds on top of the previous level. For example, when the assessed valuation exceeds \$169,215,000, the payment due to Land O’Lakes would include the Level A payment and the Level B payment. The FY 2016-17 assessed value for the Land O’Lakes property located in the Alpine Project Area is \$182,059,722.

Agency Assistance Level	Assessed Value of the Site for the Applicable Fiscal Year		Portion of Annual Net Tax Increments From the Site to be Paid to Participant
	Low	High	
A	\$ 94,215,000	\$ 169,215,000	90%
B	\$ 169,215,000	\$ 179,215,000	50%
C	\$ 179,215,000	\$ 204,215,000	70%
D	\$ 204,215,000	N/A	90%

TAX COLLECTION FEE

Actual tax revenue disbursements are reduced to reflect the tax collection fee charged by the Auditor pursuant to Senate Bills 2577 and 813. The tax collection fee varies from year to year based on actual costs incurred by the County for administration of property taxes to the Agency. The Auditor reported that the tax collection fee in FY 2015-16 was approximately 2.34% of tax revenues. In the four most recent years, the rate ranged from 2.34% to 2.78%, averaging approximately 2.6%. As a part of the Dissolution Act, county auditors have increased duties, resulting in higher costs. It is important to note that the Dissolution Act provides priority for administrative funding to county auditors, senior to debt obligations and pass-throughs. The Revenue Projections assume an Auditor tax collection fee of 2.6% of gross tax revenues, though this amount may reduce over time as the dissolution process becomes more streamlined.

DISCLAIMER

RSG has attempted to take into account pertinent factors during the preparation of the Tax Revenue Projections (Tables 10A-10F) and this Report. Our goal is to provide realistic revenue projections without overstating future property tax revenues. While precautions have been taken to assure the accuracy of the data used in the formulation of these Revenue Projections, it cannot be assured that projected valuations or revenues will be realized. Future events and conditions that cannot be controlled may affect actual assessed valuations and revenues.

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**SUCCESSOR AGENCY TO THE
TULARE REDEVELOPMENT AGENCY
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TAX REVENUE PROJECTIONS

Tax Increment Revenue Projections

Table 10A

**Tulare Successor Agency
Merged Project Area**

Bond Year	Fiscal Year	Secured Assessed Value (1)	Unsecured Assessed Value	State Assessed Property Value	Increased Value from Sales	Total Assessed Valuation	Incremental Valuation	Unitary Revenue	Estimated Gross Tax Revenue
						\$229,975,984			
1%									
BY Value:									
1	2016-17	\$ 848,476,670	\$ 40,929,100	\$ 2,858,472	\$ -	\$ 892,264,242	\$ 662,288,258	\$ 118,947	\$ 6,741,830
2	2017-18	857,710,375	40,929,100	2,186,744	2,591,119	903,417,338	673,441,354	118,947	6,853,361
3	2018-19	869,694,359	40,929,100	2,186,744	-	912,810,203	682,834,219	118,947	6,947,289
4	2019-20	879,297,260	40,929,100	2,186,744	-	922,413,104	692,437,120	118,947	7,043,318
5	2020-21	889,065,885	40,929,100	2,186,744	-	932,181,729	702,205,745	118,947	7,141,004
6	2021-22	899,003,154	40,929,100	1,699,378	-	941,631,632	711,655,648	118,947	7,235,503
7	2022-23	913,965,524	40,929,100	1,699,378	-	956,594,002	726,618,018	118,947	7,385,127
8	2023-24	929,196,965	40,929,100	1,699,378	-	971,825,443	741,849,459	118,947	7,537,442
9	2024-25	944,702,556	40,929,100	1,699,378	-	987,331,034	757,355,050	118,947	7,692,498
10	2025-26	960,487,475	40,929,100	1,334,494	-	1,002,751,069	772,775,085	118,947	7,846,698
11	2026-27	976,557,002	40,929,100	1,334,494	-	1,018,820,596	788,844,612	118,947	8,007,393
12	2027-28	996,088,142	40,929,100	1,334,494	-	1,038,351,736	808,375,752	118,947	8,202,705
13	2028-29	1,016,009,904	40,929,100	1,334,494	-	1,058,273,498	828,297,514	118,947	8,401,922
14	2029-30	1,036,330,103	40,929,100	1,055,091	-	1,078,314,294	848,338,310	118,947	8,602,330
15	2030-31	1,057,056,705	40,929,100	1,055,091	-	1,099,040,896	869,064,912	118,947	8,809,596
16	2031-32	1,078,197,839	40,929,100	1,055,091	-	1,120,182,030	890,206,046	118,947	9,021,007
17	2032-33	1,099,761,795	40,929,100	1,055,091	-	1,141,745,986	911,770,002	118,947	9,236,647
18	2033-34	1,121,757,031	40,929,100	837,821	-	1,163,523,952	933,547,968	118,947	9,454,427
19	2034-35	1,144,192,172	40,929,100	837,821	-	1,185,959,093	955,983,109	118,947	9,678,778
20	2035-36	1,167,076,015	40,929,100	837,821	-	1,208,842,936	978,866,952	118,947	9,907,617
21	2036-37	1,190,417,536	40,929,100	837,821	-	1,232,184,456	1,002,208,472	118,947	10,141,032
22	2037-38	1,214,225,886	40,929,100	667,131	-	1,255,822,117	1,025,846,133	118,947	10,377,408
23	2038-39	1,238,510,404	40,929,100	667,131	-	1,280,106,635	1,050,130,651	118,947	10,620,254
24	2039-40	1,263,280,612	40,929,100	667,131	-	1,304,876,843	1,074,900,859	118,947	10,867,956
25	2040-41	1,288,546,224	40,929,100	667,131	-	1,330,142,455	1,100,166,471	118,947	11,120,612
TOTAL									\$214,873,753

(1) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(2) The Dissolution Act eliminated the 20% housing set aside requirement and gross revenue is available to repay debt service. This is shown for illustrative purposes only.

(3) The amount shown as Net Tax Revenue after Senior Obligations is not net of pass-through payments that are subordinate to the debt service and is not net of housing.

**SUCCESSOR AGENCY TO THE
TULARE REDEVELOPMENT AGENCY
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Tax Increment Revenue Projections

Table 10A continued

**Tulare Successor Agency
Merged Project Area**

Bond Year	Fiscal Year	Estimated Gross Tax Revenue	County Admin Fees	Low/Mod Housing Set-aside (2)	Section 33676 Pass Throughs	Negotiated Pass Throughs	Senior AB 1290 Payments	Land O Lakes Agreement Payment	Net Tax Revenue after Senior Obligations (3)	Subordinate AB 1290 Payments	Net Revenue Less Subordinate AB 1290 Payments
		1%	2.6%	20%							
1	2016-17	\$ 6,741,830	\$ 172,633	\$ 1,348,366	\$ 75,021	\$ 950,222	\$ 261,643	\$ 283,007	\$ 4,999,303	\$ 650,112	\$ 4,349,191
2	2017-18	6,853,361	175,489	1,370,672	76,521	966,303	269,109	288,159	5,077,778	673,487	4,404,291
3	2018-19	6,947,289	177,894	1,389,458	78,052	981,852	275,365	293,478	5,140,648	693,979	4,446,669
4	2019-20	7,043,318	180,353	1,408,664	79,613	997,665	281,796	298,835	5,205,057	714,936	4,490,121
5	2020-21	7,141,004	182,855	1,428,201	81,205	1,054,205	288,352	304,232	5,230,156	737,384	4,492,772
6	2021-22	7,235,503	185,274	1,447,101	82,829	1,070,008	294,923	309,671	5,292,797	759,139	4,533,659
7	2022-23	7,385,127	189,106	1,477,025	84,486	1,093,287	304,390	316,973	5,396,886	791,202	4,605,684
8	2023-24	7,537,442	193,006	1,507,488	86,176	1,117,031	314,021	324,354	5,502,854	823,861	4,678,993
9	2024-25	7,692,498	196,976	1,538,500	87,899	1,141,250	323,819	-	5,942,552	857,126	5,085,426
10	2025-26	7,846,698	200,925	1,569,340	89,657	1,164,836	333,732	-	6,057,549	890,180	5,167,369
11	2026-27	8,007,393	205,040	1,601,479	91,450	1,190,033	343,875	-	6,176,995	924,694	5,252,301
12	2027-28	8,202,705	210,041	1,640,541	93,279	1,215,735	356,793	-	6,326,856	964,687	5,362,170
13	2028-29	8,401,922	215,142	1,680,384	95,145	1,241,951	372,370	-	6,477,314	1,008,882	5,468,432
14	2029-30	8,602,330	220,274	1,720,466	97,048	1,267,796	388,874	-	6,628,339	1,054,195	5,574,144
15	2030-31	8,809,596	225,581	1,761,919	98,989	1,295,071	405,736	-	6,784,220	1,101,063	5,683,157
16	2031-32	9,021,007	230,995	1,804,201	100,968	1,322,891	425,465	-	6,940,688	1,152,455	5,788,233
17	2032-33	9,236,647	236,516	1,847,329	102,988	1,351,268	445,589	-	7,100,287	1,204,875	5,895,412
18	2033-34	9,454,427	242,093	1,890,885	105,048	1,379,496	467,181	-	7,260,610	1,259,381	6,001,229
19	2034-35	9,678,778	247,838	1,935,756	107,148	1,409,019	492,451	-	7,422,321	1,331,707	6,090,615
20	2035-36	9,907,617	253,697	1,981,523	109,291	1,439,133	518,228	-	7,587,267	1,398,127	6,189,140
21	2036-37	10,141,032	259,674	2,028,206	111,477	1,469,848	544,520	-	7,755,512	1,465,875	6,289,637
22	2037-38	10,377,408	265,727	2,075,482	113,707	1,500,606	571,328	-	7,926,041	1,534,588	6,391,453
23	2038-39	10,620,254	271,945	2,124,051	115,981	1,532,563	598,682	-	8,101,082	1,605,073	6,496,009
24	2039-40	10,867,956	278,288	2,173,591	118,301	1,565,159	626,583	-	8,279,625	1,676,968	6,602,657
25	2040-41	11,120,612	284,758	2,224,122	120,667	1,598,406	655,042	-	8,461,739	1,751,605	6,710,134
TOTAL		\$214,873,753	\$5,502,120	\$42,974,751	\$ 2,402,945	\$31,315,632	\$10,159,868	\$ 2,418,710	\$ 163,074,478	\$27,025,581	\$ 136,048,897

(1) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(2) The Dissolution Act eliminated the 20% housing set aside requirement and gross revenue is available to repay debt service. This is shown for illustrative purposes only.

(3) The amount shown as Net Tax Revenue after Senior Obligations is net net of pass-through payments that are subordinate to the debt service and is not net of housing.

**SUCCESSOR AGENCY TO THE
TULARE REDEVELOPMENT AGENCY
FISCAL CONSULTANT REPORT**

Tax Increment Projections

Table 10B

**Tulare Successor Agency
Downtown Project Area**

Bond Year	Fiscal Year	Secured Growth Rate	Secured Assessed Value (1)	Unsecured Assessed Value	State Assessed Property Value	Increased Value from Sales	Total Assessed Valuation	Incremental Valuation	Unitary Revenue	Estimated Gross Tax Revenue
										1%
BY Value:							\$48,703,059			
1	2016-17		\$ 100,606,645	\$ 13,364,545	\$ 2,858,472	\$ -	\$ 116,829,662	\$ 68,126,603	\$ 10,500	\$ 691,766
2	2017-18	1.50%	102,115,745	13,364,545	2,186,744	181,135	117,848,168	69,145,109	10,500	701,951
3	2018-19	1.50%	103,828,616	13,364,545	2,186,744	-	119,379,905	70,676,846	10,500	717,268
4	2019-20	1.50%	105,386,045	13,364,545	2,186,744	-	120,937,334	72,234,275	10,500	732,843
5	2020-21	1.50%	106,966,836	13,364,545	2,186,744	-	122,518,125	73,815,066	10,500	748,651
6	2021-22	1.50%	108,571,338	13,364,545	1,699,378	-	123,635,261	74,932,202	10,500	759,822
7	2022-23	2.00%	110,742,765	13,364,545	1,699,378	-	125,806,688	77,103,629	10,500	781,536
8	2023-24	2.00%	112,957,620	13,364,545	1,699,378	-	128,021,544	79,318,485	10,500	803,685
9	2024-25	2.00%	115,216,773	13,364,545	1,699,378	-	130,280,696	81,577,637	10,500	826,276
10	2025-26	2.00%	117,521,108	13,364,545	1,334,494	-	132,220,147	83,517,088	10,500	845,671
11	2026-27	2.00%	119,871,530	13,364,545	1,334,494	-	134,570,569	85,867,510	10,500	869,175
12	2027-28	2.00%	122,268,961	13,364,545	1,334,494	-	136,968,000	88,264,941	10,500	893,149
13	2028-29	2.00%	124,714,340	13,364,545	1,334,494	-	139,413,379	90,710,320	10,500	917,603
14	2029-30	2.00%	127,208,627	13,364,545	1,055,091	-	141,628,263	92,925,204	10,500	939,752
15	2030-31	2.00%	129,752,800	13,364,545	1,055,091	-	144,172,436	95,469,377	10,500	965,194
16	2031-32	2.00%	132,347,856	13,364,545	1,055,091	-	146,767,492	98,064,433	10,500	991,144
17	2032-33	2.00%	134,994,813	13,364,545	1,055,091	-	149,414,449	100,711,390	10,500	1,017,614
18	2033-34	2.00%	137,694,709	13,364,545	837,821	-	151,897,075	103,194,016	10,500	1,042,440
19	2034-35	2.00%	140,448,603	13,364,545	837,821	-	154,650,969	105,947,910	10,500	1,069,979
20	2035-36	2.00%	143,257,575	13,364,545	837,821	-	157,459,941	108,756,882	10,500	1,098,069
21	2036-37	2.00%	146,122,727	13,364,545	837,821	-	160,325,092	111,622,033	10,500	1,126,720
22	2037-38	2.00%	149,045,181	13,364,545	667,131	-	163,076,857	114,373,798	10,500	1,154,238
23	2038-39	2.00%	152,026,085	13,364,545	667,131	-	166,057,760	117,354,701	10,500	1,184,047
24	2039-40	2.00%	155,066,607	13,364,545	667,131	-	169,098,282	120,395,223	10,500	1,214,452
25	2040-41	2.00%	158,167,939	13,364,545	667,131	-	172,199,614	123,496,555	10,500	1,245,466
										\$ 23,338,512

(1) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(2) The Dissolution Act eliminated the 20% housing set aside requirement and gross revenue is available to repay debt service. This is shown for illustrative purposes only.

(3) The amount shown as Net Tax Revenue after Senior Obligations is not net of pass-through payments that are subordinate to the debt service and is not net of housing.



**SUCCESSOR AGENCY TO THE
TULARE REDEVELOPMENT AGENCY
FISCAL CONSULTANT REPORT**

Tax Increment Projections

Table 10B continued

**Tulare Successor Agency
Downtown Project Area**

Bond Year	Fiscal Year	Estimated Gross Tax Revenue	County Admin Fees	Low/Mod Housing Set-aside (2)	Section 33676 Pass Throughs	Negotiated Pass Throughs	Senior AB 1290 Payments	Net Tax Revenue after Senior Obligations (3)	Subordinate AB 1290 Payments	Net Revenue Less Subordinate AB 1290 Payments
		1%		20%						
1	2016-17	\$ 691,766	\$ 17,714	\$ 138,353	\$ 75,021	\$ 144,173	\$ 17,592	\$ 437,266	\$ 34,963	\$ 402,303
2	2017-18	701,951	17,974	140,390	76,521	146,419	17,862	443,175	36,496	406,679
3	2018-19	717,268	18,367	143,454	78,052	149,563	18,367	452,920	38,873	414,047
4	2019-20	732,843	18,765	146,569	79,613	152,761	18,879	462,824	41,290	421,534
5	2020-21	748,651	19,170	149,730	81,205	196,496	19,400	432,380	44,870	387,510
6	2021-22	759,822	19,456	151,964	82,829	199,302	19,814	438,420	47,423	390,998
7	2022-23	781,536	20,012	156,307	84,486	204,992	20,529	451,517	52,380	399,138
8	2023-24	803,685	20,579	160,737	86,176	210,796	21,258	464,876	57,436	407,440
9	2024-25	826,276	21,158	165,255	87,899	216,716	22,001	478,503	62,593	415,909
10	2025-26	845,671	21,654	169,134	89,657	221,635	22,703	490,021	67,023	422,998
11	2026-27	869,175	22,256	173,835	91,450	227,794	23,477	504,198	72,389	431,809
12	2027-28	893,149	22,870	178,630	93,279	234,076	24,266	518,658	77,862	440,796
13	2028-29	917,603	23,496	183,521	95,145	240,484	25,071	533,407	83,444	449,963
14	2029-30	939,752	24,064	187,950	97,048	246,125	25,863	546,652	88,503	458,149
15	2030-31	965,194	24,715	193,039	98,989	252,792	26,701	561,998	94,311	467,686
16	2031-32	991,144	25,380	198,229	100,968	259,592	27,555	577,650	100,235	477,414
17	2032-33	1,017,614	26,057	203,523	102,988	266,528	28,426	593,615	106,278	487,337
18	2033-34	1,042,440	26,693	208,488	105,048	272,887	29,301	608,512	111,948	496,565
19	2034-35	1,069,979	27,398	213,996	107,148	280,103	30,515	624,815	118,855	505,960
20	2035-36	1,098,069	28,117	219,614	109,291	287,463	31,753	641,443	125,900	515,544
21	2036-37	1,126,720	28,851	225,344	111,477	294,971	33,016	658,405	133,086	525,319
22	2037-38	1,154,238	29,556	230,848	113,707	302,056	34,295	674,624	140,024	534,600
23	2038-39	1,184,047	30,319	236,809	115,981	309,867	35,610	692,270	147,501	544,770
24	2039-40	1,214,452	31,098	242,890	118,301	317,835	36,950	710,269	155,126	555,143
25	2040-41	1,245,466	31,892	249,093	120,667	325,961	38,317	728,629	164,209	564,420
		\$ 23,338,512	\$ 597,613	\$ 4,667,702	\$ 2,402,945	\$ 5,961,387	\$ 649,519	\$ 13,727,048	\$ 2,203,019	\$ 11,524,030

(1) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(2) The Dissolution Act eliminated the 20% housing set aside requirement and gross revenue is available to repay debt service. This is shown for illustrative purposes only.

(3) The amount shown as Net Tax Revenue after Senior Obligations is not net of pass-through payments that are subordinate to the debt service and is not net of housing.

**SUCCESSOR AGENCY TO THE
TULARE REDEVELOPMENT AGENCY
FISCAL CONSULTANT REPORT**

Tax Increment Projections

Table 10C

**Tulare Successor Agency
Alpine Project Area**

Bond Year	Fiscal Year	Secured Growth Rate	Secured Assessed Value (1)	Unsecured Assessed Value	Increased Value from Sales	Total Assessed Valuation	Incremental Valuation	Unitary Revenue	Estimated Gross Tax Revenue 1%
BY Value:						\$13,571,730			
1	2016-17		\$ 239,572,379	\$ 6,343,818	\$ -	\$ 245,916,197	\$ 232,344,467	\$ 46,293	\$ 2,369,737
2	2017-18	1.50%	243,165,965	6,343,818	478,109	249,987,892	236,416,162	46,293	2,410,454
3	2018-19	1.50%	247,291,563	6,343,818	-	253,635,381	240,063,651	46,293	2,446,929
4	2019-20	1.50%	251,000,937	6,343,818	-	257,344,755	243,773,025	46,293	2,484,023
5	2020-21	1.50%	254,765,951	6,343,818	-	261,109,769	247,538,039	46,293	2,521,673
6	2021-22	1.50%	258,587,440	6,343,818	-	264,931,258	251,359,528	46,293	2,559,888
7	2022-23	2.00%	263,759,189	6,343,818	-	270,103,007	256,531,277	46,293	2,611,606
8	2023-24	2.00%	269,034,372	6,343,818	-	275,378,190	261,806,460	46,293	2,664,357
9	2024-25	2.00%	274,415,060	6,343,818	-	280,758,878	267,187,148	46,293	2,718,164
10	2025-26	2.00%	279,903,361	6,343,818	-	286,247,179	272,675,449	46,293	2,773,047
11	2026-27	2.00%	285,501,428	6,343,818	-	291,845,246	278,273,516	46,293	2,829,028
12	2027-28	2.00%	291,211,457	6,343,818	-	297,555,275	283,983,545	46,293	2,886,128
13	2028-29	2.00%	297,035,686	6,343,818	-	303,379,504	289,807,774	46,293	2,944,371
14	2029-30	2.00%	302,976,400	6,343,818	-	309,320,218	295,748,488	46,293	3,003,778
15	2030-31	2.00%	309,035,928	6,343,818	-	315,379,746	301,808,016	46,293	3,064,373
16	2031-32	2.00%	315,216,646	6,343,818	-	321,560,464	307,988,734	46,293	3,126,180
17	2032-33	2.00%	321,520,979	6,343,818	-	327,864,797	314,293,067	46,293	3,189,223
18	2033-34	2.00%	327,951,399	6,343,818	-	334,295,217	320,723,487	46,293	3,253,528
19	2034-35	2.00%	334,510,427	6,343,818	-	340,854,245	327,282,515	46,293	3,319,118
20	2035-36	2.00%	341,200,635	6,343,818	-	347,544,453	333,972,723	46,293	3,386,020
21	2036-37	2.00%	348,024,648	6,343,818	-	354,368,466	340,796,736	46,293	3,454,260
22	2037-38	2.00%	354,985,141	6,343,818	-	361,328,959	347,757,229	46,293	3,523,865
23	2038-39	2.00%	362,084,844	6,343,818	-	368,428,662	354,856,932	46,293	3,594,862
24	2039-40	2.00%	369,326,541	6,343,818	-	375,670,359	362,098,629	46,293	3,667,279
25	2040-41	2.00%	376,713,072	6,343,818	-	383,056,890	369,485,160	46,293	3,741,144
									\$74,543,037

(1) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(2) The Dissolution Act eliminated the 20% housing set aside requirement and gross revenue is available to repay debt service. This is shown for illustrative purposes only.

(3) The amount shown as Net Tax Revenue after Senior Obligations is not net of pass-through payments that are subordinate to the debt service and is not net of housing.



**SUCCESSOR AGENCY TO THE
TULARE REDEVELOPMENT AGENCY
FISCAL CONSULTANT REPORT**

Tax Increment Projections

Table 10C continued

**Tulare Successor Agency
Alpine Project Area**

Bond Year	Fiscal Year	Estimated Gross Tax Revenue	County Admin Fees	Low/Mod Housing Set-aside (2)	Negotiated Pass Throughs	Land O Lakes Agreement Payment	Net Tax Revenue after Senior Obligations (3)	Subordinate AB 1290 Payments	Net Revenue Less Subordinate AB 1290 Payments
		1%		20%					
1	2016-17	\$ 2,369,737	\$ 60,680	\$ 473,947	\$ 806,048	\$ 283,007	\$ 1,220,002	\$ 133,005	\$ 1,086,997
2	2017-18	2,410,454	61,723	482,091	819,884	288,159	1,240,688	142,341	1,098,347
3	2018-19	2,446,929	62,657	489,386	832,289	293,478	1,258,505	150,700	1,107,805
4	2019-20	2,484,023	63,607	496,805	844,905	298,835	1,276,677	159,201	1,117,477
5	2020-21	2,521,673	64,571	504,335	857,709	304,232	1,295,161	167,829	1,127,333
6	2021-22	2,559,888	65,549	511,978	870,706	309,671	1,313,962	176,586	1,137,375
7	2022-23	2,611,606	66,874	522,321	888,295	316,973	1,339,464	188,438	1,151,026
8	2023-24	2,664,357	68,224	532,871	906,235	324,354	1,365,543	200,527	1,165,016
9	2024-25	2,718,164	69,602	543,633	924,535	-	1,724,027	212,858	1,511,169
10	2025-26	2,773,047	71,007	554,609	943,200	-	1,758,840	225,436	1,533,404
11	2026-27	2,829,028	72,441	565,806	962,239	-	1,794,348	238,264	1,556,084
12	2027-28	2,886,128	73,903	577,226	981,659	-	1,830,567	251,350	1,579,217
13	2028-29	2,944,371	75,394	588,874	1,001,466	-	1,867,510	264,697	1,602,812
14	2029-30	3,003,778	76,916	600,756	1,021,671	-	1,905,192	278,311	1,626,880
15	2030-31	3,064,373	78,467	612,875	1,042,279	-	1,943,627	292,198	1,651,429
16	2031-32	3,126,180	80,050	625,236	1,063,299	-	1,982,831	306,362	1,676,469
17	2032-33	3,189,223	81,664	637,845	1,084,740	-	2,022,820	320,810	1,702,010
18	2033-34	3,253,528	83,311	650,706	1,106,609	-	2,063,608	335,546	1,728,062
19	2034-35	3,319,118	84,990	663,824	1,128,916	-	2,105,211	362,036	1,743,176
20	2035-36	3,386,020	86,703	677,204	1,151,669	-	2,147,647	381,702	1,765,945
21	2036-37	3,454,260	88,451	690,852	1,174,877	-	2,190,932	401,762	1,789,170
22	2037-38	3,523,865	90,233	704,773	1,198,550	-	2,235,082	422,223	1,812,860
23	2038-39	3,594,862	92,051	718,972	1,222,695	-	2,280,116	443,093	1,837,023
24	2039-40	3,667,279	93,905	733,456	1,247,324	-	2,326,050	464,380	1,861,669
25	2040-41	3,741,144	95,797	748,229	1,272,445	-	2,372,902	486,094	1,886,808
		\$74,543,037	\$ 1,908,771	\$14,908,607	\$25,354,245	\$ 2,418,710	\$ 44,861,312	\$ 7,005,749	\$ 37,855,563

(1) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(2) The Dissolution Act eliminated the 20% housing set aside requirement and gross revenue is available to repay debt service. This is shown for illustrative purposes only.

(3) The amount shown as Net Tax Revenue after Senior Obligations is not net of pass-through payments that are subordinate to the debt service and is not net of housing.



**SUCCESSOR AGENCY TO THE
TULARE REDEVELOPMENT AGENCY
FISCAL CONSULTANT REPORT**

Tax Increment Projections

Table 10D

**Tulare Successor Agency
West Tulare Project Area**

Bond Year	Fiscal Year	Secured Growth Rate	Secured Assessed Value (1)	Unsecured Assessed Value	Increased Value from Sales	Total Assessed Valuation	Incremental Valuation	Unitary Revenue	Estimated Gross Tax Revenue 1%
BY Value:						\$117,606,203			
1	2016-17		\$ 206,550,975	\$ 5,924,775	\$ -	\$ 212,475,750	\$ 94,869,547	\$ 12,591	\$ 961,286
2	2017-18	2.00%	210,681,995	5,924,775	1,909,277	218,516,047	100,909,844	12,591	1,021,689
3	2018-19	2.00%	216,804,911	5,924,775	-	222,729,686	105,123,483	12,591	1,063,826
4	2019-20	2.00%	221,141,010	5,924,775	-	227,065,785	109,459,582	12,591	1,107,186
5	2020-21	2.00%	225,563,830	5,924,775	-	231,488,605	113,882,402	12,591	1,151,415
6	2021-22	2.00%	230,075,106	5,924,775	-	235,999,881	118,393,678	12,591	1,196,527
7	2022-23	2.00%	234,676,609	5,924,775	-	240,601,384	122,995,181	12,591	1,242,542
8	2023-24	2.00%	239,370,141	5,924,775	-	245,294,916	127,688,713	12,591	1,289,478
9	2024-25	2.00%	244,157,544	5,924,775	-	250,082,319	132,476,116	12,591	1,337,352
10	2025-26	2.00%	249,040,694	5,924,775	-	254,965,469	137,359,266	12,591	1,386,183
11	2026-27	2.00%	254,021,508	5,924,775	-	259,946,283	142,340,080	12,591	1,435,991
12	2027-28	2.00%	259,101,938	5,924,775	-	265,026,713	147,420,510	12,591	1,486,796
13	2028-29	2.00%	264,283,977	5,924,775	-	270,208,752	152,602,549	12,591	1,538,616
14	2029-30	2.00%	269,569,657	5,924,775	-	275,494,432	157,888,229	12,591	1,591,473
15	2030-31	2.00%	274,961,050	5,924,775	-	280,885,825	163,279,622	12,591	1,645,387
16	2031-32	2.00%	280,460,271	5,924,775	-	286,385,046	168,778,843	12,591	1,700,379
17	2032-33	2.00%	286,069,476	5,924,775	-	291,994,251	174,388,048	12,591	1,756,471
18	2033-34	2.00%	291,790,866	5,924,775	-	297,715,641	180,109,438	12,591	1,813,685
19	2034-35	2.00%	297,626,683	5,924,775	-	303,551,458	185,945,255	12,591	1,872,043
20	2035-36	2.00%	303,579,217	5,924,775	-	309,503,992	191,897,789	12,591	1,931,569
21	2036-37	2.00%	309,650,801	5,924,775	-	315,575,576	197,969,373	12,591	1,992,284
22	2037-38	2.00%	315,843,817	5,924,775	-	321,768,592	204,162,389	12,591	2,054,215
23	2038-39	2.00%	322,160,694	5,924,775	-	328,085,469	210,479,266	12,591	2,117,383
24	2039-40	2.00%	328,603,907	5,924,775	-	334,528,682	216,922,479	12,591	2,181,815
25	2040-41	2.00%	335,175,986	5,924,775	-	341,100,761	223,494,558	12,591	2,247,536
									\$ 39,123,129

(1) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(2) The Dissolution Act eliminated the 20% housing set aside requirement and gross revenue is available to repay debt service. This is shown for illustrative purposes only.

(3) The amount shown as Net Tax Revenue after Senior Obligations is not net of pass-through payments that are subordinate to the debt service and is not net of housing.



**SUCCESSOR AGENCY TO THE
TULARE REDEVELOPMENT AGENCY
FISCAL CONSULTANT REPORT**

Tax Increment Projections

Table 10D continued

**Tulare Successor Agency
West Tulare Project Area**

Bond Year	Fiscal Year	Estimated Gross Tax Revenue	County Admin Fees	Low/Mod Housing Set-aside (2)	Senior AB 1290 Payments	Net Tax Revenue after Senior Obligations (3)	Subordinate AB 1290 Payments	Net Revenue Less Subordinate AB 1290 Payments
		1%		20%				
1	2016-17	\$ 961,286	\$ 24,615	\$ 192,257	\$ 63,552	\$ 873,119	\$ 126,187	\$ 746,932
2	2017-18	1,021,689	26,162	204,338	70,716	924,811	138,642	786,169
3	2018-19	1,063,826	27,241	212,765	76,467	960,118	148,397	811,720
4	2019-20	1,107,186	28,351	221,437	82,385	996,451	158,437	838,014
5	2020-21	1,151,415	29,483	230,283	88,421	1,033,510	168,676	864,834
6	2021-22	1,196,527	30,639	239,305	94,578	1,071,311	179,121	892,190
7	2022-23	1,242,542	31,817	248,508	100,858	1,109,868	189,775	920,093
8	2023-24	1,289,478	33,019	257,896	107,264	1,149,196	200,641	948,554
9	2024-25	1,337,352	34,245	267,470	113,797	1,189,310	211,725	977,585
10	2025-26	1,386,183	35,495	277,237	120,462	1,230,227	223,031	1,007,196
11	2026-27	1,435,991	36,770	287,198	127,259	1,271,962	234,562	1,037,399
12	2027-28	1,486,796	38,071	297,359	134,193	1,314,531	246,325	1,068,207
13	2028-29	1,538,616	39,398	307,723	143,666	1,355,552	261,726	1,093,826
14	2029-30	1,591,473	40,752	318,295	153,328	1,397,393	277,434	1,119,959
15	2030-31	1,645,387	42,132	329,077	163,184	1,440,071	293,458	1,146,613
16	2031-32	1,700,379	43,540	340,076	173,237	1,483,602	309,801	1,173,801
17	2032-33	1,756,471	44,977	351,294	183,490	1,528,004	326,471	1,201,533
18	2033-34	1,813,685	46,442	362,737	193,949	1,573,294	343,475	1,229,819
19	2034-35	1,872,043	47,936	374,409	204,617	1,619,490	360,819	1,258,671
20	2035-36	1,931,569	49,460	386,314	215,499	1,666,610	378,510	1,288,100
21	2036-37	1,992,284	51,015	398,457	226,598	1,714,672	396,554	1,318,117
22	2037-38	2,054,215	52,601	410,843	237,919	1,763,695	414,960	1,348,735
23	2038-39	2,117,383	54,218	423,477	249,466	1,813,699	433,733	1,379,965
24	2039-40	2,181,815	55,868	436,363	261,245	1,864,703	452,883	1,411,820
25	2040-41	2,247,536	57,551	449,507	273,259	1,916,727	472,415	1,444,312
		\$ 39,123,129	\$ 1,001,798	\$ 7,824,626	\$ 3,859,409	\$ 34,261,922	\$ 6,947,758	\$ 27,314,165

(1) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(2) The Dissolution Act eliminated the 20% housing set aside requirement and gross revenue is available to repay debt service. This is shown for illustrative purposes only.

(3) The amount shown as Net Tax Revenue after Senior Obligations is not net of pass-through payments that are subordinate to the debt service and is not net of housing.



**SUCCESSOR AGENCY TO THE
TULARE REDEVELOPMENT AGENCY
FISCAL CONSULTANT REPORT**

Tax Increment Projections

Table 10E

**Tulare Successor Agency
South K Project Area**

Bond Year	Fiscal Year	Secured Growth Rate	Secured Assessed Value (1)	Unsecured Assessed Value	Increased Value from Sales	Total Assessed Valuation	Incremental Valuation	Unitary Revenue	Estimated Gross Tax Revenue
						\$50,094,992			
									1%
1	2016-17		\$ 301,746,671	\$ 15,295,962	\$ -	\$ 317,042,633	\$ 266,947,641	\$ 49,564	\$ 2,719,040
2	2017-18	0.00%	301,746,671	15,295,962	22,598	317,065,231	266,970,239	49,564	2,719,266
3	2018-19	0.00%	301,769,269	15,295,962	-	317,065,231	266,970,239	49,564	2,719,266
4	2019-20	0.00%	301,769,269	15,295,962	-	317,065,231	266,970,239	49,564	2,719,266
5	2020-21	0.00%	301,769,269	15,295,962	-	317,065,231	266,970,239	49,564	2,719,266
6	2021-22	0.00%	301,769,269	15,295,962	-	317,065,231	266,970,239	49,564	2,719,266
7	2022-23	1.00%	304,786,962	15,295,962	-	320,082,924	269,987,932	49,564	2,749,443
8	2023-24	1.00%	307,834,831	15,295,962	-	323,130,793	273,035,801	49,564	2,779,922
9	2024-25	1.00%	310,913,180	15,295,962	-	326,209,142	276,114,150	49,564	2,810,705
10	2025-26	1.00%	314,022,311	15,295,962	-	329,318,273	279,223,281	49,564	2,841,796
11	2026-27	1.00%	317,162,535	15,295,962	-	332,458,497	282,363,505	49,564	2,873,199
12	2027-28	2.00%	323,505,785	15,295,962	-	338,801,747	288,706,755	49,564	2,936,631
13	2028-29	2.00%	329,975,901	15,295,962	-	345,271,863	295,176,871	49,564	3,001,332
14	2029-30	2.00%	336,575,419	15,295,962	-	351,871,381	301,776,389	49,564	3,067,327
15	2030-31	2.00%	343,306,927	15,295,962	-	358,602,889	308,507,897	49,564	3,134,643
16	2031-32	2.00%	350,173,066	15,295,962	-	365,469,028	315,374,036	49,564	3,203,304
17	2032-33	2.00%	357,176,527	15,295,962	-	372,472,489	322,377,497	49,564	3,273,339
18	2033-34	2.00%	364,320,058	15,295,962	-	379,616,020	329,521,028	49,564	3,344,774
19	2034-35	2.00%	371,606,459	15,295,962	-	386,902,421	336,807,429	49,564	3,417,638
20	2035-36	2.00%	379,038,588	15,295,962	-	394,334,550	344,239,558	49,564	3,491,959
21	2036-37	2.00%	386,619,360	15,295,962	-	401,915,322	351,820,330	49,564	3,567,767
22	2037-38	2.00%	394,351,747	15,295,962	-	409,647,709	359,552,717	49,564	3,645,091
23	2038-39	2.00%	402,238,782	15,295,962	-	417,534,744	367,439,752	49,564	3,723,961
24	2039-40	2.00%	410,283,558	15,295,962	-	425,579,520	375,484,528	49,564	3,804,409
25	2040-41	2.00%	418,489,229	15,295,962	-	433,785,191	383,690,199	49,564	3,886,466
									\$ 77,869,074

(1) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(2) The Dissolution Act eliminated the 20% housing set aside requirement and gross revenue is available to repay debt service. This is shown for illustrative purposes only.

(3) The amount shown as Net Tax Revenue after Senior Obligations is not net of pass-through payments that are subordinate to the debt service and is not net of housing.



**SUCCESSOR AGENCY TO THE
TULARE REDEVELOPMENT AGENCY
FISCAL CONSULTANT REPORT**

Tax Increment Projections

Table 10E continued

**Tulare Successor Agency
South K Project Area**

Bond Year	Fiscal Year	Estimated Gross Tax Revenue	County Admin Fees	Low/Mod Housing Set-aside (2)	Senior AB 1290 Payments	Net Tax Revenue after Senior Obligations (3)	Subordinate AB 1290 Payments	Net Revenue Less Subordinate AB 1290 Payments
		1%		20%				
1	2016-17	\$ 2,719,040	\$ 69,625	\$ 543,808	\$ 180,500	\$ 2,468,916	\$ 355,957	\$ 2,112,959
2	2017-18	2,719,266	69,630	543,853	180,531	2,469,104	356,008	2,113,096
3	2018-19	2,719,266	69,630	543,853	180,531	2,469,104	356,008	2,113,096
4	2019-20	2,719,266	69,630	543,853	180,531	2,469,104	356,008	2,113,096
5	2020-21	2,719,266	69,630	543,853	180,531	2,469,104	356,008	2,113,096
6	2021-22	2,719,266	69,630	543,853	180,531	2,469,104	356,008	2,113,096
7	2022-23	2,749,443	70,403	549,889	183,003	2,496,037	360,609	2,135,427
8	2023-24	2,779,922	71,183	555,984	185,499	2,523,239	365,257	2,157,982
9	2024-25	2,810,705	71,972	562,141	188,021	2,550,713	369,950	2,180,763
10	2025-26	2,841,796	72,768	568,359	190,567	2,578,461	374,690	2,203,771
11	2026-27	2,873,199	73,572	574,640	193,139	2,606,488	379,478	2,227,009
12	2027-28	2,936,631	75,196	587,326	198,335	2,663,100	389,150	2,273,950
13	2028-29	3,001,332	76,853	600,266	203,634	2,720,845	399,015	2,321,831
14	2029-30	3,067,327	78,543	613,465	209,682	2,779,102	409,946	2,369,156
15	2030-31	3,134,643	80,267	626,929	215,852	2,838,524	421,096	2,417,428
16	2031-32	3,203,304	82,025	640,661	224,674	2,896,605	436,057	2,460,549
17	2032-33	3,273,339	83,818	654,668	233,672	2,955,848	451,316	2,504,532
18	2033-34	3,344,774	85,647	668,955	243,931	3,015,196	468,412	2,546,784
19	2034-35	3,417,638	87,513	683,528	257,319	3,072,805	489,998	2,582,808
20	2035-36	3,491,959	89,416	698,392	270,976	3,131,567	512,015	2,619,552
21	2036-37	3,567,767	91,357	713,553	284,906	3,191,504	534,474	2,657,030
22	2037-38	3,645,091	93,337	729,018	299,114	3,252,640	557,381	2,695,259
23	2038-39	3,723,961	95,357	744,792	313,606	3,314,998	580,746	2,734,252
24	2039-40	3,804,409	97,417	760,882	328,389	3,378,603	604,579	2,774,025
25	2040-41	3,886,466	99,518	777,293	343,466	3,443,481	628,888	2,814,593
		\$ 77,869,074	\$ 1,993,938	\$ 15,573,815	\$ 5,650,941	\$ 70,224,195	\$ 10,869,056	\$ 59,355,139

(1) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(2) The Dissolution Act eliminated the 20% housing set aside requirement and gross revenue is available to repay debt service. This is shown for illustrative purposes only.

(3) The amount shown as Net Tax Revenue after Senior Obligations is not net of pass-through payments that are subordinate to the debt service and is not net of housing.



**SUCCESSOR AGENCY TO THE
TULARE REDEVELOPMENT AGENCY
FISCAL CONSULTANT REPORT**

Tax Increment Revenue Projections with No Growth

Table 10F

**Tulare Successor Agency
Merged Project Area**

Bond Year	Fiscal Year	Secured Assessed Value (1)	Unsecured Assessed Value	State Assessed Property Value	Total Assessed Valuation	Incremental Valuation	Unitary Revenue	Estimated Gross Tax Revenue 1%
BY Value:					\$229,975,984			
1	2016-17	\$ 848,476,670	\$ 40,929,100	\$ 2,858,472	\$ 892,264,242	\$ 662,288,258	\$ 118,947	\$ 6,741,830
2	2017-18	848,476,670	40,929,100	2,186,744	891,592,514	661,616,530	118,947	6,735,112
3	2018-19	848,476,670	40,929,100	2,186,744	891,592,514	661,616,530	118,947	6,735,112
4	2019-20	848,476,670	40,929,100	2,186,744	891,592,514	661,616,530	118,947	6,735,112
5	2020-21	848,476,670	40,929,100	2,186,744	891,592,514	661,616,530	118,947	6,735,112
6	2021-22	848,476,670	40,929,100	1,699,378	891,105,148	661,129,164	118,947	6,730,239
7	2022-23	848,476,670	40,929,100	1,699,378	891,105,148	661,129,164	118,947	6,730,239
8	2023-24	848,476,670	40,929,100	1,699,378	891,105,148	661,129,164	118,947	6,730,239
9	2024-25	848,476,670	40,929,100	1,699,378	891,105,148	661,129,164	118,947	6,730,239
10	2025-26	848,476,670	40,929,100	1,334,494	890,740,264	660,764,280	118,947	6,726,590
11	2026-27	848,476,670	40,929,100	1,334,494	890,740,264	660,764,280	118,947	6,726,590
12	2027-28	848,476,670	40,929,100	1,334,494	890,740,264	660,764,280	118,947	6,726,590
13	2028-29	848,476,670	40,929,100	1,334,494	890,740,264	660,764,280	118,947	6,726,590
14	2029-30	848,476,670	40,929,100	1,055,091	890,460,861	660,484,877	118,947	6,723,796
15	2030-31	848,476,670	40,929,100	1,055,091	890,460,861	660,484,877	118,947	6,723,796
16	2031-32	848,476,670	40,929,100	1,055,091	890,460,861	660,484,877	118,947	6,723,796
17	2032-33	848,476,670	40,929,100	1,055,091	890,460,861	660,484,877	118,947	6,723,796
18	2033-34	848,476,670	40,929,100	837,821	890,243,591	660,267,607	118,947	6,721,623
19	2034-35	848,476,670	40,929,100	837,821	890,243,591	660,267,607	118,947	6,721,623
20	2035-36	848,476,670	40,929,100	837,821	890,243,591	660,267,607	118,947	6,721,623
21	2036-37	848,476,670	40,929,100	837,821	890,243,591	660,267,607	118,947	6,721,623
22	2037-38	848,476,670	40,929,100	667,131	890,072,901	660,096,917	118,947	6,719,916
23	2038-39	848,476,670	40,929,100	667,131	890,072,901	660,096,917	118,947	6,719,916
24	2039-40	848,476,670	40,929,100	667,131	890,072,901	660,096,917	118,947	6,719,916
25	2040-41	848,476,670	40,929,100	667,131	890,072,901	660,096,917	118,947	6,719,916
TOTAL								\$168,170,933

(1) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(2) The Dissolution Act eliminated the 20% housing set aside requirement and gross revenue is available to repay debt service. This is shown for illustrative purposes only.

(3) The amount shown as Net Tax Revenue after Senior Obligations is not net of pass-through payments that are subordinate to the debt service and is not net of housing.



**SUCCESSOR AGENCY TO THE
TULARE REDEVELOPMENT AGENCY
FISCAL CONSULTANT REPORT**

Tax Increment Revenue Projections with No Growth

Table 10F continued

**Tulare Successor Agency
Merged Project Area**

Bond Year	Fiscal Year	Estimated Gross Tax Revenue	County Admin Fees	Low/Mod Housing Set-aside (2)	Section 33676 Pass Throughs	Negotiated Pass Throughs	Senior AB 1290 Payments	Land O Lakes Agreement Payment	Net Tax Revenue after Senior Obligations (3)	Subordinate AB 1290 Payments	Net Revenue Less Subordinate AB 1290 Payments
		1%	2.6%	20%							
1	2016-17	\$ 6,741,830	\$ 172,633	\$ 1,348,366	\$ 75,021	\$ 950,222	\$ 261,643	\$ 283,007	\$ 4,999,303	\$ 650,112	\$ 4,349,191
2	2017-18	6,735,112	172,461	1,347,022	76,521	948,911	261,416	283,007	4,992,796	649,065	4,343,730
3	2018-19	6,735,112	172,461	1,347,022	78,052	948,911	261,416	283,007	4,991,265	649,065	4,342,200
4	2019-20	6,735,112	172,461	1,347,022	79,613	948,911	261,416	283,007	4,989,704	649,065	4,340,639
5	2020-21	6,735,112	172,461	1,347,022	81,205	985,730	261,416	283,007	4,951,293	649,065	4,302,228
6	2021-22	6,730,239	172,336	1,346,048	82,829	984,332	261,302	283,007	4,946,432	648,397	4,298,035
7	2022-23	6,730,239	172,336	1,346,048	84,486	984,332	261,302	283,007	4,944,775	648,397	4,296,379
8	2023-24	6,730,239	172,336	1,346,048	86,176	984,332	261,302	283,007	4,943,086	648,397	4,294,689
9	2024-25	6,730,239	172,336	1,346,048	87,899	984,332	261,302	-	5,224,369	648,397	4,575,973
10	2025-26	6,726,590	172,243	1,345,318	89,657	983,213	261,245	-	5,220,231	648,300	4,571,931
11	2026-27	6,726,590	172,243	1,345,318	91,450	983,213	261,245	-	5,218,438	648,300	4,570,138
12	2027-28	6,726,590	172,243	1,345,318	93,279	983,213	261,245	-	5,216,609	648,300	4,568,309
13	2028-29	6,726,590	172,243	1,345,318	95,145	983,213	261,245	-	5,214,744	648,300	4,566,443
14	2029-30	6,723,796	172,171	1,344,759	97,048	982,319	261,217	-	5,211,041	648,252	4,562,789
15	2030-31	6,723,796	172,171	1,344,759	98,989	982,319	261,217	-	5,209,100	648,252	4,560,849
16	2031-32	6,723,796	172,171	1,344,759	100,968	982,319	261,217	-	5,207,121	648,252	4,558,869
17	2032-33	6,723,796	172,171	1,344,759	102,988	982,319	261,217	-	5,205,101	648,252	4,556,849
18	2033-34	6,721,623	172,116	1,344,325	105,048	981,603	261,202	-	5,201,655	648,228	4,553,427
19	2034-35	6,721,623	172,116	1,344,325	107,148	981,603	261,202	-	5,199,554	648,228	4,551,326
20	2035-36	6,721,623	172,116	1,344,325	109,291	981,603	261,202	-	5,197,411	648,228	4,549,183
21	2036-37	6,721,623	172,116	1,344,325	111,477	981,603	261,202	-	5,195,225	648,228	4,546,997
22	2037-38	6,719,916	172,072	1,343,983	113,707	981,030	261,195	-	5,191,912	648,216	4,543,696
23	2038-39	6,719,916	172,072	1,343,983	115,981	981,030	261,195	-	5,189,638	648,216	4,541,422
24	2039-40	6,719,916	172,072	1,343,983	118,301	981,030	261,195	-	5,187,318	648,216	4,539,102
25	2040-41	6,719,916	172,072	1,343,983	120,667	981,030	261,195	-	5,184,952	648,216	4,536,736
TOTAL		\$168,170,933	\$4,306,234	\$33,634,187	\$ 2,402,945	\$24,432,672	\$ 6,531,951	\$ 2,264,058	\$ 128,233,073	\$16,211,942	\$ 112,021,130

(1) Secured Assessed Value includes the value of the homeowners' exemption, for which the State reimburses local governments.

(2) The Dissolution Act eliminated the 20% housing set aside requirement and gross revenue is available to repay debt service. This is shown for illustrative purposes only.

(3) The amount shown as Net Tax Revenue after Senior Obligations is not net of pass-through payments that are subordinate to the debt service and is not net of housing.

APPENDIX C

BOOK-ENTRY 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 2016 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2016 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2016 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 2016 Bonds. The 2016 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 2016 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 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2016 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

2016 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 2016 Bonds, except in the event that use of the book-entry system for the 2016 Bonds is discontinued.

To facilitate subsequent transfers, all 2016 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 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 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 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of 2016 Bonds may wish to ascertain that the nominee holding the 2016 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 2016 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 2016 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 2016 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 2016 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 2016 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 2016 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 2016 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 2016 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 D
FORM OF BOND COUNSEL OPINION

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Successor Agency to the Redevelopment Agency of the City of Tulare (the "Successor Agency") in connection with the issuance of \$_____ aggregate principal amount of Successor Agency to the Redevelopment Agency of the City of Tulare 2016 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) (the "2016A Bonds") and \$_____ aggregate principal amount of Successor Agency to the Redevelopment Agency of the City of Tulare 2016 Tax Allocation Refunding Bonds, Series B (Taxable) (the "2016B Bonds" and, together with the 2016A Bonds, the "2016 Bonds"). The 2016 Bonds are being issued pursuant to an Indenture of Trust, dated as of _____ 1, 2016 (the "Indenture"), between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"). In connection therewith the Successor Agency covenants and agrees as follows:

Section 1. Purpose of this 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 2016 Bonds and in order to assist the Participating Underwriter (as defined herein) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2016 Bonds (including persons holding 2016 Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any 2016 Bonds for federal income tax purposes.

"Disclosure Representative" shall mean the Executive Director of the Successor Agency or his or her designee, or such other officer or employee as the Successor Agency shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean initially [Dissemination Agent], acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent appointed by the Successor Agency.

"Fiscal Year" shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month or fifty-two week period hereafter selected by the Successor Agency, with notice of such selection or change in fiscal year to be provided as set forth herein

"Holder" shall mean either the registered owners of the 2016 Bonds or, if the 2016 Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

"Official Statement" shall mean the Official Statement for the 2016 Bonds, dated _____, 2016.

"Participating Underwriter" shall mean the original underwriter of the 2016 Bonds listed in the Official Statement required to comply with the Rule in connection with offering of the 2016 Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"State" shall mean the State of California.

Section 3. Provision and Contents of Annual Report.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, no later than March 1 following the end of each fiscal year of the Successor Agency, commencing with the report for Fiscal Year 2015-16 (each an "Annual Report Date"), provide to the MSRB, through EMMA, audited fiduciary fund (private-purpose trust fund) financial statements (the "Audit") 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. The Audit shall constitute part of the Annual Report required hereunder. If the Audit is not available by the Annual Report Date, the Successor Agency shall provide to the MSRB, through EMMA, unaudited fiduciary fund (private-purpose trust fund) financial statements in a format similar to the Audit contained in the final Official Statement, and the Audit shall be filed in the same manner when it becomes available. The Audit and/or the information required by (i), (ii) and (iii) below may be contained in the City of Tulare's comprehensive annual financial report ("CAFR") and submission of such CAFR to the MSRB through EMMA shall constitute compliance for submission of the Audit and/or the information required by (i), (ii) and (iii) required hereunder, as applicable. In addition to the Audit, each Annual Report shall also contain the following information:

- (i) A table showing largest taxpayers in the merged project area for the last fiscal year presented in a similar format as the table titled "Largest Taxpayers, Secured and Unsecured" in the Official Statement;

- (ii) [A table showing the assessed values in the Merged Project Area for the last fiscal year presented in a similar format as the table titled "Historical Assessed Values" in the Official Statement]; and
- (iii) [A table showing the assessed valuation and net tax revenues in the Merged Project Area for the last fiscal year presented in a similar format as the table titled "Projected Taxable Valuation and Tax Revenues" in the Official Statement].

(b) The Annual Report must be submitted in electronic format, accompanied by such identifying information as required by the MSRB. 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 3(d) of this Disclosure Certificate. If the Fiscal Year changes for the Successor Agency, the Successor Agency shall give notice of such change in the manner provided hereunder.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements or other disclosure documents of debt issues of the Successor Agency or related public entities, available to the public on EMMA or filed with the SEC. The Successor Agency shall clearly identify each such other document so included by reference.

(d) The contents, presentation and format of the Annual Report may be modified from time to time as determined in the judgment of the Successor Agency to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Successor Agency or to reflect changes in the business, structure, operations, legal form of the Successor Agency.

(e) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

Section 4. Reserved.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this section, upon the occurrence of any of the following events (in each case to the extent applicable) with respect to the 2016 Bonds, the Successor Agency shall give, or cause to be given by so notifying the Dissemination Agent in writing and instructing the Dissemination Agent to give, notice of the occurrence of such event, in each case, pursuant to Section 5(c) hereof:

1. principal or interest payment delinquencies;
2. non-payment related defaults, if material;
3. modifications to the rights of the Holders, if material;

4. optional, contingent or unscheduled calls, if material, and tender offers;
5. defeasances;
6. rating changes;
7. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2016 Bonds or other material events affecting the tax status of the 2016 Bonds;
8. unscheduled draws on the debt service reserves reflecting financial difficulties;
9. unscheduled draws on the credit enhancements reflecting financial difficulties;
10. substitution of the credit or liquidity providers or their failure to perform;
11. release, substitution or sale of property securing repayment of the 2016 Bonds, if material;
12. bankruptcy, insolvency, receivership or similar proceedings of the Successor Agency, which shall occur as described below;
13. appointment of a successor or additional trustee or the change of name of a trustee, if material; or
14. the consummation of a merger, consolidation, or acquisition involving the Successor Agency or the sale of all or substantially all of the assets of the Successor Agency other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

For these purposes, any event described in item 12 of this Section 5(a) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Successor Agency in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Successor Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Successor Agency.

(b) The Successor Agency, or the Dissemination Agent, if the Dissemination Agent has been instructed by the Successor Agency to report the occurrence of a Listed Event, shall file a notice of such occurrence with the MSRB in a timely manner not more than ten business days after the occurrence of the event.

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 2016 Bonds.

Section 7. Dissemination Agent. The Successor Agency may, from time to time, appoint or engage a different 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. If no successor Dissemination Agent is appointed the Successor Agency shall be the 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. The Dissemination Agent shall receive compensation for the services provided pursuant to this Disclosure Certificate. The Dissemination Agent may resign by providing thirty (30) days written notice to the Successor Agency and the Trustee. The Dissemination Agent shall have no duty or power to enforce compliance by the Successor Agency hereunder.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate provided, that the Dissemination Agent (if other than the Successor Agency) shall not be obligated to comply with any such amendment that modifies or increases its duties or obligations hereunder, and any provision of this Disclosure Certificate may be waived, provided that in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Successor Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Successor Agency.

Section 9. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Certificate shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 10. 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 11. Default. In the event of a failure of the Successor Agency or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the 2016 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 or the Dissemination Agent, as the case may be, 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 or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance hereunder.

Section 12. Duties, Immunities and Liabilities of the Dissemination Agent. Section 5.12 of the Indenture is hereby made applicable to this Disclosure Certificate as if the Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. 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 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 any loss, expense and liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Successor Agency under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the 2016 Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the 2016 Bonds, and shall create no rights in any other person or entity.

Dated: _____, 2016

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF
TULARE

By: _____

Title: _____

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Successor Agency to the Redevelopment Agency of the City of Tulare

Name of Bond Issue: \$ _____ aggregate principal amount of Successor Agency to the Redevelopment Agency of the City of Tulare 2016 Tax Allocation Refunding Bonds, Series A

\$ _____ aggregate principal amount of Successor Agency to the Redevelopment Agency of the City of Tulare 2016 Tax Allocation Refunding Bonds, Taxable Series B

Date of Issuance: _____, 2016

NOTICE IS HEREBY GIVEN that the Successor Agency to the Redevelopment Agency of the City of Tulare (the "Successor Agency") has not provided an Annual Report with respect to the above-captioned 2016 Bonds as required by Section 3(a) of the Continuing Disclosure Certificate, dated as of _____, 2016, executed and delivered by the Successor Agency. The Successor Agency anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

_____, as _____ on behalf of the Successor Agency

By: _____
Authorized Officer

cc: Successor Agency to the Redevelopment Agency of the City of Tulare

APPENDIX F

FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

APPENDIX G

STATE DEPARTMENT OF FINANCE APPROVAL LETTER

APPENDIX H

SUPPLEMENTAL INFORMATION – THE CITY OF TULARE

The following information is provided to give prospective investors an overview of the City of Tulare (the “City”) and the general economic condition of the City and the County of Tulare (the “County”). Debt service on the 2016 Bonds is payable Tax Revenues, as described in the body of this Official Statement.

Population

The City of Tulare is the second largest city in the Tulare County with an estimated population of 63,515 as of January 1, 2016. As shown on the table below, the City’s population has increased by roughly 12,000 people and a little over 23% over the past 10 years.

City of Tulare Population

Calendar Year	Population	Percent Increase	
		Annual	Cumulative
2006	51,477	-	-
2007	55,935	8.66%	8.66%
2008	57,375	2.57%	11.46%
2009	58,506	1.97%	13.65%
2010	59,535	1.76%	15.65%
2011	59,926	0.66%	16.41%
2012	60,627	1.17%	17.77%
2013	61,199	0.94%	18.89%
2014	61,857	1.08%	20.16%
2015	62,726	1.40%	21.85%
2016	63,515	1.26%	23.39%

Source: City of Tulare & California Department of Finance

Assessed Valuation

All property in Tulare County is assessed by the County Assessor, except public utility property and railroads, which are assessed by the State Board of Equalization. Under the California Constitution, property is assessed at 100% of full cash value. Property is assessed at its market value when constructed or upon change of ownership. The value of property that does not change ownership may be adjusted annually by not more than 2% to account for inflation. Assessed valuations do not reflect market value.

The City’s assessed valuation has increased by about 65% over the past decade. Since fiscal year 2008-09, the Assessor of Tulare County Assessor/Clerk-Recorder Department has been independently reviewing the assessed values of selected residential properties in the County. As a result, the City’s assessed valuation decreased in fiscal years ending June 30, 2010, 2012, and 2013. Since 2013, the City’s assessed valuation has increased by a little over 15% including a 5% increase in the current fiscal year ending June 30, 2016. The following table shows a history of assessed valuation for the City.

City of Tulare Assessed Valuation

Fiscal Year Ending June 30	Assessed Valuation				Percent Change	
	Secured	Utility	Unsecured	Total	Annual	Cumulative
2006	2,279,956,409	4,856,345	84,618,122	2,369,430,876	-	-
2007	2,700,640,190	4,820,292	98,180,959	2,803,641,441	18.3%	18.3%
2008	3,239,720,598	3,715,327	117,457,704	3,360,893,629	19.9%	41.8%
2009	3,492,619,589	3,247,492	122,421,553	3,618,288,634	7.7%	52.7%
2010	3,439,006,802	3,653,677	124,029,765	3,566,690,244	-1.4%	50.5%
2011	3,477,437,229	3,653,677	121,687,296	3,602,778,202	1.0%	52.1%
2012	3,375,171,709	3,653,677	128,438,485	3,507,263,871	-2.7%	48.0%
2013	3,265,369,337	3,653,667	133,272,910	3,402,295,914	-3.0%	43.6%
2014	3,344,992,202	2,859,722	136,958,939	3,484,810,863	2.4%	47.1%
2015	3,593,640,822	2,859,722	134,753,531	3,731,254,075	7.1%	57.5%
2016	3,789,718,353	2,859,722	123,778,131	3,916,356,206	5.0%	65.3%

Source: City of Tulare and California Municipal Statistics.

Personal Income

The following table shows personal income and per capita income for the City. Personal income increased 4.4% and per capita income increased 1.9% over the years 2012 through 2015.

City of Tulare Personal Income & Per Capita Income

	2012	2013	2014	2015
Personal Income (\$000)	\$1,086,557	\$1,114,556	\$1,129,509	\$1,134,393
Annual Change	-	2.6%	1.3%	0.4%
Cumulative Change	-	2.6%	4.0%	4.4%
Per Capita Income	\$17,992	\$18,212	\$18,260	\$18,336
Annual Change	-	1.2%	0.3%	0.4%
Cumulative Change	-	1.2%	1.5%	1.9%

Source: City of Tulare

Building Activity

The following table summarizes building permit valuations and the number of new single family and multi-family residential permits for the City of Tulare in recent calendar years. The table includes year-to-date data for 2016 from January 1 through May 25, 2016.

City of Tulare Building Valuation and Permits

	2012	2013	2014	2015	YTD 2016*
Building Valuation					
New Residential Single Family	\$6,981,510	\$17,986,347	\$32,694,707	\$49,009,982	\$19,929,794
New Residential Multi-Family	<u>0</u>	<u>6,794,780</u>	<u>525,000</u>	<u>0</u>	<u>0</u>
Subtotal	6,981,510	24,781,127	33,219,707	49,009,982	19,929,794
All Other	<u>32,751,680</u>	<u>24,403,990</u>	<u>22,483,641</u>	<u>31,620,566</u>	<u>10,277,661</u>
Total	39,733,190	49,185,117	55,703,348	80,630,548	30,207,455.00
Number of Residential Permits					
New Residential Single Family	41	114	202	277	108
New Residential Multi-Family	<u>0</u>	<u>17</u>	<u>3</u>	<u>0</u>	<u>0</u>
Total	41	131	205	277	108

* Year-to-date data from 01/01/16 through 05/25/16.

Source: City of Tulare

Employment

The City is part of the Visalia-Tulare-Porterville Standard Metropolitan Statistical Area which encompasses Tulare County. The following tables summarize historical labor force and employment information for the City and the County. City and County unemployment rates have decreased every year since 2010.

City of Tulare Employment

Year	Labor Force	Employment	Unemployment	Unemployment Rate
2005	21,400	19,700	1,700	8.0%
2006	22,000	20,400	1,600	7.2%
2007	22,500	20,700	1,800	7.8%
2008	23,300	21,200	2,100	9.1%
2009	23,500	20,500	3,000	12.9%
2010	24,000	20,600	3,500	14.5%
2011	24,000	20,600	3,400	14.3%
2012	24,000	20,700	3,200	13.5%
2013	23,800	20,900	2,800	11.9%
2014	26,800	23,800	3,000	11.2%
2015	27,600	24,700	2,900	10.5%

Source: California Employment Development Department; not seasonally adjusted.

Tulare County Employment

	2010	2011	2012	2013	2014	2015
Civilian Labor Force	203,100	203,700	201,900	200,900	198,400	203,400
Civilian Employment	168,200	168,900	169,300	172,000	172,100	179,700
Civilian Unemployment	34,900	34,800	32,600	28,900	26,300	23,700
Civilian Unemployment Rate	17.2%	17.1%	16.2%	14.4%	13.2%	11.7%
Total Farm	37,700	36,400	33,700	35,100	34,700	38,700
Natural Resources, Mining & Constr.	3,900	3,900	4,000	4,200	4,500	4,900
Manufacturing	11,100	11,200	11,300	11,600	12,000	12,200
Trade, Transportation & Utilities	23,600	24,200	25,500	26,700	27,200	28,000
Finance & Insurance	2,700	2,700	2,700	2,700	2,700	2,700
Professional & Business Services	8,700	9,400	9,600	10,000	9,300	9,700
Educational & Health Services	12,000	11,900	11,800	12,700	13,600	13,700
Leisure & Hospitality	12,000	11,900	11,800	12,700	13,600	13,700
Other Services	3,000	3,100	3,100	3,200	3,400	3,400
Government	<u>31,000</u>	<u>30,600</u>	<u>30,600</u>	<u>30,000</u>	<u>29,400</u>	<u>30,300</u>
Total, All Industries	144,800	144,300	143,800	148,200	149,300	157,000

Source: California Employment Development Department

The following table shows historical annual unemployment rates for the City, County and State along with data for April 2016.

Unemployment Rates

	Annual Average						April
	2010	2011	2012	2013	2014	2015	2016
California	12.1%	11.6%	10.2%	8.8%	7.5%	5.9%	5.2%
Tulare County	17.2%	17.1%	16.2%	14.4%	13.2%	11.7%	10.8%
City of Tulare	14.5%	14.3%	13.5%	11.9%	11.2%	10.5%	9.1%

Source: California Employment Development Department

The following tables list the principal commercial and governmental employers located within the City of Tulare.

City of Tulare Principal Commercial Employers 2015

Employer Name	Employees (Approx.)	Industry
Saputo Cheese USA, Inc.	550	Cheese & Dairy Services
Land O'Lakes	530	Dairy Products
J.D. Heiskell & Company	350	Grain Products
Ice Cream Partners (Haagen-Dazs & Nestles)	350	Ice Cream
Wal-Mart	225	Retail
U.S. Cold Storage	200	Cold Food Storage
Moris Levin & Sons Hardware	200	Hardware
Kraft USA Tulare	180	Cheese & Dairy Services
Ruan, Inc.	180	Transportation Services
Southern California Edison	120	Utility Services

Source: City of Tulare

City of Tulare Principal Governmental Employers 2015

Employer Name	Employees (Approx.)	Industry
Tulare City School District	800	Education
Tulare District Hospital	485	Medical Facilities
Tulare Joint Union High School District	465	Education
City of Tulare	300	Municipality
United States Post Office	74	Civil Service

Source: City of Tulare

Retail Sales

The following table shows a history of taxable sales within the County of Tulare. From 2009 to 2014, taxable sales in the County increased by over 48%.

County of Tulare Taxable Sales

	2009	2010	2011	2012	2013	2014
Total Taxable Sales (\$000)						
Tulare County	4,145,502	4,496,880	5,053,721	5,499,361	5,788,584	6,150,669
Annual Increase %		8.5%	12.4%	8.8%	5.3%	6.3%
Cumulative Increase %		8.5%	21.9%	32.7%	39.6%	48.4%
Total Outlets						
Tulare County	8,239	8,434	8,448	8,525	8,334	8,351

Source: California State Board of Equalization.

The following table shows a history of taxable sales within the City of Tulare. From 2009 to 2013, taxable sales in the City increased by a little over 38%. Annual data was not yet available for 2014; however, taxable sales from the first three quarters of 2014 were a little over 4% higher than the same period in 2013.

City of Tulare Taxable Sales

	2009	2010	2011	2012	2013	2013	2014
Total Taxable Sales (\$000)						<u>Through 3rd Quarter</u>	
City of Tulare	\$613,097	\$668,415	\$757,245	\$812,978	\$847,033	\$628,173	\$654,724
Annual Increase %		9.0%	13.3%	7.4%	4.2%		4.2%
Cumulative Increase %		9.0%	23.5%	32.6%	38.2%		

Source: California State Board of Equalization.

The following table shows sales tax receipts for the City of Tulare. From 2010 to 2015, sales tax receipts increased by a little over 40%.

City of Tulare Taxable Sales Receipts

	2010	2011	2012	2013	2014	2015
Total Sales Tax Receipts (\$000)						
General Retail	\$1,919	\$1,909	\$2,015	\$2,119	\$2,153	\$2,156
Food Products	1,260	1,228	1,163	1,268	1,261	1,280
Transportation	1,541	2,266	2,735	2,849	2,906	2,958
Construction	994	1,027	1,374	1,334	1,588	1,615
Business to Business	531	604	684	628	686	785
Miscellaneous	<u>60</u>	<u>50</u>	<u>43</u>	<u>51</u>	<u>51</u>	<u>41</u>
Total	6,305	7,084	8,014	8,249	8,645	8,835
Annual Increase %		12.4%	13.1%	2.9%	4.8%	2.2%
Cumulative Increase %		12.4%	27.1%	30.8%	37.1%	40.1%

Source: MuniServices LLC as shown in City of Tulare's Comprehensive Annual Financial Report.

Agriculture

The County is situated in the Central San Joaquin Valley, an area of approximately 1,800 square miles that contains some of the most intensive and productive agricultural development in the world. The strategic location makes Tulare very attractive to food processors and distributors because of the central location and abundant supply of locally grown products. The City has consistently ranked as one of the top counties in the United States for both milk production and total agricultural production.

In 2014, the County led the nation in total agricultural production with a total crop value approaching \$8.1 billion, representing a 10% increase from 2013 and a 30% increase from 2012. Milk is the leading agricultural product in the County. In 2014 the County also ranked number one in the nation for milk production with a total milk value of approximately \$2.5 billion, representing an increase of 22% from 2013 and 40% from 2012. Due to the City's strategic location and access to local agricultural products, a number of large dairy processing facilities, including cheese production facilities, are located in the City.

World Ag Expo

In February of each year, the City of Tulare hosts the World Ag Expo (formerly the California Farm Equipment Show and International Exposition). This massive trade show is the largest annual farm equipment show in the world. The three-day show began in 1968 and has grown over the years to encompass 95 acres of exhibits with 100 acres of parking. Exhibitors and growers come from all over the world to participate in this show.

Transportation

The City is located along State Route 99 and is about 55 miles east of Interstate 5. State Routes 63 and 137 also pass through the City. The ports of Stockton, Sacramento, Los Angeles, and San Francisco are all within approximately 200 miles of the City. The main line of the Union Pacific Railroad runs through Tulare, offering rail access to major cities throughout the United States. Amtrak offers passenger rail service from nearby Corcoran and Hanford. Domestic and international flights are available at Fresno/Yosemite International Airport and Bakersfield's Meadows Field Airport. Visalia Municipal Airport, nine miles to the north, provides scheduled passenger and air freight services.

Recreation

More than half of Tulare County's 4,935 square miles is mountainous. A number of high mountain resorts and recreational areas, including Sequoia National Forest and Sequoia National Park are located in the County. The combined acreage of Sequoia National Forest and Sequoia National Park constitutes about 55% of the County's total area. Sequoia National Park attracts more than one million visitors annually.

APPENDIX I

[SPECIMEN MUNICIPAL BOND INSURANCE POLICY]

APPENDIX J

[SPECIMEN MUNICIPAL BOND DEBT SERVICE INSURANCE POLICY]

AGENDA ITEM:

**CITY OF TULARE
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Community Development

For Council Meeting of: November 1, 2016

Documents Attached: Ordinance Resolution Staff Report Other None

AGENDA ITEM:

Consideration and approval of a one-year Consultant Services Agreement between the City of Tulare and Retail Strategies, with an option to extend services for one additional year, for retail attraction and recruitment services, and to grant authorization to the Interim City Manager to execute documents in substantial form necessary to effectuate the Agreement.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

On September 2, 2015, the City of Tulare and Retail Strategies, LLC, entered into a Consultant Services Agreement whereby Retail Strategies would perform retail attraction and recruitment activities for the City of Tulare including but not limited to, quantitative and in-market analysis and development of a retail recruitment strategic plan. The term of the Agreement was for a period of one year from the date of execution with an option by the City to renew for two one-year extensions. The City paid Retail Strategies the sum of \$50,000 for the initial first year of deliverables (September 2015- September 2016), detailed below; however the extension of the contract was not approved by the City Council at its regular meeting on September 20, 2016.

During Council updates at the regular City Council meeting on October 18, 2016, Councilmember Gowin requested that an item for consideration of a new contract with Retail Strategies be brought forward for consideration at a future meeting. And receiving no objection, staff is bringing this item forward at this time.

First Year Activities of Retail Strategies

Research

- ✓ Quantitative and In-Market assessment of real estate assets
- ✓ Access to Basecamp
- ✓ Development retail recruitment strategic plan
- ✓ Recruitment strategy for new retail and restaurant companies
- ✓ Provide identification and recommendation of retail prospects
- ✓ Recommendation of site locations for retail/restaurant concepts
- ✓ Development of marketing materials
- ✓ Call list and recruitment updates

Execution of Strategic Recruitment Plan

- ✓ Work with local property owners, developers and real estate professionals in order to facilitate retail growth, including On Demand Research/Analysis
- ✓ Outreach to retail prospects with continuous updating of retail prospect list
- ✓ Representation at national and regional retail real estate conferences

Retail Strategies provided frequent updates to staff of progress on deliverables over the past year. Highlights of accomplishments are as follows:

- ✓ Provided demographic reporting on trade area, consumer attitude and spending habits, peer marketing and retail gap analysis.
- ✓ Created new marketing material for City including a custom marketing guide.
- ✓ Presented a retail recruitment plan to City in November 2015.
- ✓ Outreach to local brokers and property owners.
- ✓ Identification of 113 national retailers from 7 specific categories that are in expansion mode and looking for markets similar to Tulare. Outreach to 72 retailers with feedback from 34. Currently assisting 5 national retailers with market analysis and site selection assistance.
- ✓ Represented City of Tulare at 2015 ICSC Western Conference, ICSC Texas Deal Making Conference, 2016 ICSC RECon, and 2016 ICSC San Diego.

Should the City Council wish to approve the one-year Consultant Services Agreement with Retail Strategies, the fee for services is \$25,000 to be allocated from the *Economic Incentive Reserve* fund. Retail Strategies will provide updated research and continue on-demand research reports/analysis; update quantitative research; update the Strategic Retail Recruitment Plan and retail prospect list and continue representation at national and regional retail real estate conferences.

Possible Alternatives

Hiring a firm to provide retail attraction and recruitment services can be a cost effective way for the City to obtain access to a team of professionals using their respective networks to make connections between the public and private sectors. However there is a difference between access and ownership, and the City is but one of many clients for this company. One possible alternative for economic development activities is for the City to explore an in-house solution.

Some cities have been successful in utilizing full or part-time staff to conduct economic development activities on behalf of the jurisdiction; however, success still isn't guaranteed and would require potentially a significant outlay of funding to establish an Economic Development Office. A full-time position (salary and benefits) would likely cost at least \$100,000 annually. The office would also require an annual operating budget with which to conduct activities that begins at \$25,000 and potentially grows from there, depending upon scope and expectations. Therefore the minimum outlay for an in-house service would be a minimum investment of \$125,000 per year, and possibly more. There may be an opportunity to utilize a part-time position or have the full-time position perform other tasks for the City; however staff have not had ample time to fully research the benefits/impacts of an in-house solution.

Economic Incentive Reserve

The City's adopted Budget Policies and Practices (approved June 4, 2013) established an Economic Incentive Reserve to be funded annually at the discretion of the Council. The reserve was funded in this year's budget with a \$25,000 contribution from the General Fund and has a current balance of \$279,302.42. The reserve is used at the discretion of the Council to assist new development or existing businesses expand. This funding source, albeit limited at this time, would be the funding source for a new contract with Retail Strategies; however, the reserve could also be tapped to provide resources for an alternative method of conducting economic development activities.

STAFF RECOMMENDATION:

Council review the attached one year Consultant Services Agreement, between the City of Tulare and Retail Strategies, with an option to extend one additional year, for retail attraction and recruitment services. Should Council decide to approve the Agreement, staff requests authorization to the Interim City Manager to execute documents necessary to effectuate the Agreement. If approved, the Agreement would only be extended for an additional year upon the Council's consideration and approval at that time.

CITY ATTORNEY REVIEW/COMMENTS: Yes N/A

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No N/A

FUNDING SOURCE/ACCOUNT NUMBER: *Economic Incentive Reserve Fund*

Submitted by: Traci Myers

Title: Community Development Deputy Director

Date: November 1, 2016

City Manager Approval: _____

CONSULTANT SERVICES AGREEMENT

THIS AGREEMENT is made and entered into effective this _____ day of _____, 2016, by and between the CITY OF TULARE, a California municipal corporation (hereinafter referred to as "CITY"), and RETAIL STRATEGIES LLC, an Alabama Limited Liability Company (hereinafter referred to as "CONSULTANT").

RECITALS

WHEREAS, CITY desires to obtain professional economic development consultation services for enhancement of retail opportunities in the CITY, hereinafter referred to as the "Project;" and

WHEREAS, CONSULTANT is engaged in the business of furnishing consulting services in that field and hereby represents that it desires to and is professionally and legally capable of performing the services called for by this Agreement; and

WHEREAS, CONSULTANT acknowledges that this Agreement is subject to the requirements of the City of Tulare;

WHEREAS, this Agreement will be administered for CITY by its Community Development Deputy Director (herein after referred to as "Administrator") or his/her designee.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the covenants, conditions, and promises hereinafter contained to be kept and performed by the respective parties, it is mutually agreed as follows:

1. Scope of Services. CONSULTANT shall perform to the satisfaction of CITY the services described in **Exhibit A**, including all work incidental to, or necessary to perform, such services even though not specifically described in **Exhibit A**.

2. Term of Agreement and Time for Performance. This Agreement shall be effective from the date first set forth above ("Effective Date") and shall continue in full force and effect for a period of one year with an option by the CITY to renew for one additional year, subject to any earlier termination in accordance with the terms of this Agreement. The services of CONSULTANT as described in **Exhibit A** are to commence upon the Effective Date and shall be completed in a sequence assuring expeditious completion, but in any event, all such services shall be completed prior to expiration of this Agreement and in accordance with any performance schedule set forth in **Exhibit A**.

3. Compensation.

(a) The Client agrees to pay Consultant for the services as set forth herein, the sum of **\$25,000**. Full payment is to be made after execution of this agreement and receipt of the invoice from Retail Strategies, LLC. Client will remit payment to Consultant upon receipt of invoice but no later than within thirty (30) days from receipt of invoice. The compensation for extensions of this contract by the CITY for one additional year shall be **\$25,000** per year payable in the same manner as set forth above. CITY shall have the right to renew the contract for additional years, at the rate of **\$25,000** per year and thereafter, as mutually agreed between CITY and Consultant. Fees paid for each annual term shall be fully earned when paid. CITY acknowledges that affiliates of Consultant act in the capacity of a real estate brokerage service business and may earn fees for services including brokerage, development, leasing and management fees in the

performance of such affiliates services as part of the scope of the Project.

(b) The parties may modify this Agreement to increase or decrease the scope of services or provide for the rendition of services not required by this Agreement, which modification shall include an adjustment to CONSULTANT'S compensation. Any change in the scope of services must be made by written amendment to the Agreement signed by an authorized representative for each party. CONSULTANT shall not be entitled to any additional compensation if such additional services are performed prior to an execution of a written amendment by both Parties.

4. Termination, Remedies and Force Majeure.

(a) This Agreement shall terminate without any liability of CITY to CONSULTANT upon the earlier of: (i) CONSULTANT'S filing for protection under the federal bankruptcy laws, or any bankruptcy petition or petition for receiver commenced by a third party against CONSULTANT; (ii) 30 calendar days prior written notice with or without cause by CITY to CONSULTANT; (iii) CITY'S non-appropriation of funds sufficient to meet its obligations hereunder during any CITY fiscal year of this Agreement, or insufficient funding for the Project; or (iv) expiration of this Agreement.

(b) Upon any termination or expiration of this Agreement, CONSULTANT shall (i) immediately stop all work hereunder; and (ii) return to CITY any and all properties and materials in the possession of CONSULTANT that are owned by CITY.

(c) Upon any breach of this Agreement by CONSULTANT, CITY may exercise any right, remedy (in contract, law or equity), or privilege which may be available to it under applicable laws of the State of California or any other applicable law. If it is determined that CITY improperly terminated this Agreement for default, such termination shall be deemed a termination for convenience.

(d) CONSULTANT shall provide CITY with adequate written assurances of future performance, upon Administrator's request, in the event CONSULTANT fails to comply with any terms or conditions of this Agreement.

5. Confidential Information and Ownership of Documents.

(a) Any reports, information, or other data prepared or assembled by CONSULTANT pursuant to this Agreement shall not be made available to any individual or organization by CONSULTANT without the prior written approval of the Administrator. During the term of this Agreement, and thereafter, CONSULTANT shall not, without the prior written consent of CITY, disclose to anyone any Confidential Information. The term Confidential Information for the purposes of this Agreement shall include all proprietary and confidential information of CITY, including but not limited to business plans, marketing plans, financial information, materials, compilations, documents, instruments, models, source or object codes and other information disclosed or submitted, orally, in writing, or by any other medium or media. All Confidential Information shall be and remain confidential and proprietary in CITY.

(b) The CITY agrees to cooperate with and provide CONSULTANT with access to facilities and information within its reasonable possession and control, requested by CONSULTANT for its review and use in performing the services herein. Provided, however, all such documents, information, results, memoranda and all other written information ("information") shall be held confidential by CONSULTANT and shall not, without the prior written consent of the
Consultant Services Agreement – Retail Strategies, LLC

CITY, be used for any purpose other than the performance of this agreement nor be disclosed to any other entity not connected with performance of this agreement. Upon completion of services, CONSULTANT shall return all such information to the CITY. The CITY shall retain ownership of all such information provided by CITY. .

(c) This Section 5 shall survive expiration or termination of this Agreement.

6. Professional Skill. CONSULTANT represents and warrants to the CITY that it and all of its employees that will be working on the project for the CITY are qualified and competent to perform the services required. Such personnel shall not be employees of or have any pre-existing contractual relationship with the CITY. All of the services required hereunder will be performed by CONSULTANT or under its supervision.

7. Insurance. CONSULTANT shall maintain the insurance shown on **Exhibit B** throughout the term of this Agreement.

8. Conflict of Interest and Non-Solicitation.

(a) CONSULTANT shall comply with all applicable (i) professional canons and requirements governing avoidance of impermissible client conflicts; and (ii) federal, state and local conflict of interest laws and regulations including, without limitation, California Government Code Section 1090 et. seq., the California Political Reform Act (California Government Code Section 87100 et. seq.) and the regulations of the Fair Political Practices Commission concerning disclosure and disqualification (2 California Code of Regulations Section 18700 et. seq.). Upon discovery of any facts giving rise to the appearance of a conflict of interest, CONSULTANT shall immediately notify CITY of these facts in writing.

(b) In performing the work or services to be provided hereunder, CONSULTANT shall not employ or retain the services of any person while such person either is employed by CITY or is a member of any CITY council, commission, board, committee, or similar CITY body. This requirement may be waived in writing by the City Manager, if no actual or potential conflict is involved.

(c) CONSULTANT represents and warrants that it has not paid or agreed to pay any compensation, contingent or otherwise, direct or indirect, to solicit or procure this Agreement or any rights/benefits hereunder.

(d) CONSULTANT shall not bid for, assist anyone in the preparation of a bid for, or perform any services pursuant to, any other contract in connection with this Project unless fully disclosed to and approved by the City Manager, in advance and in writing. CONSULTANT shall have no interest, direct or indirect, in any other contract with a third party in connection with this Project unless such interest is in accordance with all applicable law and fully disclosed to and approved by the City Manager, in advance and in writing. Notwithstanding any approval given by the City Manager under this provision, CONSULTANT shall remain responsible for complying with Section 9(b), above.

(e) This Section shall survive expiration or termination of this Agreement.

9. General Terms.

Except as otherwise provided by law, all notices expressly required of CITY within the body of this Agreement, and not otherwise specifically provided for, shall be effective only if signed by the Administrator or his/her designee.

10. Nondiscrimination. To the extent required by controlling federal, state and local law, CONSULTANT shall not employ discriminatory practices in the provision of services, employment of personnel, or in any other respect on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, status as a disabled veteran or veteran of the Vietnam era.

11. Notices. Any notice required or intended to be given to either party under the terms of this Agreement shall be in writing and shall be deemed to be duly given if delivered personally, transmitted by facsimile followed by telephone confirmation of receipt, or sent by United States registered or certified mail, with postage prepaid, return receipt requested, addressed to the party to which notice is to be given at the party's address set forth on the signature page of this Agreement or at such other address as the parties may from time to time designate by written notice. Notices served by United States mail in the manner above described shall be deemed sufficiently served or given at the time of the mailing thereof.

CITY: City of Tulare City Clerk
411 E. Kern Avenue
Tulare, CA 93275

CONSULTANT: Retail Strategies, LLC
120 18th Street South, Suite 201
Birmingham, Alabama 35233
Attention: W. Mead Silsbee, III

12. Binding. Subject to Section 16, below, once this Agreement is signed by all parties, it shall be binding upon, and shall inure to the benefit of, all parties, and each parties' respective heirs, successors, assigns, transferees, agents, servants, employees and representatives.

13. Assignment.

(a) This Agreement is personal to CONSULTANT and there shall be no assignment by CONSULTANT of its rights or obligations under this Agreement without the prior written approval of the City Manager or his/her designee. Any attempted assignment by CONSULTANT, its successors or assigns, shall be null and void unless approved in writing by the City Manager or his/her designee.

(b) CONSULTANT hereby agrees not to assign the payment of any monies due CONSULTANT from CITY under the terms of this Agreement to any other individual(s), corporation(s) or entity(ies). CITY retains the right to pay any and all monies due CONSULTANT directly to CONSULTANT.

14. Compliance with Law. In providing the services required under this Agreement, CONSULTANT shall at all times comply with all applicable laws of the United States, the State of California and CITY, and with all applicable regulations promulgated by federal, state, regional, or local administrative and regulatory agencies, now in force and as they may be enacted, issued, or amended during the term of this Agreement.

15. Waiver. The waiver by either party of a breach by the other of any provision of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of either the same or a different provision of this Agreement. No provisions of this Agreement may be waived unless in writing and signed by all parties to this Agreement. Waiver of any one provision herein shall not be deemed to be a waiver of any other provision herein.

16. Governing Law and Venue. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction. Venue for purposes of the filing of any action regarding the enforcement or interpretation of this Agreement and any rights and duties hereunder shall be Tulare County, California.

17. Headings. The section headings in this Agreement are for convenience and reference only and shall not be construed or held in any way to explain, modify or add to the interpretation or meaning of the provisions of this Agreement.

18. Severability. The provisions of this Agreement are severable. The invalidity, or unenforceability of any one provision in this Agreement shall not affect the other provisions.

19. Interpretation. The parties acknowledge that this Agreement in its final form is the result of the combined efforts of the parties and that, should any provision of this Agreement be found to be ambiguous in any way, such ambiguity shall not be resolved by construing this Agreement in favor of or against either party, but rather by construing the terms in accordance with their generally accepted meaning.

20. Attorney's Fees. If either party is required to commence any proceeding or legal action to enforce or interpret any term, covenant or condition of this Agreement, the prevailing party in such proceeding or action shall be entitled to recover from the other party its reasonable attorney's fees and legal expenses.

21. Exhibits. Each exhibit and attachment referenced in this Agreement is, by the reference, incorporated into and made a part of this Agreement.

22. Precedence of Documents. In the event of any conflict between the body of this Agreement and any Exhibit or Attachment hereto, the terms and conditions of the body of this Agreement shall control and take precedence over the terms and conditions expressed within the Exhibit or Attachment. Furthermore, any terms or conditions contained within any Exhibit or Attachment hereto which purport to modify the allocation of risk between the parties, provided for within the body of this Agreement, shall be null and void.

23. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

24. No Third Party Beneficiaries. The rights, interests, duties and obligations defined within this Agreement are intended for the specific parties hereto as identified in the preamble of this Agreement. Notwithstanding anything stated to the contrary in this Agreement, it is not intended that any rights or interests in this Agreement benefit or flow to the interest of any third parties.

25. Extent of Agreement. Each party acknowledges that they have read and fully understand the contents of this Agreement. This Agreement represents the entire and integrated

agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be modified only by written instrument duly authorized and executed by both CITY and CONSULTANT.

City of Tulare, CA

By _____

Title _____

Date _____

CONSULTANT:

RETAIL STRATEGIES, LLC

By _____

Title _____

Date _____

APPROVED AS TO FORM AND CONTENT

David P. Hale, City Attorney

EXHIBIT A

PROPOSAL TO THE CITY OF TULARE, CALIFORNIA MARKET ANALYSIS, STRATEGIC PLANNING AND RETAIL RECRUITMENT

PROJECT APPROACH AND METHODOLOGY

The project will be overseen by the Principals of Retail Strategies, the VP for the territory, Joseph Fackel, and the Client Manager for the project; with support from research manager and retail recruitment staff. This combination of the Retail Strategies' team, utilizing each team member's individual skill set, will create the synergy needed to develop successful retail recruitment in Tulare.

The City of Tulare will be asked to provide the following:

- A project lead to provide information and updates on our progress as well as disseminate information to local stakeholders prior to the research phase of the project.
- A point person to access BaseCamp where the research, analysis, marketing materials, and strategic plan are stored.
- Images and information to be used on the marketing materials
- Provide contacts to property owners from property that is identified as a "Key Site" for retail/shopping center development
- Provide traffic counts for intersections and streets.

RESEARCH: QUANTITATIVE AND IN-MARKET ANALYSIS

Our research solutions are not a "one size fits all" or pre-formatted by an industry standard radius or drive-time area. Each city, community, or retail trade area requires unique analysis based on numerous factors including natural boundary areas, current retail tenant mix, travel times, radius areas and existing sites/buildings. Our research focuses on identifying the data points that are most likely to influence the site location decisions of retailers. Once these data points are determined – we provide thematic maps, aerial photos, asset maps, and customized research reports by retail concept. Retail Strategies primary data resources include:

Conduct and Deliver Market Research to Include:

- The initial research is concluded prior to Strategic Plan delivery 60 days post contract execution. Research updates, site specific research and on-demand research continue throughout the engagement.
- Identify Tulare Retail Trade Areas using political boundaries, drive times and radii and custom boundary geographies
- Perform Market & Retail GAP Analysis for each trade area (Leakage and Surplus)

- Provide Consumer Attitude and Behavior Analysis
- Conduct Retail Peer Market Analysis • Cannibalization Analysis (Distance Tolerance) for all recommended retail prospects between nearest existing locations and Tulare
 - Tapestry Lifestyles – Psychographic Profile of Trade Area / Market Segmentation Analysis
 - Thematic Mapping and Aerial Imagery by trade area
 - Retail Competitor Mapping/Analysis
 - Market Maximization Summary and Strategic Leasing Plan
 - Analysis of future retail space requirements in relation to the retail market analysis, the market's growth potential and trends in the retail industry
 - Identification of Retail Prospects to be targeted for recruitment
 - Retailer Recruitment and Execution of the Retail Strategic Plan
 - Updates on Retail Industry Trends
 - Custom On-Demand Demographic Research – Historical, Current, and Projected Demographics – to include market trade areas by radius/drive-time, and custom trade areas associated with Tulare.

In-Market Assessment of Real Estate Assets:

In-Market visit is scheduled at project launch and completed prior to development of Strategic Recruitment Plan.

- Identify/Evaluate/Catalog Priority Commercial Properties for Development, Re-development and higher and best use opportunities • Identification of Priority Business Categories for Recruitment and/or Local Expansion
- Perform Competitive Analysis of Existing Shopping Centers and retail corridors

Project Management through BaseCamp:

BaseCamp account is established for the project and primary contacts receive instructions on setting login credentials and BASIC Training in order to upload information requested by Retail Strategies. Research Reports will be made available through Basecamp as initial research is completed.

Retail Strategies uses BaseCamp as our document and project management solution to provide access to all project deliverables and real time updates to the appropriate community contacts. Basecamp is a two way project management solution allowing our clients the ability to upload information to the Retail Strategies team, set alerts, create to do lists, and much more. Retail Strategies also provides all pro-active recruiting updates to our clients through their Basecamp account.

The Client Manager for the Tulare engagement will also upload any on demand research requests and updates of conversations with local property owners, commercial realtors and

developers. All users designated by Tulare will receive Basecamp training from Retail Strategies staff through a web meeting.

DEVELOPMENT OF RETAIL RECRUITMENT STRATEGIC PLAN:

Retail Recruitment Strategic Plan is completed and Delivered to Tulare uploaded to client's BaseCamp account within 60 days.

Provide a Recruitment Strategy for New Retail and Restaurant Companies – Retail Strategies will develop a Strategic Retail Recruitment plan which will be a summary of the primary retail gaps inclusive of the key retail and restaurant concepts to be pursued with an overview of each retailer relative to size, economics, etc. The Strategic Plan will identify both short-term and long-term recruitment objectives and goals.

Provide Identification and Recommendation of Retail Prospects – Retail Strategies will develop a Retail Prospect List which will include retail prospects targeted for recruitment to Tulare. This list of retailers is based on the initial research and analysis – both quantitative and in-market - done on behalf of the City of Tulare. The Retail Prospect List is a dynamic document which is continuously updated based on real time conversations with both retailers and developers. As we represent Tulare nationally, present opportunities in Tulare to retailers and developers, and learn of newly announced retail expansion plans and concepts, the prospect list will be updated accordingly.

Recommendations for Site Locations for Retail/Restaurant Companies - Retail Strategies, LLC will work with the City to prioritize commercial properties that may be suitable sites to present to prospective new retailers. This will include maps, marked aerials, and all pertinent contact and site specific information relative to each site.

Develop Marketing Materials - Retail Strategies will develop marketing materials on the client's behalf to market the community to retailers, developers, etc. These marketing materials become one of the “tools” used to position Tulare as destination for new retail development.

EXECUTION OF CUSTOMIZED STRATEGIC RETAIL RECRUITMENT PLAN:

Retail Strategies begins the Retail Recruitment Plan execution after delivery and adoption of Recruitment Strategy with initial focus on preparation for the ICSC RECon in Las Vegas. Pro-Active recruitment continues for the length of the engagement.

Retail Strategies will implement the Strategic Retail Recruitment Plan by establishing relationships and facilitating conversations with key leaders/stakeholders in the City of Tulare including property owners, developers, investors and real estate professionals along with prospective retail/restaurant companies in order to execute the Strategic Retail Recruitment Plan.

In addition to facilitating relationships between key entities Retail Strategies will represent the City of Tulare on a National scale at Retail/Real Estate Conferences, including the International Council of Shopping Centers (ICSC) Global Real Estate Convention and regional Deal Making events, leveraging marketing materials, identifying sites for targeted retailers, and

setting meetings with targeted retailers/developers to discuss opportunities within the City of Tulare.

Retail Strategies will also update the Strategic Retail Recruitment Prospect List as we identify new and expanding/emerging retail/restaurant companies. The City of Tulare will be updated on our progress through their BaseCamp account and communication between Retail Strategies and the designated contact at the City of Tulare.

Call List and Recruitment Update - an ongoing tracking form to keep the identified city contacts updated relative to recruitment efforts and specific interaction with prospective retailers and developers interested in the Tulare retail trade area. Updates are posted to Basecamp and the appropriate contacts receive an email notification that an update has been added for their review.

OPTIONAL SERVICES

- Incentives Consulting - Pricing for incentives is based on when Retail Strategies becomes engaged in the process to be negotiated outside of this scope of services.
- Custom Marketing Materials for Property Owners & Commercial Real Estate Firms - Negotiated per request
- Meeting Requests outside the Scope of Services
- Reimbursement of Travel Expenses

PRIMARY DATA RESOURCES

Census, AGS, and ESRI Demographics: By incorporating demographic data from multiple sources, we are able to better understand the population, income and retail spending shifts taking place in the current economic environment.

Business Location Data: This location data is ideal for competitive analysis, understanding market opportunities and evaluating market dynamics. Sourced to D&B®, the world's most trusted source of sales and marketing solutions, all D&B information is powered by DUNSRight™ D&B's Quality Process which gives you the insight you need to identify and target prospects.

Consumer Expenditures: This data includes 18 reports and close to 1,000 variables that collectively cover almost 95% of household spending. Based on extensive modeling of the BLS Consumer Expenditure Survey, CEX provides reliable estimates of market demand and average household expenditures.

Retail Potential: This new tabulation utilizes the Census of Retail Trade tables which cross-tabulates store type by merchandise line. The Consumer Expenditure data was aggregated to the merchandise line classification and then distributed to each of the major store types.

Tapestry Psychographic Segmentation: Tapestry, an ESRI product, classifies US neighborhoods into 65 market segments based on socioeconomic and demographic factors, then consolidates them into LifeMode and Urbanization Groups.

Additional Information and Sources for our Research:

- Census data from 1980 through 2010 (Census years), current year and 5 year projections. Data and reports are updated annually and across all identified retail trade areas for all client engagements.
- Most of our data providers use similar methodologies for creating estimates and projections – which is then impacted by methodologies for aggregating that data across block groups up to trade area boundaries.
- AGS demographics for current year and 5 year projections.
- ESRI demographics for current year and 5 year projections.
- Claritas demographics for current year and 5 year projections.
- We use the following additional datasets for segmentation analysis: MOSAIC Tapestry
- MRI's Consumer Behavior and Attitude data.
- Additional data from the Bureau of Economic Analysis, Census of Retail/Consumer Spending, and the Department of Labor.
- Multiple sources for our GAP Analysis supplemented by business databases and our boots on the ground market research.
- Crime stats directly from the FBI.
- IPEDS for analysis of 2 year and 4 year education institutions when needed to better understand the demographics of college students in a given market/trade area.
- We create geographies and maps down to areas as small as .5 mile radius or 1 minute travel times.
- We create custom retail trade areas by aggregating geography boundaries or hand drawing polygons.
- Our software solutions allow us to filter a retailer's locations to then match targeted sites within each engaged clients retail trade area(s).
- Regus software to create aerials by city, retail trade area or development/redevelopment zones including locations of all existing retail. Regus also allows us to map identified development, redevelopment and higher and best use locations within targeted retail corridors.

FEES AND DELIVERABLES

Initial Engagement: 1 Year \$50,000*

*Fees and deliverables for the Initial Engagement period were paid and completed, respectively, under a separate Consulting Services Agreement dated September 2, 2015.

Research: Quantitative and In-Market Assessment of Real Estate Assets

- Access to BaseCamp

Consultant Services Agreement – Retail Strategies, LLC

- Development Retail Recruitment Strategic Plan
- Recruitment Strategy for New Retail and Restaurant Companies
- Provide Identification and Recommendation of Retail Prospects
- Recommendation of Site Locations for Retail/Restaurant Concepts
- Development of Marketing Materials
- Call List and Recruitment Updates

Execution of Strategic Recruitment Plan

- Working with local property owners, developers and real estate professionals in order to facilitate retail growth, including On Demand Research/Analysis
- Outreach to retail prospects with continuous updating of Retail Prospect List
- Representation at national and regional retail real estate conferences

Pricing – Years 2 and 3 \$25,000 per year if extended by the CITY

- Retail Strategies, for year two and three of the engagement, will provide updated research and continue on-demand research reports/analysis.
- Updated quantitative research and on-demand research reports/analysis
- Updating of Strategic Retail Recruitment Plan
- Updating of Retail Prospect List
- Representation at national and regional retail real estate conferences

PROJECT SCHEDULE

Day 1 – Contract is executed

Day 2 through 30 – City provides requested documents including:

- Completed Questionnaire(s)
 - Getting Started with Retail Strategies
- During this time Retail Strategies begins the initial Market Analysis
- Retail Strategies schedules the market visit by Strategies executives to determine development, redevelopment and higher & best use properties including existing available retail space

Day 31 through 60 – Retail Strategies completes the following:

- Market Analysis including Consumer Behavior & Attitude Research
- Focus Properties Catalog
- Custom Trade Area Market Analysis
- Aerials and Maps as needed for retail recruitment
- Marketing Guide
- Initial Prospect List of Retailers

Day 61 through 90

Retail Strategies will also complete the Retail Strategic Plan and schedule a return visit to the City to deliver the results of our initial Analysis of the Tulare Retail Market. Also, at this point in the engagement, Retail Strategies will begin pro-actively reaching out to all local commercial real estate firms, developers and property owners offering our assistance. We will also begin the process of reaching out to retailers we have identified as prospects and regional and national developers that may have an interest in Tulare.

From this point forward, Retail Strategies will begin preparations to represent and position Tulare at all ICSC regional and national retail real estate conferences. Finally, in the event Retail Strategies determines after the first year of the engagement there are no recruitment opportunities and no services we can reasonably provide based upon our market analysis, the City of Tulare may opt out of the renewal years of the engagement.

Day 91 and Forward – Retail Strategies will provide On-Demand Custom Research, Annual research updates and Pro-actively recruit retail on behalf of the City of Tulare.

EXHIBIT B: REQUIRED INSURANCE COVERAGES

See Attached Insurance Certificate

Original insurance certificates and endorsements are to be mailed or delivered to:

City of Tulare
Attn: Human Resources Department
411 E. Kern Avenue
Tulare, CA 93274

AGENDA ITEM:

**CITY OF TULARE
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Engineering

For Council Meeting of: November 1, 2016

Documents Attached: Ordinance Resolution Staff Report Other None

AGENDA ITEM:

Consideration of and provide direction related to a request by Greg Nunley to enter into a reimbursement agreement for improvements to Mooney Boulevard (State Route 63), and a request to authorize release of all remaining lots in the Bella Oaks subdivision and approval for issuance of building permits upon execution of said agreement and receipt of required securities.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

Project Background

The Bella Oaks subdivision consists of twenty multi-family lots and is located on the south side of Bella Oaks Drive, west of Mooney Boulevard (State Route 63). The Developers are Great Valley Builder's, Inc. and Hidden Oak Development, Inc. The Developers entered into a Subdivision Improvement Agreement with the City agreeing to complete construction of the required public improvements that are the subject matter of this staff report, and provided security for completion of the improvements in the form of a letter of credit. The public improvements required as a condition of subdivision map approval included street, water, sewer, and storm drain improvements along both Bella Oaks Avenue and Mooney Boulevard, and connection of Bella Oaks Drive to Mooney Boulevard. In conjunction with the connection of Bella Oaks Drive to Mooney Boulevard, Caltrans required construction of a southbound right-turn lane on Mooney Boulevard for traffic turning onto Bella Oaks Drive, and Mooney Boulevard median improvements to prevent left-turns from Bella Oaks Drive onto Mooney Boulevard.

The Tesori subdivision consists of forty-five single-family lots and is located on the north side of Bella Oaks Drive, west of Mooney Boulevard (State Route 63). The Developer is Great Valley Builder's, Inc. The Developer entered into a Subdivision Improvement Agreement with the City on agreeing to complete construction of the required public improvements, and provided security for the improvements in the form of performance and payment bonds. The public improvements required as a condition of subdivision map approval included street, water, sewer, and storm drain improvements along both Bella Oaks Avenue and Mooney Boulevard, and connection of Bella Oaks Drive to Mooney Boulevard if not previously completed by the Bella Oaks subdivision. This included the same Caltrans requirements for construction of a southbound right-turn lane described in the Bella Oaks project background.

All subdivision improvements have been completed for both projects, except for the required improvements to Mooney Boulevard (State Route 63). The Developers have cited the excessive costs associated with Caltrans requirements for construction of a right-turn lane, and the relocation/undergrounding of existing overhead utility lines along the projects' Mooney

Boulevard frontage, as the primary reasons for the delay in completing the required public improvements.

Developer Request

Mr. Greg Nunley (hereafter referred to as Project Applicant) of Great Valley Builders, Inc. is a party to both the Bella Oaks and Tesori development projects. As detailed in the attached letter dated October 20, 2016 from C2 Consult, the Project Applicant has submitted a proposal for reducing the scope of required improvements to Mooney Blvd., and entering into a reimbursement agreement with the City for oversized construction costs. The major deal points addressed in the proposal are as follows:

- Reduced Scope of Improvements – Rather than requiring the Developers to construct the full Mooney Blvd. improvements along the Bella Oaks and Tesori subdivision frontages, it is requested that the scope of required improvements be reduced to:
 1. Construction of curb, gutter and sidewalk along the west side of Mooney Blvd. from the new intersection with Bella Oaks Drive to a position +/- 610 feet north of the intersection (i.e., the length of the required right-turn lane),
 2. Construction of the southbound right-turn lane on Mooney Blvd. at Bella Oaks Drive,
 3. Pave-out along the west side of Mooney Blvd. between Bella Oaks Drive and the end of the curb, gutter and sidewalk (i.e., the length of the right-turn lane),
 4. Median improvements to extend the raised median from its current terminus to a position approximately 330 feet north of the Bella Oaks intersection,
 5. Relocation of 2 power poles located on the west side of Mooney Blvd. to accommodate the improvements described above,
 6. Street connection of Bella Oaks Drive to Mooney Blvd.

The Project Applicant proposes that the remainder of the Mooney Blvd. frontage improvements not related to the Bella Oak Drive connection and right-turn lane be constructed by a future City project, with the suggestion that the associated costs be incorporated into the City's pending Development Impact Fee (DIF) update. The following concerns with this approach should be noted:

- Not all costs associated with the proposed deferred Mooney Blvd. improvements may be covered by development impact fees. Development projects are responsible for constructing curb, gutter, sidewalk, streetlights, and street pave-out across their project street frontages. They are also responsible for all utility relocations necessary to construct these improvements. While consideration may be given to including some or all of these costs in the pending DIF Program update, their inclusion would be a significant change in policy that would greatly impact the program fee structure resulting in higher fees. It is recommended that contemplation of any such change in policy take place within the confines of the pending DIF Program update process.
- The Mooney Blvd. frontage improvements that the Project Applicant is suggesting to defer are non-intersection related improvements. In the City's current DIF Program, the percentage of costs attributed to new growth for non-intersection related improvements to Mooney Blvd. is 10%. That means that only 10% of those costs can be paid for using DIF funding. It is unlikely that this percentage would change significantly during the pending DIF Program update. Therefore, 90% of the cost of the proposed deferred improvements would require a funding source other than DIFs, such as general fund or local Measure R funds.

Approval of the reduced scope of improvements would be a substantial change to the conditions of approval imposed by Planning Commission at the time of tentative map approval for both the Bella Oaks and Tesori subdivisions. At this point, it is also uncertain what Caltrans' response would be to the suggestion of allowing partial frontage improvements on Mooney Blvd.

- City Reimbursement – The Project Applicant is requesting that the City enter into a reimbursement agreement for construction of the reduced scope of improvements described above that would limit the Developer's responsible share of costs to a total of \$364,000 (\$229,000 for street improvements + \$75,000 for sidewalk + \$60,000 for landscaping along the entire Tesori subdivision frontage). Reimbursement would be due 36 months after completion of the improvements. It is also proposed that the City would reimburse the Project Applicant for additional right-of-way dedication resulting from the required right-turn widening along the Tesori subdivision frontage on Mooney Blvd. An estimated value of \$25,000 for the dedication is presented.

The reduced scope of improvements included in the Project Applicant's proposal are related to the intersection of Bella Oaks Drive and Mooney Blvd. The total estimated cost of these improvements is \$789,000, including the \$25,000 right-of-way reimbursement and cost of landscaping along the entire Tesori subdivision frontage of Mooney Blvd. If the Project Applicant's share of the intersection improvement costs were set at \$364,000, then an estimated \$425,000 of funding would be required to reimburse the Project Applicant.

As discussed in the Existing City Policies section below, many of the improvements included in the reduced scope of work do not qualify for oversize reimbursement under current street oversize policy. For those that do, the current DIF program provides for 100% funding of the City's share of costs. The State Highway DIF account currently has a deficit balance of approximately negative \$4,273,000 due to the fronting of costs associated with the Cartmill Avenue interchange project. Over the past five years, the City has collected an average of \$167,000 per year in State Highway DIFs. At that rate of revenue collection, DIF funding will not be available to reimburse the Project Applicant within the requested 36 months following completion of the improvements. Reimbursement would have to be fronted by another local funding source, such as general funds or local Measure R revenues. The non-DIF eligible component of the improvement costs would also require another source of local funds, and would not be reimbursable by future DIFs.

- Release of Remaining Conditions for Bella Oaks and Tesori Subdivisions – The Project Applicant requests that once construction of the reduced scope of improvements has been completed, that all remaining conditions related to those subdivisions would be released.

Existing City Policies

The Project Applicant's request does not comply with the attached City Street Oversize policy in effect since April 21, 1995. In accordance with that policy, the Developers of the Bella Oaks and Tesori subdivisions are responsible for up to 20' of paved width along their entire Mooney Blvd. frontage, with a minimum design structural section consisting of 3" of asphalt concrete over 6" of class 2 aggregate base. Costs associated with a greater paved width, or thicker structural section design, are eligible for oversize reimbursement. These are the only components of street improvement costs eligible for oversizing. The costs of curb, gutter, sidewalk, and streetlights across the non-intersection related frontages of Bella Oaks

Subdivision and Tesori subdivision would not be considered as oversize improvements. This policy is the basis for the street improvement costs used to develop the City's existing DIF Program. Any funding shortfalls resulting from deviation from the policy will likely require a transfer of other local funding into the DIF Program to make it whole. Deviation from the existing policy also throws into question how the reimbursements should be determined for other development projects, especially those located along the Mooney Blvd. (State Route 63) corridor.

A comparison of estimated reimbursable street improvement costs using the Project Applicant's methodology and the City's existing street oversizing policy is provided below.

Project Applicant Proposal					
Mooney Blvd. Improvements	Developer Cost Share	Estimated City Cost Share		Estimated City Cost Share (Future Project)	
		DIF	Other	DIF	Other
Bella Oaks Subdivision Frontage (Non-intersection Related – 10% Attributed To New Growth)					
a) Street Improvements (DIF Eligible)	\$0	\$0	\$0	\$5,991	\$115,320
b) Street Improvements (Non-DIF Eligible)	\$0	\$0	\$0	\$0	\$51,267
c) Utility Relocation	\$0	\$0	\$0	\$0	\$77,844
d) Sidewalk	\$0	\$0	\$0	\$0	\$29,265
e) Landscaping	\$0	\$0	\$0	\$0	\$8,364
Reduced Scope of Improvements (Intersection Related – 100% Attributed To New Growth)					
f) Street Improvements (DIF Eligible)	\$171,600	\$228,537	\$26,176	\$0	\$0
g) Street Improvements (Non-DIF Eligible)	\$57,400	\$0	\$0	\$0	\$0
h) Utility Relocation	\$0	\$0	\$170,239		
i) Sidewalk	\$75,000	\$0	\$0	\$0	\$0
j) Landscaping	\$21,200	\$0	\$0	\$0	\$0
Tesori Subdivision Remaining Frontage (Non-intersection related – 10% Attributed To New Growth)					
k) Street Improvements (DIF Eligible)	\$0	\$0	\$0	\$25,158	\$484,276
l) Street Improvements (Non-DIF Eligible)	\$0	\$0	\$0	\$0	\$125,450
m) Utility Relocation	\$0	\$0	\$0	\$0	\$313,628
n) Sidewalk	\$0	\$0	\$0	\$0	\$222,332
o) Landscaping	\$38,800	\$0	\$0	\$0	\$0
Cost Shares	\$364,000	\$228,537	\$196,415	\$31,149	\$1,427,746
Total Estimated Cost	\$2,247,847				

Existing City Oversize Policy					
Mooney Blvd. Improvements	Estimated Developer Cost Share	Estimated City Cost Share		Estimated City Cost Share (Future Project)	
		DIF	Other	DIF	Other
Bella Oaks Subdivision Frontage (Non-intersection Related – 10% Attributed To New Growth)					
a) Street Improvements (DIF Eligible)	\$61,403	\$5,991	\$53,916	\$0	\$0
b) Street Improvements (Non-DIF Eligible)	\$51,267	\$0	\$0	\$0	\$0
c) Utility Relocation	\$77,844				
d) Sidewalk	\$29,265	\$0	\$0	\$0	\$0
e) Landscaping	\$8,364	\$0	\$0	\$0	\$0
Reduced Scope of Improvements (Intersection Related – 100% Attributed To New Growth)					
f) Street Improvements (DIF Eligible)	\$197,776	\$228,537	\$0	\$0	\$0
g) Street Improvements (Non-DIF Eligible)	\$57,400	\$0	\$0	\$0	\$0
h) Utility Relocation	\$170,240				
i) Sidewalk	\$75,000	\$0	\$0	\$0	\$0
j) Landscaping	\$21,200	\$0	\$0	\$0	\$0
Tesori Subdivision Remaining Frontage (Non-intersection related – 10% Attributed To New Growth)					
k) Street Improvements (DIF Eligible)	\$257,858	\$25,158	\$226,418	\$0	\$0
l) Street Improvements (Non-DIF Eligible)	\$125,450	\$0	\$0	\$0	\$0
m) Utility Relocation	\$313,628				
n) Sidewalk	\$222,332	\$0	\$0	\$0	\$0
o) Landscaping	\$38,800	\$0	\$0	\$0	\$0
Cost Shares	\$1,707,827	\$259,686	\$280,334	\$0	\$0
Total Estimated Cost		\$2,247,847			

The required relocation and undergrounding of existing utility poles is the most costly component of the required Mooney Boulevard improvements, and is included in the Street Improvement categories in the table above. Based upon invoices prepared in 2013, SCE construction costs are estimated to be around \$350,000. There are additional construction costs born the Developer, which could be in the range of \$175,000 - \$225,000. Utility permitting and design costs are unknown. In preparing the Existing City Oversize Scenario, the City Engineer determined that City reimbursement for the utility pole relocations should not be included in the reimbursable cost calculations based upon the following:

- a. The need for relocation of the utility poles is not solely the result of the requirement for the right-turn lane benefitting the greater Del Lago Specific Plan Area. The relocations would be necessary just to accommodate the standard street frontage improvement requirements.
- b. There are numerous examples of private development projects throughout the City where the Developer was responsible for the full cost of utility pole relocation. Staff was unable to find a single example of a private development project where the City participated financially in the cost of utility pole relocation. For the Target Shopping Center and the Love's Travel Center developments, the City established underground utility districts, which enabled the respective developers to make use of SCE's Rule 20B

program. Under that program, SCE covers the cost difference between overhead utility pole relocation and undergrounding. If so directed by Council, an underground utility district could be established for the west side of Mooney Boulevard, allowing the Project Applicant and future developers to benefit from the 20B program.

- c. City participation in the cost of utility pole relocation would be precedent setting, with no identified funding source to compensate for resulting expenses.

Impacts to the City

It is anticipated that accommodation of the Project Applicant's request would result in the need for additional local funding (non-DIF) in the amount of \$1,624,161 (\$196,415 + \$1,427,746). The likely funding sources available to cover this additional expense would be General Fund or local Measure R revenues. Additional General Fund expenditures could impact funding available for other City programs, most notable public safety functions. All local Measure R revenues are currently programmed to help pay for the street improvement portion of costs associated with planned utility projects made possible by the water rate increases. Reallocation of those local Measure R funds would delay delivery of those projects. As mentioned previously in this report, it may be possible to shift some of this cost to the DIF Program through the pending update of that program. However, additional costs would need to meet nexus requirements to tie them to new growth, and there would need to be sufficient new growth areas to generate sufficient revenues. Until the DIF Program update is complete, the lack of information to assure the ability to meet a nexus to establish the fee and defined properties to impose or levy the fee will create great uncertainty regarding the availability of additional DIF funding.

Prior Accommodations by Council

The original Subdivision Improvement Agreement for the Bella Oaks subdivision allowed for an initial issuance of building permits on ten lots in the subdivision (50% of the total lot count). Issuance of additional building permits was contingent upon the project reaching the stage where 90 percent of the required public improvements had been completed. On January 15, 2013, Council approved the Developers' request for an amended subdivision improvement agreement that provided an additional year to complete the required improvements. In conjunction with the amended agreement, the Developers requested release of an additional four lots for issuance of building permits, which Council authorized. Staff subsequently issued the additional building permits, bringing the total number of released lots to fourteen. However, when presented with the amended subdivision improvement agreement, the Developers declined to execute it.

Prior Denials by Council

On August 4, 2015, the Council heard a request from the Developers for the release of four additional lots for the issuance of building permits in exchange for entering into a new subdivision improvement agreement and providing new security to cover the cost of uncompleted improvements. The Project Applicant was in attendance representing the Developers. Following deliberation, Council declined the request.

STAFF RECOMMENDATION:

Consideration of and provide direction related to a request by Greg Nunley to enter into a reimbursement agreement for improvements to Mooney Boulevard (State Route 63), and a request to authorize release of all remaining lots in the Bella Oaks subdivision and approval for issuance of building permits upon execution of said agreement and receipt of required securities.

CITY ATTORNEY REVIEW/COMMENTS: Yes N/A

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No N/A

Granting the request will result in the City assuming liability for construction costs not budgeted, and for which funding sources have not been identified.

FUNDING SOURCE/ACCOUNT NUMBER: TBD

Submitted by: Michael Miller

Title: City Engineer

Date: October 27, 2016

City Manager Approval: _____

Street Oversize

STANDARD OPERATIONAL PROCEDURES

(Effective April 21, 1995)

Section A - Standard for Oversize

- A-1 City will pay oversize on new arterial streets only. Costs shall be approved prior to construction.
- A-2 Oversize width for arterial street paving shall be any additional street paving width at design structural section required above the widths shown below for the type of development and its relationship to the street in question.

Type of Development	Development Located With Respect to Street	
	<u>One Side Only</u>	<u>Both Sides</u>
Residential	20'	40'
Commercial (Commercial Zone)	30'	60'
Commercial (Industrial Zone)	22'	44'
Industrial	22'	44'

- A-3 That portion of the street structural section which is greater than the design structural section based on the design criteria contained in this subsection (e.g. 4" AC actual vs 3" AC design) is oversize. The non oversized design structural section for a particular type of development is the minimum structural section listed below or the calculated structural section based on the traffic indexes listed below and the field R-Values, whichever is greater.

Type of Development	Minimum Structural Section (Inches)	Traffic Index
Residential	3" AC / 6" AB	6.5
Commercial	4" AC / 8" AB	8.5
Industrial	4" AC / 8" AB	8.5

Section B - Pavement Sections on Substandard Arterial Streets

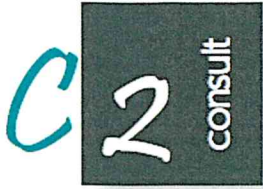
- B-1 The city will pay no oversize for pavement sections.

- B-2** For street paveouts on arterial streets with existing substandard sections, the paveout section against the curb and gutter shall be to the full depth design thicknesses for an arterial street based on the traffic index specified in the Engineering Considerations and R-Values. The full depth paveout width against and measured at right angles to the curb and gutter shall be calculated to supply an equivalent monetary value to the non oversized structural section as specified in Subsection A-3.

Example:

The estimated cost of a certain full depth paveout of arterial design thickness on an arterial street with substandard structural section is \$60 per longitudinal foot. The cost of the non oversized design structural section of 20-foot width for the residential development is \$40 per longitudinal foot. Width of full depth paveout required is $\$40/\$60 \times 20 \text{ feet} = 13.34 \text{ feet}$ of pavement.

- B-3** Because of construction practices which often cause the thickness of the pavement near its edge to be thinner than the maximum thickness of the substandard pavement, the pavement to be joined shall be cut back until its full depth is exposed prior to paveout.
- B-4** There are three cases resulting from the full depth paveout width as calculated in Subsection B-2.
- Case 1 -** Full depth paveout width exceeds the gap between the curb and gutter and the substandard pavement after cut back as specified in Subsection B-3. In this case, the substandard pavement is cut back further to receive the paveout.
- Case 2 -** Full depth paveout width equals the gap between the curb and gutter and the substandard pavement after cut back as specified in Subsection B-3. In this case, fill gap with full depth paveout.
- Case 3 -** Full depth paveout width is less than the gap between the curb and gutter and the substandard pavement after cut back as specified in Subsection B-3. In this case, the gap between the edge of the full depth paveout width and the substandard pavement after cut back as specified in Subsection B-3 is filled with a pavement section equivalent to the existing pavement section at its full depth or 4 inches on native, whichever is greater.



October 20, 2016

Mr. Michael Miller
City Engineer
City of Tulare
411 E. Kern St.
Tulare, CA 93274

Dear Michael,

Thank you again for meeting to discuss the Bella Oaks and Tesori Projects. The discussion and range of options provided by the City were very helpful in developing a potential solution to this vexing challenge. We have prepared the following to try and summarize the key points of those discussions and to form the basis for an agreement on improvements to be made and future reimbursement. We hope this assists in the further conversation and formation of a modified subdivision agreement for the Projects.

Construct Bella Oaks Intersection

The Project Applicant for the Bella Oaks and Tesori development projects shall construct the following improvements.

1. Curb, gutter and sidewalk along the west side of Mooney Blvd from the new intersection with Bella Oaks Drive to a position ± 610 feet north of the intersection. Reference is made to the plans from 2012.
2. Southbound right turn lane on Mooney Blvd. at Bella Oaks Drive
3. Pave-out along the west side of Mooney Blvd. between Bella Oaks Drive and the end of the curb, gutter and sidewalk.
4. Median improvements to extend the raised median from its current termini to a position approximately 330 feet north of the Bella Oaks intersection.
5. Relocation of 2 power poles located on the west side of Mooney Blvd. to accommodate the improvements described above.
6. Street connection of Bella Oaks Drive with Mooney Blvd.
7. The total share of the Project Applicant's cost of the improvements outline above shall be as follows:
 - a. \$229,000 for the street improvements on Mooney Blvd.
 - b. \$75,000 for the cost of the sidewalk along Mooney Blvd.
 - c. \$60,000 for the cost of landscaping along Mooney Blvd.

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Reimbursement Agreement

The Project Application and the City of Tulare will enter into a reimbursement agreement for those components deemed to be oversized improvements or for those improvements described below that are constructed beyond the proportional share of the Bella Oaks and Tesori Projects. The following describes those oversizing components or those costs subject to proportional reimbursement.

Additional right-of-way dedication resulting from the Caltrans requirement to install a right-turn lane at Bella Oaks Avenue. Approximate area subject to this reimbursement is 4,654 square feet, or 0.107 acres. Estimated value of reimbursable dedication is \$25,000.

Reimbursement of those costs in excess of the Project's contribution of \$364,000 (\$229,000+\$75,000+\$60,000) will be reimbursed to the Project Applicant pursuant to a standard City reimbursement agreement with full payment due 36 months after completion of the improvements. The City and Project Applicant acknowledge that the update to the City's Development Impact Fee Program will consider augmentation of city, regional and state funding for improvements to Mooney and the future undergrounding of the power lines.

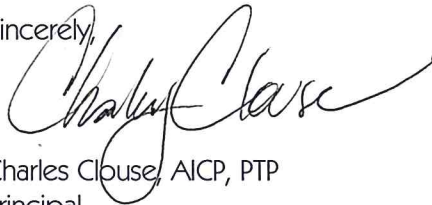
With the installation of the improvements outlined above the City will release both the Bella Oaks and Tesori subdivisions from any remaining conditions. The Project Applicant requests that the following be initiated by the City to implement the actions outlined above.

Enter into a development agreement for the combined Bella Oaks and Tesori improvements to Mooney Boulevard, and require security to cover the combined scope of improvements as outlined above. Once in place, the both the Bella Oaks and the Tesori bonding will be eliminated.

We appreciate the time and effort that the City Staff has taken to further this along. And the recent discussions with Caltrans certainly provide an option to move forward. We welcome any suggestions or clarifications you might have on the above. We look forward to working with you and the City Staff to bring an agreement to the City Council in November.

We will be pleased to meet with you to discuss the specifics of our proposal. If you should have any questions, please feel free to contact me.

Sincerely,



Charles Clouse, AICP, PTP
Principal

Attachment