SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
RESOLUTION NO. 16-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT AND OTHER DOCUMENTS IN CONNECTION WITH THE SUCCESSOR AGENCY'S ISSUANCE OF TAX ALLOCATION REFUNDING BONDS AND TAKING RELATED ACTIONS

WHEREAS, the former Paradise Redevelopment Agency (the "Former Agency") was a redevelopment agency duly formed pursuant to the Community Redevelopment Law, set forth in Part 1 of Division 24 of the Health and Safety Code ("HSC") of the State of California (the "State"); and

WHEREAS, the Former Agency undertook a program to redevelop a project area known as the "Paradise Redevelopment Project" pursuant to a redevelopment plan (the "Redevelopment Plan") that was adopted and approved pursuant to Ordinance No. 399, adopted by the Town Council of the Town of Paradise (the "Town") on July 8, 2003; and

WHEREAS, pursuant to AB X1 26 (enacted in June 2011) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012; the Successor Agency to the Paradise Redevelopment Agency, as the successor to the Former Agency (the "Successor Agency"), was constituted; and an Oversight Board to the Successor Agency (the "Oversight Board") was established; and

WHEREAS, AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the HSC (such Parts 1.8 and 1.85, including amendments and supplements thereto enacted after AB X1 26, being referred to herein as the "Dissolution Act"); and

WHEREAS, the Successor Agency is tasked with winding-down the Former Agency's affairs and the Successor Agency's powers are limited by the Dissolution Act; and

WHEREAS, before dissolution, the Former Agency issued several series of notes and bonds, including its Paradise Redevelopment Project 2006 Subordinate Tax Allocation Notes, in the principal amount of $1,300,000 (the "2006 Subordinate Notes"), to finance and refinance redevelopment projects; and

WHEREAS, the 2006 Subordinate Notes were issued pursuant to an Indenture, dated as of December 1, 2003 (the "Master Indenture"), by and between the Former Agency and Wells Fargo Bank, National Association, as trustee (the "Trustee"), as supplemented and amended (such Master Indenture, as supplemented and amended to date, being referred to herein as the "Indenture"); and

WHEREAS, the principal and interest payments on the 2006 Subordinate Notes are payable from, and secured by, a lien and pledge of tax increment revenues of the Former Agency, as provided in the Indenture; and

WHEREAS, as of the date of this Resolution, the entire principal amount of the 2006 Subordinate Notes remains outstanding; and

WHEREAS, the 2006 Subordinate Notes will mature on December 1, 2016, and on such date, the entire principal amount of the 2006 Subordinate Notes plus accrued and unpaid interest thereon (totaling $1,363,676) will become due and payable; and

WHEREAS, the Successor Agency may issue bonds (the "Refunding Bonds") to finance the upcoming 2006 Subordinate Notes balloon maturity, subject to the provisions of the Dissolution Act, including in particular, HSC Section 34177.5; and

WHEREAS, the Board of Directors previously adopted Resolution No. 16-02, on July 12, 2016 (the "SA Bond Approval Resolution") approving the issuance of the Refunding Bonds; and

WHEREAS, the Refunding Bonds will be issued pursuant to the Indenture and a supplement to the Indenture (the "Supplemental Indenture"), substantially in the form attached to the SA Bond Approval Resolution; and

WHEREAS, proceeds from the sale of the Refunding Bonds will be used to: (i) provide funds for the payment of the 2006 Subordinate Notes (either at maturity or earlier redemption thereof), (ii) fund a debt service reserve pursuant to the Supplemental Indenture, and (iii) pay costs of issuance of the Refunding Bonds; and

WHEREAS, pursuant to HSC Sections 34177.5(f) and 34180, the issuance of the Refunding Bonds is subject to the Oversight Board's prior approval; and

WHEREAS, the Oversight Board adopted Resolution No. 16-03, on July 19, 2016 (the "Oversight Board Resolution"), approving the issuance of the Refunding Bonds; and

WHEREAS, pursuant to the Dissolution Act, the Oversight Board Resolution does not take effect unless and until it has been approved or deemed approved by the State Department of Finance (the "DOF"); and

WHEREAS, the State Department of Finance (the "DOF") issued its letter dated September 16, 2016, indicating the DOF's approval of the Oversight Board Resolution;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. This Board of Directors hereby confirms its approval of the issuance of the Refunding Bonds; provided that such issuance shall be subject to the following parameters which were set forth in the SA Bond Approval Resolution: (i) the aggregate principal amount of the Refunding Bonds shall not to exceed $1,800,000, (ii) the interest rate on the Refunding Bonds shall not exceed 5.25 percent; and (iii) the final maturity date of the Refunding Bonds shall occur no later than June 1, 2056.

Section 4. The sale of the Refunding Bonds pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement"), by and between the Successor Agency and Stinson Securities, LLC (which has designated its duly licensed representatives at Newcomb Williams Financial Group to assist the Successor Agency in connection with this financing) (the "Underwriter") is hereby approved; provided, that the Underwriter's compensation (*i.e.*, underwriter's discount), exclusive of any original issue discount, shall not exceed 2 percent of the aggregate principal amount of the Refunding Bonds. The Bond Purchase Agreement, in the form on file with the Secretary of the Successor Agency (*ex officio* the Town Clerk of the Town), is hereby approved. Subject to the parameters set forth above, each of the Chair of this Board, the Vice Chair of this Board and the Town Manager of the Town, who is appointed the Executive Director of the Successor Agency (each, an "Authorized Officer"), acting individually, is authorized for and in the name and on behalf of the Successor Agency, to execute and deliver the Bond Purchase Agreement in substantially said form, with changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 3. The Escrow Agreement (the "Escrow Agreement") relating to the refunding of the 2006 Subordinate Notes, substantially in the form on file in the office of the Secretary of the Successor Agency, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Escrow Agreement in substantially such form, with changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 5. The Preliminary Official Statement (the "Preliminary Official Statement") relating to the Refunding Bonds, substantially in the form on file in the office of the Secretary of the Successor Agency, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to cause the Preliminary Official Statement in substantially said form, with such additions or changes therein as such Authorized Officer may approve, to be deemed final for the purposes of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, as amended. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Refunding Bonds.

Section 6. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to cause the Preliminary Official Statement to be brought into the form of a final Official Statement and to execute the final Official Statement and such additional documents prior to or concurrently with the signing of the final Official Statement as such Authorized Officer may deem necessary or appropriate to verify

the accuracy thereof. The distribution and use of the Official Statement by the Underwriter in connection with the sale of the Refunding Bonds are hereby approved.

Section 7. The Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") with respect to the Refunding Bonds, substantially in the form on file in the office of the Secretary of the Successor Agency, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Continuing Disclosure Certificate in substantially such form, with changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 8. Reference is hereby made to the Resolution adopted by the Town Council of the Town on October 3, 2016, adopting the Continuing Disclosure Compliance Procedures (the "Continuing Disclosure Compliance Procedures") for the Town and related entities. It is hereby affirmed that the Successor Agency adopts such Continuing Disclosure Compliance Procedures. With respect to the Successor Agency's continuing disclosure undertakings, each reference in the Continuing Disclosure Policy to the Town, the Town Manager and the Town's Finance Director shall be read as, respectively, the Successor Agency, the Successor Agency's Executive Director (*ex-officio* the Town Manager) and the Successor Agency's Finance Director (*ex-officio* the Town's Finance Director).

Section 9. The members of this Board and the Authorized Officers, the Finance Director and all other officers of the Successor Agency, are hereby authorized, jointly and severally, to execute and deliver any and all necessary documents and instruments, and to do all things (including, but not limited to, obtaining bond insurance or other types of credit enhancement, engagement of a verification agent for any defeasance escrow) which they may deem necessary or proper to effectuate the purposes of this Resolution, and each document approved hereby and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 10. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, and ADOPTED by the Board of Directors of the Successor Agency to the Paradise Redevelopment Agency at a meeting duly held on the 3rd day of October, 2016.

AYES: Scott Lotter, John J. Rawlings and Jody Jones, Chair
NOES: None
ABSENT: Greg Bolin and Steve "Woody" Culleton
ABSTAIN: None

[redacted]
Jody Jones, Chair

ATTEST: October 4, 2016

[redacted]
Dina Volenski, Secretary

APPROVED AS TO FORM:

[redacted]
Dwight L. Moore, Agency Counsel

ESCROW AGREEMENT

by and between

THE SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

Dated as of _____ 1, 2016

Relating to the Defeasance and Redemption of

Paradise Redevelopment Agency
Paradise Redevelopment Project
2006 Subordinate Tax Allocation Notes

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SCHEDULE A REFUNDING REQUIREMENT
APPENDIX A FORM OF REDEMPTION AND DEFEASANCE NOTICE

ESCROW AGREEMENT

This Escrow Agreement (this "Agreement") dated as of _____ 1, 2016, is made and entered into by and between the Successor Agency to the Paradise Redevelopment Agency (the "Successor Agency"), a public body, corporate and politic, duly formed and existing pursuant to the laws of the State of California, as the successor to the Paradise Redevelopment Agency (the "Former Agency"), and Wells Fargo Bank, National Association, as trustee (the "Trustee"), a national banking association duly organized and existing under and by virtue of the laws of the United States of America.

RECITALS:

A. The Former Agency was a redevelopment agency duly formed pursuant to the Community Redevelopment Law, set forth in Part 1 of Division 24 of the Health and Safety Code of the State of California ("HSC").

B. Pursuant to AB X1 26 (which became effective at the end of June 2011) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al., 53 Cal. 4th 231 (2011)*, the Former Agency was dissolved as of February 1, 2012, the Successor Agency, as the successor to the Former Agency, was constituted, and an Oversight Board to the Successor Agency (the "Oversight Board") was established.

C. Before dissolution, the Former Agency issued several series of notes and bonds to finance and refinance redevelopment projects, including its Paradise Redevelopment Project 2006 Subordinate Tax Allocation Notes, in the principal amount of $1,300,000 (the "2006 Notes").

D. The 2006 Subordinate Notes were issued pursuant to an Indenture, dated as of December 1, 2003 (the "Master Indenture"), as supplemented and amended by a First Supplemental Indenture, dated as of October 1, 2005 (the "First Supplemental Indenture"), and a Second Supplemental Indenture, dated as of December 1, 2006 (the "Second Supplemental Indenture"), each by and between the Former Agency and the Trustee.

E. The Former Agency also issued its Paradise Redevelopment Project 2009 Tax Allocation Refunding Bonds, in the principal amount of $4,480,000, pursuant to the Master Indenture, as supplemented and amended by a First Supplemental Indenture, the Second Supplemental Indenture and a Third Supplemental Indenture, dated as of October 1, 2009 (the "Third Supplemental Indenture"), by and between the Former Agency and the Trustee. The Master Indenture, as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, is referred to as the "Prior Indenture").

F. The Successor Agency has determined to issue its Paradise Redevelopment Project 2016 Subordinate Tax Allocation Refunding Bonds (the "2016 Bonds") to refund the outstanding 2006 Notes.

G. The 2016 Bonds will be issued under the authority of HSC Section 34177.5 and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

H. The 2016 Bonds will be issued pursuant to the Prior Indenture, as supplemented and amended by a Fourth Supplemental Indenture, dated as of _____ 1, 2016 (the "Fourth Supplemental Indenture"), by and between the Successor Agency and the Trustee. The Prior Indenture, as amended and supplemented by the Fourth Supplemental Indenture, is referred to herein as the "Indenture.")

I. Pursuant to the terms of the Indenture, if there has been deposited with the Trustee, to be held in escrow, cash or qualified securities (or a combination thereof) which shall provide sufficient moneys to pay the 2006 Notes through maturity or redeem the 2006 Notes on a designated redemption date, then the lien with respect to the 2006 Notes under the Indenture shall cease (except for the payment thereof from the moneys held in escrow by the Trustee) and the 2006 Notes shall be defeased.

J. In order to provide for the proper and timely application of the moneys to be deposited in escrow for the payment of the 2006 Notes, the Successor Agency has determined to enter into this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa. Unless the context clearly requires otherwise, capitalized terms used in this Agreement shall have the meanings ascribed to them in the introductory paragraph and the Recitals hereof, and if not found therein, in the Indenture. In addition, as used herein, the following terms shall have the following meanings:

"Bond Counsel" means Richards, Watson & Gershon, A Professional Corporation, or such other attorney or firm of attorneys of nationally recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code selected by the Successor Agency.

"Closing Date" means _____, 2016, the date on which the 2016 Bonds are being issued.

"Code" means the Internal Revenue Code of 1986, as amended.

"County Auditor-Controller" means the Auditor-Controller of Butte County, California.

"Escrow Fund" means the fund by that name established by the Trustee pursuant to Section 4.

"Redemption Date" means _____, 2016.

"Refunded Notes" means the 2006 Notes to be defeased and redeemed pursuant to this Agreement, as further described in Schedule A.

"Refunding Requirement" means an amount sufficient to pay the principal and interest with respect to the Refunded Notes on the Redemption Date as set forth in Schedule A. (Pursuant to the Indenture, no redemption premium will be due on any of the Refunded Notes to be redeemed on the Redemption Date.)

"Reserve Account" means the Reserve Account within the Special Fund established by the Trustee pursuant to the Indenture.

"RPTTF" means the Redevelopment Property Tax Trust Fund established and held by the County Auditor-Controller pursuant to HSC Section 34172(c) and 34170.5, into which the property tax revenues that would have been allocated to the Former Agency pursuant to subdivision (b) of Section 16 of Article XVI of the Constitution of the State are deposited and administered in accordance with the provisions of the Dissolution Act.

Section 2. Trustee's Acceptance of Duties. The Trustee hereby accepts the duties and obligations expressly provided in this Agreement and agrees that the irrevocable instructions to the Trustee contained herein are in a form satisfactory to it.

Section 3. Incorporation of Indenture. The applicable and necessary provisions of the Indenture, including redemption provisions set forth in Section 19.04 of the Second Supplemental Indenture and Section 2.04 of the Master Indenture, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of the Indenture shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

Section 4. Escrow Fund; Deposits; Refunding Requirement.

(a) There is hereby created and established with the Trustee a special and irrevocable trust fund designated the "Escrow Fund," to be held by the Trustee separate and apart from all other funds of the Successor Agency or the Trustee and used only for the purposes and in the manner provided in this Agreement.

(b) The Trustee has previously received from the Successor Agency moneys, in the amount of $_____ (representing moneys received from the County Auditor-Controller from the June 2016 RPTTF disbursement), to be applied to the scheduled principal and interest payment with respect to the Refunded Notes coming due on December 1, 2016 (the "RPTTF Transfer"). Before the Closing Date, the Trustee shall deposit the RPTTF Transfer to the Escrow Fund.

(c) On the Closing Date, the Trustee shall also transfer $_____ from the Reserve Account (being the moneys in the Reserve Account funded from proceeds of the Refunded Notes) to the Escrow Fund.

(d) In addition, on the Closing Date, the Successor Agency shall cause to be transferred to the Trustee a portion of the proceeds of the 2016 Bonds, in the amount of $_____, for deposit in the Escrow Fund.

(e) The sum of the foregoing deposits is $_____, which is equal to the Refunding Requirement.

Section 5. Maintenance of Escrow Fund. *To be determined:* [Pending the disbursement thereof pursuant to Section 6 on the Redemption Date, moneys in the Escrow Fund will be held uninvested][The Trustee shall use: (i) $_____ of the moneys deposited in the Escrow Fund to purchase of [zero-interest] Time Deposit State and Local Government Series securities issued by the United States Treasury ("SLGS") maturing on the Redemption Date. The Trustee shall hold the remaining $____ in the Escrow Fund uninvested. Cash received upon maturity of the SLGS maturing on the Redemption Date, together with the $_____ uninvested cash, shall be used to pay the redemption price, and accrued interest, with respect Refunded Notes on the Redemption Date.]

Section 6. Payment of Refunding Requirement. The Refunded Notes will be redeemed on _____, 2016 (*i.e.*, the Redemption Date). On the Redemption Date, the Trustee shall disburse from the Escrow Fund an amount sufficient to pay the Refunding Requirement as indicated on Schedule A and apply such moneys to pay for the redemption of the Refunded Notes for the equal and ratable benefit of the holders of the Refunded Notes.

Section 7. Verification. The Successor Agency has caused schedules to be prepared relating to the sufficiency of the funds deposited in the Escrow Fund to pay the Refunding Requirement. The Successor Agency shall furnish the Trustee with the report of _____, verifying the mathematical accuracy of the computations contained in such schedules.

Section 8. Compliance with Agreement and Indenture. The Trustee hereby agrees that the Trustee will take all the actions required to be taken by it hereunder, including the timely transfer of moneys for the payment of principal and interest with respect to the Refunded Notes, in order to effectuate this Agreement. The liability of the Trustee for the payment of the Refunding Requirement, pursuant to this Section and under the Indenture, shall be limited to the application, in accordance with this Agreement, of moneys in the accounts of the Escrow Fund (including interest earnings thereon, if any) available for the purposes of and in accordance with this Agreement.

Section 9. Tax Covenant. Notwithstanding any other provision of this Agreement, the Successor Agency hereby covenants that no part of the proceeds of the 2016 Bonds or of the moneys or funds held by the Trustee hereunder shall be used, and that the Successor Agency shall not direct the Trustee to use any of such moneys or funds at any time, directly or indirectly, in a manner that would cause any of the 2016 Bonds to be an "arbitrage bond" under Section 148 of the Code and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to the 2016 Bonds. Neither the Successor Agency nor the Trustee shall transfer or otherwise dispose of moneys held in the accounts of the Escrow Fund except as set forth in this Agreement; provided that the Trustee may effectuate the transfer of such moneys to a successor trustee in accordance with the provisions of Section 15 relating to the transfer of rights and property to successor trustees.

Section 10. Defeasance and Redemption Notices. As soon as practicable upon the Trustee's receipt of moneys for deposit in the Escrow Fund pursuant to Section 4 (but in no event later than _____, 2016), the Trustee shall send notices of redemption and defeasance to the registered owners of the Refunded 1999 Bonds, substantially in the form set forth in Appendix A

Section 11. Defeasance of Refunded Notes. Concurrently with the deposit of the moneys in the accounts of the Escrow Fund pursuant to Sections 4, the Refunded Notes will no longer be deemed to be outstanding and unpaid within the meaning and with the effect expressed in the Indenture.

Section 12. Nature of Lien. The trust hereby created shall be irrevocable. The holders of the Refunded Notes shall have an express lien on all of the moneys in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

Section 13. Amendments. This Agreement is made pursuant to and in furtherance of the Indenture and for the benefit of the Successor Agency and the holders from time to time of the Refunded Notes and shall not be repealed, revoked, altered, amended or supplemented without the written consent of all such holders and the written consent of the Trustee and the Successor Agency; provided, however, that the Successor Agency and the Trustee may, without the consent of, or notice to, such holders enter into such agreement supplemental to this Agreement as shall not materially adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this Agreement;

(b) To grant to, or confer upon, the Trustee for the benefit of the holders of the Refunded Notes, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Trustee;

(c) To transfer to the Trustee and make subject to this Agreement additional funds, securities or properties;

(d) To conform the Agreement to the provisions of any law or regulations governing the tax-exempt status of the Refunded Notes and the 2016 Bonds in order to maintain their tax-exempt status; and

(e) To make any other change determined by the Successor Agency to be not materially adverse to the holders of the Refunded Notes.

The Trustee shall be entitled to rely exclusively upon an opinion of Bond Counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Notes, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Section 14. Compensation of Trustee. In consideration of the services rendered by the Trustee under this Agreement, the Successor Agency agrees to and shall pay to the Trustee its

proper fees and expenses in accordance with the agreement therefor reached by the Trustee and the Successor Agency, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, from any moneys of the Successor Agency lawfully available therefor and the Trustee shall have no lien whatsoever upon any of the moneys in the Escrow Fund for the payment of such proper fees and expenses.

Section 15. Resignation or Removal of Trustee; Appointment of Successor. The Trustee at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving written notice to the Successor Agency specifying the date when such resignation will take effect, but no such resignation shall take effect unless a successor Trustee shall have been appointed by the holders of the Refunded Notes or by the Successor Agency as hereinafter provided and such successor Trustee shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Trustee.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Successor Agency and signed by the registered holders of a majority in principal amount of the Refunded Notes. The Trustee may also be removed at any time by the Successor Agency with not less than 30 days' written notice to the Successor Agency and the Authority and the registered holders of the Refunded Notes.

In the event the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Trustee shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Trustee may be appointed by the holders of a majority in principal amount of the Refunded Notes, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the Successor Agency shall appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the holders of a majority in principal amount of the Refunded Notes, and any such temporary Trustee so appointed by the Successor Agency shall immediately and without further act be superseded by the Trustee so appointed by such holders.

In the event that no appointment of a successor Trustee or a temporary successor Trustee shall have been made by such holders or the Successor Agency pursuant to the foregoing provisions of this Section within 30 days after written notice of the removal or resignation of the Trustee has been given to the Successor Agency, the holder of any of the Refunded Notes or any retiring Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Trustee.

No successor Trustee shall be appointed unless such successor Trustee shall be a national banking association or a corporation with trust powers organized under the banking laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than $50000,000.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Successor Agency, an instrument in writing accepting such appointment hereunder and thereupon such successor Trustee without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Trustee or the Successor Agency execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all moneys and securities, if any, held by it to its successor. Should any transfer, assignment or instrument in writing from the Successor Agency be required by any successor Trustee for more fully and certainly vesting in such successor Trustee the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the Successor Agency.

Any entity into which the Trustee, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any entity resulting from any merger, conversion, consolidation or tax-free reorganization to which the Trustee or any successor to it shall be a party, shall, if it meets the qualifications set forth in the fifth paragraph of this Section, and if it is otherwise satisfactory to the Successor Agency, be the successor Trustee under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 16. Limitation of Powers and Duties. The Trustee shall have no power or duty to invest any funds held under this Agreement except as provided in Section 5. The Trustee shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

Section 17. Indemnification. To the extent permitted by law, the Successor Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Trustee and its respective successors, assigns, agents, 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 whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the 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 Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the moneys and any securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Trustee in accordance with the provisions of this Agreement; provided, however, that the Successor Agency shall not be required to indemnify the Trustee against the Trustee's own negligence or willful misconduct or the negligence or willful misconduct of the Trustee's employees. In no event shall the Successor Agency or the Trustee be liable to any person by reason of the transactions contemplated hereby other than as set forth

in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and removal or resignation of the Trustee.

Section 18. Limitation of Liability. The Trustee and its respective successors, assigns, 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 Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of securities, if any, to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of such securities or uninvested moneys held hereunder to accomplish the payment and redemption of the Refunded Notes, or any payment, transfer or other application of moneys or securities by the Trustee in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Trustee made in good faith in the conduct of its duties. The Trustee shall incur no liability for losses arising from any investment made in accordance with this Agreement. The recitals of fact contained in the Recitals of this Agreement shall be taken as the statements of the Successor Agency, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the sufficiency of moneys to accomplish the payment and redemption of the Refunded Notes pursuant to the Indenture or to the validity of this Agreement as to the Successor Agency and, except as otherwise provided herein, the Trustee shall incur no liability in respect thereof. The Trustee shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Trustee shall be determined by the express provisions of this Agreement. Anything in this Agreement notwithstanding, the Trustee shall not be liable for any consequential (i.e., special or indirect) losses or damages in performing its duties or in exercising its rights or power pursuant to this Agreement. The Trustee may consult with counsel, who may or may not be counsel to the Successor Agency. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the Successor Agency. Whenever the Trustee shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. No provision of this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties in accordance with this Agreement, or in the exercise of its rights or powers.

Section 19. Termination. This Agreement shall terminate when moneys have been applied to redeem and pay the Refunded Notes pursuant to Section 6. Upon such termination, all moneys remaining in the Escrow Fund, if any, after payment of any amounts due the Trustee hereunder shall be transferred to the Interest Account established under the Indenture.

Section 20. Governing Law. This Agreement shall be governed by the law of the State of California.

Section 21. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Successor Agency or the Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

All the covenants, promises and agreements in this Agreement contained by or on behalf of the Successor Agency or the Trustee shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 22. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and appointed or elected officials as of the date first written above.

SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY

By:_____
Lauren Gill, Executive Director

ATTEST:

By:_____
Dina Volenski, Secretary

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By:_____
Authorized Officer

SCHEDULE A

REFUNDING REQUIREMENT

Redemption Date	Principal	Interest	Redemption Premium	Refunding Requirement
_____, 2016	$1,300,000*	$_____	$0.00	$_____

* Consists of the following 2006 Notes to be redeemed on the Redemption Date:

Maturity Date (December 1)	Principal	Interest Rate	Redemption Price
2016	$ 1,050,000	4.850%	100%
2016	250,000	5.100	100

APPENDIX A

NOTICE OF REDEMPTION AND DEFEASANCE

with reference to

Paradise Redevelopment Agency
Paradise Redevelopment Project
2006 Subordinate Tax Allocation Notes

NOTICE IS HEREBY GIVEN on behalf of the Successor Agency to the Paradise Redevelopment Agency (the "Successor Agency"), as the successor to the Paradise Redevelopment Agency (the "Former Agency"), to the owners of the above-captioned notes (the "2006 Notes"):

All of the outstanding 2006 Notes, in the aggregate principal amount of $1,300,000, have been called for redemption on _____, **2016 (the "Redemption Date")**, pursuant to the provisions of the Indenture, dated as of December 1, 2003 (the "Master Indenture"), as supplemented and amended by the First Supplemental Indenture, dated as of October 1, 2005, and the Second Supplemental Indenture, dated as of December 1, 2006, each by and between the Former Agency and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Master Indenture, as so supplemented, is referred to herein as the "2006 Indenture." The 2006 Notes were issued pursuant to the 2006 Indenture. The 2006 Notes called for redemption consist of the following:

Maturity Date	Principal Amount	Interest Rate	Original Issue Date	CUSIP*
12/1/2016	$1,050,000	4.85%	12/19/2006	699038AC9
12/1/2016	$250,000	5.10%	12/19/2006	699038AD7

** Neither the Successor Agency nor the Trustee shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness. It is included solely for convenience of the Owners of the 2006 Notes.*

Pursuant to the 2006 Indenture, the 2006 Notes will be redeemed at the redemption price of **100%** of the principal amount thereof, plus accrued interest to the Redemption Date, **without redemption premium**. Interest on the 2006 Notes shall cease to accrue from and after the Redemption Date.

Pursuant to Section 10.01 of the Master Indenture, the lien pursuant to the 2006 Indenture has been discharged through the irrevocable deposit of moneys in an escrow fund (the "Escrow Fund"), held by the Trustee under the Escrow Agreement, dated _____, 2016, by and between the Successor Agency and the Trustee. As a result of such deposit, the 2006 Notes are deemed to have been paid and defeased in accordance with the 2006 Indenture. Obligations of the Successor Agency to the owners of the defeased 2006 Notes are hereafter limited to the application of moneys in the Escrow Fund to pay the redemption price and accrued interest on the 2006 Notes as the same become due and payable on the Redemption Date as described above.

Owners of the 2006 Notes should surrender the 2006 Notes on the Redemption Date at the following address:

Wells Fargo Bank National Association
Corporate Trust Department
333 Market Streeth, 18th Floor
San Francisco, CA 94105

For 2006 Notes surrendered by mail, the use of registered or certified mail is suggested.

IMPORTANT NOTICE: Federal law requires the Trustee, as the paying agent, to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit www.irs.gov for additional information on the tax forms and instructions.

Dated: _____, 2016

WELLS FARGO BANK NATIONAL ASSOCIATION,
as Trustee

$_____
SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY
PARADISE REDEVELOPMENT PROJECT
2016 SUBORDINATE TAX ALLOCATION BONDS

BOND PURCHASE AGREEMENT

_____, 2016

Successor Agency to the Paradise Redevelopment Agency
555 Skyway
Paradise, California 95969

Ladies and Gentlemen:

Stinson Securities, LLC (which has designated its duly licensed representatives at Newcomb Williams Financial Group to assist with respect to the financing described herein) (the "Underwriter"), acting not as fiduciary or agent for you, but on behalf of itself, hereby offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the Successor Agency to the Paradise Redevelopment Agency (the "Successor Agency") for the purchase from the Successor Agency, of the Successor Agency's Paradise Redevelopment Project, 2016 Subordinate Tax Allocation Bonds (the "2016 Subordinate Bonds"). The Successor Agency is the successor entity to the former Paradise Redevelopment Agency (the "Former Agency"). The Former Agency was a redevelopment agency formed pursuant to the laws of the State of California (the "State"). This offer is made subject to acceptance by the Successor Agency before 6:00 p.m., California time, on the date hereof. Upon such acceptance (as evidenced by the signature of the authorized 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. All capitalized terms not defined herein shall have the respective meanings set forth in the Preliminary Official Statement (defined below).

The Successor Agency acknowledges and agrees that: (i) the purchase and sale of the 2016 Subordinate Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the Successor Agency and the Underwriter; (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of the Successor Agency; (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the Successor Agency with respect to: (x) the offering of the 2016 Subordinate Bonds or the process leading thereto (whether or not any Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Successor Agency or affiliates of the Successor Agency on other matters); or (y) any other obligation to the Successor Agency except the obligations expressly set forth in this Purchase Agreement; and (iv) the Successor Agency has consulted

with its own legal and Municipal Advisor to the extent it has deemed appropriate in connection with the offering of the 2016 Subordinate Bonds.

Section 1. Purchase and Sale of the 2016 Subordinate Bonds. Upon the terms and conditions and on the basis of the representations and agreements set forth herein, the Successor Agency agrees to sell and the Underwriter agrees to purchase from the Successor Agency for offering to the public all (but not less than all) of the Successor Agency's Paradise Redevelopment Project 2016 Subordinate Tax Allocation Refunding Bonds, in the aggregate initial $_____, at a purchase price of $_____ (representing the aggregate initial principal amount of $_____ of the 2016 Subordinate Bonds, [plus/less] a net original issue [premium/discount] in the amount of $_____, and less an underwriter's discount of $_____).

The 2016 Subordinate Bonds will mature, subject to redemption, and bear interest at the rates as shown in Appendix A and further subject to the terms set forth in that Indenture, dated as of December 1, 2003 (the "Master Indenture"), as supplemented and amended by a First Supplemental Indenture, dated as of October 1, 2005 (the "First Supplemental Indenture"), a Second Supplemental Indenture, dated as of December 1, 2006 (the "Second Supplemental Indenture"), and a Third Supplemental Indenture, dated as of October 1, 2009 (the "Third Supplemental Indenture"), each by and between the Former Agency and the Wells Fargo Bank, National Association, as trustee (the "Trustee"), as further supplemented and amended by a Fourth Supplemental Indenture, dated as of _____ 1, 2016 (the "Fourth Supplemental Indenture, by and between the Successor Agency and the Trustee. The Master Indenture, as supplemented and amended by its four supplemental indentures, is referred to in this Purchase Agreement as the "Indenture." The 2016 Subordinate Bonds will be authorized and issued pursuant to: (i) the Indenture, (ii) Resolution No. 16-02 adopted by the governing board of the Successor Agency on July 12, 2016 (the "SA Bond Resolution"), (iii) Resolution No. 16-03, adopted by the Oversight Board of the Successor Agency on July 19, 2016 (the "Oversight Board Resolution"), (iii) Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law"), (iii) Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code ("HSC"), as amended (the "Dissolution Act"), in particular, HSC Section 34177.5, and the Constitution and other applicable laws of the State. The Successor Agency's execution and delivery of this Purchase Agreement is further authorized by Resolution No. _____, adopted by the governing board of the Successor Agency on _____, 2016 (together with the SA Bond Resolution, the "SA Resolutions").

The Underwriter agrees to make a bona fide public offering of the 2016 Subordinate Bonds at the initial offering yields set forth in the Official Statement (defined below); however, the Underwriter reserves the right to make concessions to dealers and to change such initial offering yields as the Underwriter shall deem necessary in connection with the marketing of the 2016 Subordinate Bonds. The Underwriter agrees that, in connection with the public offering and initial delivery of the 2016 Subordinate Bonds to the purchasers thereof from the Underwriter, the Underwriter will deliver or cause to be delivered to each purchaser a copy of the final Official Statement prepared in connection with the 2016 Subordinate Bonds

(the "Official Statement"), for the time period required under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12").

The 2016 Subordinate Bonds are being issued to refund the outstanding $1,300,000 Paradise Redevelopment Project 2006 Subordinate Tax Allocation Notes issued by the Former Agency (the "2006 Subordinate Notes"). In connection with such refunding, the Successor Agency will enter into an Escrow Agreement, dated as of _____ 1, 2016 (the "Escrow Agreement"), by and between the Successor Agency and Wells Fargo Bank, National Association, as Trustee.

Section 2. Official Statement. The Successor Agency shall deliver, or cause to be delivered, to the Underwriter copies of the Official Statement prepared in connection with the 2016 Subordinate Bonds, in such form as shall be approved by the Successor Agency and the Underwriter and such additional conformed copies thereof as the Underwriter may reasonably request. The Successor Agency shall cause to be delivered to the Underwriter a copy of the Official Statement in electronic portable format in order to assist the Underwriter with complying with paragraph (b)(4) of Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission pursuant (the "SEC") to the Securities Exchange Act of 1934, as amended, and the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Successor Agency shall deliver the Official Statement to the Underwriter within seven business days after the execution of this Purchase Agreement, and no later than two business days prior to the Closing Date. The Underwriter covenants to file the Official Statement with the MSRB on a timely basis.

The Successor Agency deems the Preliminary Official Statement, dated _____ (the "Preliminary Official Statement") to be "final" as of its date for purposes of Rule 15c2-12. By acceptance of this Purchase Agreement, the Successor Agency hereby authorizes the use of copies of the Official Statement in connection with the public offering and sale of the 2016 Subordinate Bonds, and ratifies and approves the distribution by the Underwriter of the Preliminary Official Statement.

Section 3. Delivery of the 2016 Subordinate Bonds. At approximately 9:00 a.m., California time, on _____, 2016, or at such earlier or later time or date, as shall be agreed upon by the Successor Agency, and the Underwriter (such time and date herein referred to as the "Closing Date"), the Successor Agency shall deliver to the Underwriter, acting on its own behalf, the 2016 Subordinate Bonds in definitive form and authenticated by the Trustee, through the facilities of the Depository Trust Company ("DTC") in New York, New York (or to the Trustee in the event of a Fast Automated Securities Transfer (F.A.S.T.)) or such other location as designated by the Underwriter and approved by the Agency. The Underwriter shall accept such delivery and pay the purchase price of the 2016 Subordinate Bonds as set forth in Section 1 hereof by same day funds (such delivery and payment being herein referred to as the "Closing"). The 2016 Subordinate Bonds shall be made available to the Underwriter not later than the second business day before the Closing Date for purposes of inspection. The 2016 Subordinate Bonds shall be delivered as registered bonds in the name of Cede & Co., Inc.

Section 4. Representations and Agreements of the Successor Agency. The Successor Agency represents and agrees that:

(a) The Successor Agency is a public entity, duly organized and existing, and authorized to transact business and exercise powers, under and pursuant to the Constitution and laws of the State, including the Dissolution Act, and has, and on the Closing Date will have, full legal right, power and authority to: (i) enter into this Purchase Agreement, (ii) issue, sell and deliver the 2016 Subordinate Bonds to the Underwriter, acting on its own behalf, as provided herein, (iii) adopt the SA Resolutions, and (iv) carry out and to consummate the transactions contemplated by this Purchase Agreement, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, dated the Closing Date (the "Continuing Disclosure Certificate"), and the Official Statement;

(b) The Preliminary Official Statement (other than statements therein pertaining to the DTC and its book-entry system, and any information provided by the Underwriter, as to which no view is expressed), as of its date, was true, correct and complete in all material respects and did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading;

(c) The Official Statement (other than statements therein pertaining to the DTC and its book-entry system, and any information provided by the Underwriter, as to which no view is expressed) is, and will be, as of the Closing Date, true, correct and complete in all material respects and does not, and will not, as of the Closing Date, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading;

(d) The Successor Agency, to be best of its knowledge, has complied, and will at the Closing Date be in compliance, with the Refunding Bond Law, the Dissolution Act, and any other applicable laws of the State in all respects material to the transaction contemplated by this Purchase Agreement, the issuance of the 2016 Subordinate Bonds, and the performance by the Successor Agency of its obligations hereunder and under the Indenture;

(e) 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 Preliminary Official Statement and the Official Statement and has duly authorized and approved the execution and delivery of the Fourth Supplemental Indenture, the Escrow Agreement, the 2016 Subordinate Bonds, the Continuing Disclosure Certificate and this Purchase Agreement and the performance by the Successor Agency of the obligations on its part contained in Indenture, the Escrow Agreement, the 2016 Subordinate Bonds, the Continuing Disclosure Certificate and this Purchase Agreement (collectively, the "Successor Agency Agreements"), and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded;

(f) As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, the Successor Agency to the best of its knowledge is not and will not be, in any material respect, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State, of the United States, or any applicable judgment or decree or any trust agreement, loan

agreement, bond, note, indenture, resolution, ordinance, agreement or other instrument to which the Successor Agency is a party or 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 issuance of the 2016 Subordinate Bonds, the execution and delivery of the Fourth Supplemental Indenture, the Escrow Agreement, the Continuing Disclosure Certificate and this Purchase Agreement, and compliance with the provisions of each thereof, will not conflict in any material way with or constitute a material breach of or material default under any law, administrative regulation, judgment, decree, loan agreement, note, indenture, resolution, agreement or other instrument to which the Successor Agency is a party or is otherwise subject; and, except as described in the Official Statement, the Successor Agency has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the revenues and amounts pledged pursuant to, or subject to the lien of, the Indenture;

(g) To the best of its knowledge, all approvals, consents and orders of any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to adoption of the SA Resolutions, the execution and delivery by the Successor Agency of the Fourth Supplemental Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, and this Purchase Agreement, and the issuance, sale and delivery of the 2016 Subordinate Bonds have been obtained or will be obtained prior to the Closing;

(h) The 2016 Subordinate Bonds when issued, authenticated and delivered in accordance with the Indenture will be validly issued, and will be valid and binding, obligations of the Successor Agency;

(i) To the best of its knowledge, the terms and provisions of the 2016 Subordinate Bonds will comply in all respects with the requirements of the Refunding Bond Law, the Dissolution Act; and the Successor Agency Agreements, when properly executed and delivered by the respective parties thereto and hereto, will constitute the valid, legal 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 other laws affecting creditors' rights generally and general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity);

(j) Except as disclosed in the Official Statement, 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 against the Successor Agency and notice of which has been served upon the Successor Agency, or to the best knowledge of the officer of the Successor Agency executing this Purchase Agreement threatened against the Successor Agency, affecting the existence of the Successor Agency or the titles of its members or officers, or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the 2016 Subordinate Bonds or the payment or collection of any amounts pledged or to be pledged to pay the principal of, redemption premium, if any, and interest on the 2016 Subordinate Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Successor Agency Agreements or the consummation of the transactions contemplated thereby and hereby, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the

Official Statement, or contesting the power or authority of the Successor Agency to issue the 2016 Subordinate Bonds, to adopt the Resolution approving the Fourth Supplemental Indenture or to execute and deliver the Fourth Supplemental Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, or this Purchase Agreement, nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the Successor Agency's performance under the 2016 Subordinate Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, or this Purchase Agreement, or the validity or enforceability of the 2016 Subordinate Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, or this Purchase Agreement;

(k) Any certificate signed by an authorized officer or official of the Successor Agency and delivered to the Underwriter shall be deemed a representation of the Successor Agency to the Underwriter as to the statements made therein;

(l) Each of the 2016 Subordinate Bonds shall be secured in the manner and to the extent set forth in the Indenture under which each such 2016 Subordinate Bond is to be issued;

(m) The Successor Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the 2016 Subordinate 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 as the Underwriter may designate; provided, however, that the Successor Agency shall not be required to consent to service of process outside of the State; provided, further, that the Underwriter shall be responsible for all costs relating to such qualification of the 2016 Subordinate Bonds under blue sky or similar laws.

(n) The Successor Agency will apply the proceeds of the 2016 Subordinate Bonds in accordance with the Indenture and all other applicable documents and as described in the Official Statement;

(o) Except for the Paradise Redevelopment Project 2009 Tax Allocation Refunding Bonds (the "2009 Senior Bonds") issued by the Former Agency, upon the issuance of the 2016 Subordinate Bonds, there will be no outstanding bonds, notes or other obligations secured by a lien and pledge on the Tax Revenues (as defined in the Indenture), that rank senior to or on a parity with the 2016 Subordinate Bonds; and

(p) The Former Agency and the Successor Agency have been in compliance, and will comply, with the Internal Revenue Code of 1986, as amended, in order to maintain the tax-exempt status of the 2016 Subordinate Bonds.

Section 5. Representations of the Underwriter. The Underwriter represents that it has full right, power, and authority to enter into this Purchase Agreement.

Section 6. Covenants re Official Statement. The Successor Agency covenants with the Underwriter that so long as the Underwriter, or dealers, if any, are participating in the distribution of the 2016 Subordinate Bonds which constitute the whole or a part of their unsold participations, if an event known to the Successor Agency occurs affecting

the Successor Agency, or the transactions contemplated by the Indenture and the issuance of the 2016 Subordinate Bonds, which could cause the Official Statement to contain an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, the Successor Agency shall notify the Underwriter and if in the opinion of the Successor Agency, the Underwriter or Bond Counsel, such event requires an amendment or supplement to the Official Statement, the Successor Agency will amend or supplement the Official Statement, and the Successor Agency will bear the cost of making and printing such amendment or supplement to the Official Statement and distributing such amendment or supplement to Owners of the 2016 Subordinate Bonds. The obligations of the Successor Agency under this Section 6 shall terminate on the earlier of (a) 90 days from the "end of the underwriting period," as defined in Rule 15c2-12, or (b) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days following the end of the underwriting period. Unless otherwise notified by the Underwriter in writing before the Closing Date, the Successor Agency may assume that the end of the underwriting period is the Closing Date.

Section 7. Conditions to Obligations of Underwriter. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the Successor Agency contained herein and upon the accuracy of the statements to be contained in the documents, opinions, and instruments to be delivered at the Closing. Accordingly, the Underwriter's obligation under this Purchase Agreement to purchase, accept delivery of, and pay for the 2016 Subordinate Bonds on the Closing Date is subject to the performance by the Successor Agency of its obligations hereunder at or prior to the Closing. The following additional conditions precedent relate to the Closing, in connection with the Underwriter's obligation to purchase the 2016 Subordinate Bonds:

(a) At the time of the Closing, (i) the representations of the Successor Agency contained herein to the best of its knowledge shall be true, complete and correct in all material respects; and (ii) the Indenture shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter;

(b) The Underwriter shall have the right to cancel its obligation to purchase the 2016 Subordinate Bonds if, between the date hereof and the Closing:

(1) Legislation shall have been enacted (or indenture or resolution passed) by or introduced or pending legislation amended in the Congress of the United States or the State or shall have been reported out of committee or be pending in committee, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling shall have been made or indenture shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or State authority, with respect to Federal or State taxation upon interest on obligations of the general character of the 2016 Subordinate Bonds or with respect to the security pledged to pay debt service on the 2016 Subordinate Bonds, that, in the Underwriter's reasonable judgment, materially adversely affects

the market for the 2016 Subordinate Bonds, or the market price generally of obligations of the general character of the 2016 Subordinate Bonds, or

(2) There shall exist any event that, in the Underwriter's reasonable judgment, either (A) makes untrue or incorrect in any material respect any statement or information in the Official Statement or (B) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect, or

(3) There shall have occurred any outbreak of hostilities 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, the effect of which on the financial markets of the United States will be such as in the Underwriter's reasonable judgment, makes it impracticable for the Underwriter to market the 2016 Subordinate Bonds or enforce contracts for the sale of the 2016 Subordinate Bonds, or

(4) There shall be in force a general suspension of trading on the New York Stock Exchange, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices of securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of determination by that Exchange or by order of the Securities and Exchange Commission of the United States or any other governmental authority having jurisdiction that, in the Underwriter's reasonable judgment, makes it impracticable for the Underwriter to market the 2016 Subordinate Bonds or enforce contracts for the sale of the 2016 Subordinate Bonds, or

(5) A general banking moratorium shall have been declared by federal, New York or State authorities having jurisdiction and be in force that, in the Underwriter's reasonable judgment, makes it impracticable for the Underwriter to market the 2016 Subordinate Bonds or enforce contracts for the sale of the 2016 Subordinate Bonds, or

(6) Legislation shall be enacted or be proposed or actively considered for enactment, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission of the United States or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that the 2016 Subordinate Bonds or any obligations of the general character of the 2016 Subordinate Bonds are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect, or otherwise are or would be in violation of any provision of the federal securities laws, or

(7) The New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose any material restrictions not now in force with respect to the 2016 Subordinate Bonds or obligations of the general character of the 2016 Subordinate Bonds or securities generally, or materially increase any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, underwriters, or

(8) There shall have been any materially adverse change in the affairs of the Successor Agency which in the Underwriter's reasonable judgment materially adversely affects the market for the 2016 Subordinate Bonds, or

(9) General political, economic or market conditions which, in the reasonable judgment of the Underwriter, shall make it impracticable for the Underwriter to market the 2016 Subordinate Bonds or enforce contracts for the sale of the 2016 Subordinate Bonds; and

(c) At or prior to the Closing, the Underwriter and the Successor Agency shall receive the following:

(1) The unqualified approving opinion of Bond Counsel, in form and substance substantially in the form attached to the Official Statement, addressed to the Successor Agency, dated the date of the Closing, together with a letter from such counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it;

(2) A supplemental opinion of Bond Counsel, addressed to the Underwriter and the Successor Agency, in form and substance acceptable to each of them, dated the Closing Date, to the following effect:

(A) The Fourth Supplemental Indenture, the Official Statement, the Continuing Disclosure Certificate, the Escrow Agreement, the Purchase Agreement have been duly authorized by the governing body of the Successor Agency, and have been duly executed and delivered by the Successor Agency;

(B) Assuming due authorization, execution and delivery by the other parties thereto, the Indenture, the Continuing Disclosure Certificate, the Escrow Agreement and this Purchase Agreement are legal, valid and binding agreements of the Successor Agency, enforceable against the Successor Agency in accordance with their respective terms, subject to any applicable bankruptcy, insolvency, debt adjustment, fraudulent conveyance or transfer, moratorium, reorganization or other similar laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California;

(C) The statements contained in the Official Statement under the captions "INTRODUCTION – General," "INTRODUCTION – Security for 2016 Subordinate Bonds," "2016 SUBORDINATE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS," "CONCLUDING INFORMATION – Tax Matters," "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE," and "APPENDIX E – FORM OF BOND COUNSEL OPINION," are accurate insofar as such statements purport to expressly summarize certain provisions of the 2016

Subordinate Bonds, the Indenture, the Escrow Agreement, the Law (as amended by the Dissolution Act) and Bond Counsel's opinion concerning certain Federal and California tax matters relating to the 2016 Subordinate Bonds; provided that such counsel does not need to express any opinion with respect to any financial, statistical or numerical information, or any information regarding the book-entry system contained therein;

(D) The 2016 Subordinate Bonds are exempt from registration under the Securities Act of 1933, as amended;

(E) The Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

(F) The Successor Agency has obtained all authorizations, approvals, consents or other orders of the State or any other governmental authority or agency within the State having jurisdiction over the Successor Agency for the valid authorization, issuance and delivery by the Successor Agency of the 2016 Subordinate Bonds.

(3) The opinion of the General Counsel to the Successor Agency, addressed to the Underwriter and the Successor Agency, in form and substance acceptable to the Underwriter, dated the date of the Closing, to the following effect:

(A) The Successor Agency is a public entity, duly organized and validly existing under and by virtue of the Constitution and the laws of the State

(B) The SA Resolutions have been duly adopted by the governing board of the Successor Agency adopted at meetings duly called and held in accordance pursuant to law and with all public notice required by law and at which a quorum of the members of such governing board was continuously present, and the SA Resolutions are in full force and effect and has not been modified, amended or rescinded;

(C) Except as described in the Official Statement, there is no litigation pending against the Successor Agency and notice of which has been served on the Successor Agency, or to the best of such counsel's knowledge after due inquiry, threatened against the Successor Agency, which: (a) challenges the right or title of any member or officer of the Successor Agency to hold such member's or officer's respective office or exercise or perform the powers and duties pertaining thereto; (b) challenges the validity or enforceability of the 2016 Subordinate Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, or the Purchase Agreement; (c) seeks to restrain or enjoin the issuance and sale of the 2016 Subordinate Bonds, the adoption or effectiveness of the Resolution and Indenture, or the execution and delivery by the Successor Agency of the Fourth Supplemental Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, or the Purchase Agreement, or

the performance by the Successor Agency of its obligations under any of the Successor Agency Agreements; or (d) if determined adversely to the Successor Agency or its interests, would have a material and adverse effect upon the financial condition, assets, properties or operations of the Successor Agency; and

(D) The Successor Agency's issuance of the 2016 Subordinate Bonds and the execution and delivery by the Successor Agency of the Fourth Supplemental Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, or the Purchase Agreement, and the performance by the Successor Agency of its obligations under each of the Successor Agency Agreements do not in any material respect conflict with, violate or constitute a default under any provision of any law, court order or decree or any contract, instrument or agreement to which the Successor Agency is a party or by which it is bound.

(4) A certificate dated the Closing Date, signed by the Executive Director or appropriate officer of the Successor Agency, to the effect that to the best of such officer's knowledge: (i) the representations and covenants of the Successor Agency contained herein are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the Closing Date; (ii) the Successor Agency has complied with all the agreements and satisfied all of the conditions on its part to be performed or satisfied at or prior to the Closing; (iii) no event affecting the Successor Agency has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect; and (iv) the Indenture remains in full force and effect and has not been amended in any respect, except as approved in writing by the Underwriter, since the date of the Indenture;

(5) A certificate of the Trustee dated the date of the Closing, to the effect that: (i) the Trustee is organized and existing as a national banking association under and by virtue of the laws of the United States of America, having full power and being qualified and duly authorized to perform the duties and obligations of the Trustee under and pursuant to, respectively, the Indenture and the Escrow Agreement (together, the "Trustee Documents"); (ii) the Trustee has agreed to perform the duties and obligations of the Trustee as set forth in the respective Trustee Agreements; (iii) to the best of its knowledge, compliance with the provisions on the Trustee's part contained in the Trustee Documents will not conflict with or constitute a breach of or default under the Articles of Incorporation or Bylaws of the Trustee or any material law, administrative regulation, judgment, decree, loan agreement, indenture, resolution, bond, note, agreement or other instrument to which the Trustee is a party or is otherwise subject, as a result of which the Trustee's ability to perform its obligations under the Trustee Documents would be impaired, nor will any such 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 properties or assets held by the Trustee pursuant to the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, agreement or other instrument, except as provided by the Trustee Documents; and (iv) to the best of the knowledge of the Trustee, the Trustee has not been served in any action, suit, proceeding,

inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending nor is any such action, suit, proceeding, inquiry or investigation threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the delivery of the 2016 Subordinate Bonds issued under the Indenture or the collection of revenues pledged or to be pledged to pay the principal of, premium, if any, and interest on the 2016 Subordinate Bonds issued under the Indenture, or the pledge thereof, or in any way contesting the powers of the Trustee or its authority to enter into or perform its obligations under the Trustee Documents, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Trustee Documents;

(6) An opinion of counsel to the Trustee dated the Closing Date and addressed to the Successor Agency and the Underwriter, in form and substance satisfactory to the Underwriter, to the effect that:

(G) The Trustee has been duly organized and is validly existing and in good standing as a national banking association under the laws of the United States of America with full corporate power to undertake the trust of the Indenture and the Escrow Agreement;

(H) The Trustee has duly authorized, executed and delivered the Trustee Documents, and by all proper corporate action has authorized the acceptance of the duties and obligations of the Trustee under the Trustee Documents and to authorize in its capacity as trustee thereunder the authentication and delivery of the 2016 Subordinate Bonds;

(I) Assuming due authorization, execution and delivery by the Successor Agency, the Trustee Documents are valid, legal and binding agreements of the Trustee, enforceable in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights in general and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(J) Exclusive of federal or state securities laws and regulations, to the best of such counsel's knowledge after reasonable inquiry and investigation, other than routine filings required to be made with governmental agencies in order to preserve the Trustee's authority to perform a trust business (all of which routine filings such counsel believes, after reasonable inquiry and investigation, to have been made), no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee is or will be required for the execution and delivery by the Trustee of the Trustee Documents or the authentication and delivery of the 2016 Subordinate Bonds;

(K) To the best of such counsel's knowledge, the execution and delivery by the Trustee of the Trustee Documents and the 2016

Subordinate Bonds, and compliance with the terms thereof will not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties, or (except with respect to the lien of the Indenture) 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 Trustee; and (vi) to the best of such counsel's knowledge, there is no litigation pending or threatened against or affecting the Trustee to restrain or enjoin the Trustee's participation in, or in any way contesting the powers of the Trustee with respect to the transactions contemplated by the 2016 Subordinate Bonds and the Trustee Documents;

(7) Two copies of this Purchase Agreement duly executed and delivered by the parties thereto;

(8) Two copies of the Official Statement, executed on behalf of the Successor Agency by the Interim Executive Director of the Successor Agency;

(9) One certified copy of the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, all resolutions of the Successor Agency and the Oversight Board relating to the issuance of the 2016 Subordinate Bonds (including without limitation the SA Resolutions and the Oversight Board Resolution), and the letter, dated _____, 2016, of the State Department of Finance approving the Oversight Board Resolution;

(10) A letter, dated the date of the Closing and addressed to the Underwriter and the Successor Agency, of Richards, Watson & Gershon, A Professional Corporation, as disclosure counsel ("Disclosure Counsel"), to the effect that based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the accuracy or completeness of the statements in the Official Statement such Counsel has no reason to believe that, as of the Closing Date, the Official Statement (except for Appendices A, B, C and G to the Official Statement, financial, engineering, and statistical data included in the Official Statement; forecasts, projections, estimates, assumptions and expressions of opinions, information about the book-entry only system and DTC; and statements relating to the treatment of the 2016 Subordinate Bonds, or the interest, discount or premium related thereto for tax purposes under the law of any jurisdiction; as to which no view need be expressed in such letter) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(11) An escrow verification report of Arbitrage Group, Inc. (the "Verification Agent"), with respect to the refunding of the 2006 Subordinate Notes;

(12) A defeasance opinion of Bond Counsel, dated the Closing Date, to the effect that the lien of the 2006 Subordinate Notes with respect to the Tax Revenues has been discharged;

(13) A Certificate of Willdan Financial Services (the "Fiscal Consultant"), to the following effect:

(A) In connection with the issuance of the 2016 Subordinate Bonds, the Fiscal Consultant, has provided the Successor Agency certain projections and estimates (the "Projections") and a Fiscal Consultant Report (the "Fiscal Consultant's Report") with respect to the taxable valuation and Tax Revenues with respect to the Project Area;

(B) The Fiscal Consultant has obtained such information from Butte County and other sources as the Fiscal Consultant deemed necessary and relevant to generate to generate the Fiscal Consultant's Report and to express an informed opinion with respect to the matters discussed in such Fiscal Consultant's Report;

(C) The Fiscal Consultant has reviewed the Official Statement and, in particular, information presented in the tables set forth in the Official Statement under the captions, "PROJECT AREA" and "TAX REVENUES AND DEBT SERVICE COVERAGE," and as of the date of the Official Statement and as of the Closing Date, such information and the Fiscal Consultant's Report fairly and accurately reflect the Projections and, to the best knowledge of the Fiscal Consultant, do not contain any untrue or misleading statement of a material fact and do not fail to state a material fact necessary in order to make the information contained therein, not misleading;

(D) Nothing has come to the attention of the Fiscal Consultant which would cause the Fiscal Consultant to believe that the statements and information contained in the Official Statement that are attributable to the Fiscal Consultant, including but not limited information under the captions "PROJECT AREA," "TAX REVENUES AND DEBT SERVICE COVERAGE" and "APPENDIX B – FISCAL CONSULTANT'S REPORT" as of the date of the Official Statement, are inaccurate in any material respect; and no event or act known to the Fiscal Consultant has occurred since the date of the Official Statement which would make such statements and information inaccurate or misleading; and

(E) The Fiscal Consultant affirms its consent to the inclusion of such Projections in the Official Statement and the reproduction of the Fiscal Consultant's Report in the appendices of the Official Statement.

(14) A Certificate of A. M. Miller & Co., Inc. (the "Municipal Advisor"), to the following effect:

(A) the Municipal Advisor has acted as independent Municipal Advisor to the Successor Agency connection with the issuance of the 2016 Subordinate Bonds;

(B) Although the Municipal Advisor has not independently verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, no facts came to its attention that caused it to believe that the Official Statement, as of the date hereof contains any untrue statement of a material fact or omitted 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

(C) In the opinion of the Municipal Advisor, it is reasonable for the Successor Agency to expect that Tax Revenues will be sufficient for the Successor Agency to make all debt service payments of the 2009 Senior Bonds and the 2016 Subordinate Bonds, and such opinion is based on the Municipal Advisor's review of the following: (a) the provisions of the Indenture regarding the conditions for the issuance of obligations (referred to as "Subordinate Notes" under Section 6.18 of the Master Indenture) payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues which is subordinate to the lien and charge securing the 2009 Senior Bonds, (b) the debt service schedules of the 2016 Subordinate Bonds and the outstanding 2009 Senior Bonds, (c) the Fiscal Consultant's Report, (e) the Official Statement, and (f) such additional information and other sources as the Municipal Advisor deemed necessary and relevant to express an informed opinion with respect to the matters referred to in the Certificate;.

(15) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, Bond Counsel or Disclosure Counsel may reasonably request to evidence compliance by the Successor Agency with this Purchase Agreement, legal requirements, and the performance or satisfaction by the Successor Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Successor Agency.

The Successor Agency will furnish the Underwriter with such conformed copies of such opinions, certificates, letters and documents as the Underwriter may reasonably request. If the Successor Agency is unable to satisfy the conditions to the obligations of the Underwriter contained in this Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and none of the Underwriter, the Successor Agency shall have any further obligations hereunder, except as provided in Sections 8 and 11 hereof. However, the Underwriter may in its discretion waive one or more of the conditions imposed by this Purchase Agreement for the protection of the Underwriter and proceed with the related Closing.

If this Purchase Agreement shall be terminated pursuant to this Section, including but not limited to paragraphs (b) and (c), or if the purchase provided for herein is not

consummated because any condition to the Underwriter's obligation hereunder is not satisfied or because of any refusal, inability or failure on the part of the Successor Agency to comply with any of the terms or to fulfill any of the conditions of this Purchase Agreement, or if for any reason the Successor Agency shall be unable to perform all of their respective obligations under this Purchase Agreement, the Successor Agency shall not be liable to the Underwriter for damages on account of loss of anticipated profits arising out of the transactions covered by this Purchase Agreement.

Section 8. Expenses.

Subject to the next paragraph, the Underwriter shall be under no obligation to pay, and the Successor Agency shall pay from its available funds or from the proceeds of the 2016 Subordinate Bonds, certain expenses set forth in this Section, including but not limited to: (i) all expenses in connection with the preparation, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto, (ii) all expenses in connection with the printing, issuance and delivery of the 2016 Subordinate Bonds, (iii) the fees and disbursements of Bond Counsel and Disclosure Counsel in connection with the 2016 Subordinate Bonds, (iv) the fees and disbursements of any other counsel to the Successor Agency in connection with the 2016 Subordinate Bonds, (v) the disbursements of the Successor Agency in connection with the issuance of the 2016 Subordinate Bonds, (vi) the fees and disbursements of the Trustee, (vii) rating agency fees, if any, (viii) fees of the Municipal Advisor and the Fiscal Consultant, and (ix) fees of the Verification Agent.

The Underwriter shall pay (i) fees, if any, payable to the California Debt and Investment Advisory Commission in connection with the issuance of the 2016 Subordinate Bonds; (ii) the cost of preparation of the Blue Sky and Legal Investment Memoranda, if any, and all Blue Sky filing fees in connection with the public offering of the 2016 Subordinate Bonds; (iii) all advertising expenses in connection with the public offering of the 2016 Subordinate Bonds; and (iv) all other expenses incurred by it in connection with its public offering and distribution of the 2016 Subordinate Bonds.

Section 9. Notice. 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 address set forth above. Any such notice or communication to be given to the Underwriter may be given by delivering the same in writing to:

Stinson Securities, LLC
220 Sansome Street, Suite 1330
San Francisco, California 94104
Attention: Lonnie Odom, President & CEO

With a copy to: Newcomb Williams Financial Group
6842 Embarcadero Lane
Carlsbad, California 92011
Attention: Pamela D. Newcomb, President

Section 10. Governing Law. This Purchase Agreement shall be governed by the laws of the State of California. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 11. Parties in Interest. This Purchase Agreement is made solely for the benefit of the signatories hereto (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof except as provided in Section 11 hereof. All representations in this Purchase Agreement shall remain operative and in full force and effect, regardless of (a) delivery of and payment for any of the 2016 Subordinate Bonds and (b) any termination of this Purchase Agreement.

Respectfully submitted,

STINSON SECURITIES, LLC

By: _____
Lonnie Odom
President & CEO

Confirmed by:

NEWCOMB WILLIAMS FINANCIAL GROUP

By: _____
Pamela D. Newcomb
President

Accepted as of the date first stated above:

SUCCESSOR AGENCY TO THE
PARADISE REDEVELOPMENT AGENCY

By _____
Its: Executive Director

Date: _____

Time: _____

APPENDIX A

$15,395,000
SUCCESSOR AGENCY TO THE
PARADISE REDEVELOPMENT AGENCY
PARADISE REDEVELOPMENT PROJECT
TAX ALLOCATION REFUNDING BONDS
SERIES 2015

I. Maturity Schedule

$_____ Serial Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield

$_____ _____% Term Bonds due June 1, 20__, Yield ____%

* Yield to par call of _____, 20____

II. **Optional Redemption**.

The 2016 Subordinate Bonds maturing on or before June 1, 20___ will not be subject to optional redemption prior to maturity. The 2016 Subordinate Bonds maturing on or after June 1, 20[27] are subject to redemption prior to maturity in whole, or in part in the manner determined by the Agency, on any date on or after June 1, 20[26], from any available source of funds, at a redemption price equal to [100] percent of the principal amount of the 2016 Subordinate Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.

III. **Mandatory Sinking Fund Redemption**.

The 2016 Subordinate Bonds maturing on June 1, 20___ and June 1, 20___ (the "2016 Subordinate Term Bonds") will be subject to redemption prior to their stated maturity, in part on a *pro rata* basis, from Sinking Installments deposited in the Principal Account on June 1 of each year commencing June 1, 20__ and June 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

2016 Subordinate Bonds maturing June 1, 20___

Redemption Date (June 1)	Principal Amount to be Redeemed

(maturity)

2016 Subordinate Bonds maturing June 1, 20___

Redemption Date (June 1)	Principal Amount to be Redeemed

(maturity)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the dated date of the Official Statement in its final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

NEW ISSUE – Book-Entry Only **NOT RATED**

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law: (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the 2016 Subordinate Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion as to any other tax consequences regarding the 2016 Subordinate Bonds. For a more complete discussion of the tax aspects, see "CONCLUDING INFORMATION – Tax Matters."

$_____*
SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY
PARADISE REDEVELOPMENT PROJECT
2016 SUBORDINATE TAX ALLOCATION REFUNDING BONDS

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

The Successor Agency to the Paradise Redevelopment Agency (the "Successor Agency") is issuing its Paradise Redevelopment Project 2016 Subordinate Tax Allocation Refunding Bonds (the "2016 Subordinate Bonds"). The Successor Agency is the successor entity to the former Paradise Redevelopment Agency (the "Former Agency"). The 2016 Subordinate Bonds will be issued pursuant to an Indenture, dated as of December 1, 2003 (the "Master Indenture"), as supplemented and amended by three supplemental indentures, each by and between the Former Agency and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and further supplemented and amended by including a Fourth Supplemental Indenture, dated as of _____ 1, 2016, by and between the Successor Agency and the Trustee. The Master Indenture, as supplemented and amended, is referred to in this Official Statement as the "Indenture." Proceeds from the sale of the 2016 Subordinate Bonds will be applied to: (i) refund the outstanding Paradise Redevelopment Project 2006 Subordinate Tax Allocation Notes issued by the Former Agency (the "2006 Subordinate Notes"), (ii) make a deposit into a debt service reserve account, and (iii) pay costs of issuance of the 2016 Subordinate Bonds. The Former Agency issued the 2006 Subordinate Notes to finance projects benefiting a redevelopment area known as the Paradise Redevelopment Project, located in the Town of Paradise (the "Town"). The 2016 Subordinate Bonds will be payable from and secured by Tax Revenues (as defined in the Indenture) derived from the Project Area, on a subordinate basis to certain outstanding bonds issued by the Former Agency in 2009, as further described in this Official Statement.

The 2016 Subordinate Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the 2016 Subordinate Bonds. Individual purchases of the 2016 Subordinate Bonds may be made in book-entry form only, in integral multiples of $5,000 principal amount. Purchasers will not receive certificates representing their interest in the 2016 Subordinate Bonds purchased. Principal of, and interest on, the 2016 Subordinate Bonds will be paid directly to DTC by the Trustee. Principal of the 2016 Subordinate Bonds will be payable on the dates set forth on the inside cover of this Official Statement. Interest on the 2016 Subordinate Bonds will be payable on June 1 and December 1 of each year, commencing [June 1, 2017]. Upon its receipt of payment of principal and interest, DTC in turn will be obligated to remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the 2016 Subordinate Bonds.

The 2016 Subordinate Bonds will be subject to optional redemption and mandatory sinking fund redemption prior to their maturity as described in this Official Statement.*

The 2016 Subordinate Bonds will not be a debt, liability or obligation of the Town, the State of California (the "State"), or any of its political subdivisions other than the Successor Agency. None of the Town, the State nor any of its political subdivisions, other than the Successor Agency, will be liable for the 2016 Subordinate Bonds. None of the members of the governing bodies or officers of the Successor Agency, the Town nor any person executing the 2016 Subordinate Bonds or the Indenture will be liable personally with respect to the 2016 Subordinate Bonds. The obligations of the Successor Agency with respect to the 2016 Subordinate Bonds will be payable solely from Tax Revenues and the funds pledged pursuant to the Indenture. The Successor Agency has no taxing power.

This cover page contains certain information for general reference only. It is not intended to be a summary of all factors relating to an investment in the 2016 Subordinate Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used and not defined on this cover page have the meanings set forth in this Official Statement. For a discussion of some of the risks associated with a purchase of the 2016 Subordinate Bonds, see "RISK FACTORS."

Stinson Securities, LLC (which has designated its duly licensed representatives at Newcomb Williams Financial Group to assist the Successor Agency in connection with this financing) serve as the underwriter (the "Underwriter") for the initial offering of the 2016 Subordinate Bonds.

* Preliminary; subject to change.

The 2016 Subordinate Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Richards, Watson and Gershon, A Professional Law Corporation, Los Angeles, California, Bond Counsel. Richards, Watson & Gershon, A Professional Corporation, also serves as Disclosure Counsel to the Successor Agency in connection with the issuance of the 2016 Subordinate Bonds. Certain legal matters will also be passed upon for the Successor Agency by its General Counsel. It is anticipated that the 2016 Subordinate Bonds will be available for delivery in book-entry form through the facilities of DTC on or about _____, 2016.

Dated: _____, 2016

$_____*

SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY
PARADISE REDEVELOPMENT PROJECT
2016 SUBORDINATE TAX ALLOCATION REFUNDING BONDS

MATURITY SCHEDULE

$_____ Serial Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (Base:)

$_____ _____% Term Bond due June 1, 20__, Yield _____%; Price: _____; CUSIP†: _____
$_____ _____% Term Bond due June 1, 20__, Yield _____%; Price: _____; CUSIP†: _____

* Preliminary; subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data in this Official Statement is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP © 2016 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers are provided for convenience of reference only. Neither the Successor Agency nor the Underwriter takes any responsibility for the accuracy of such numbers.

* Preliminary; subject to change.

SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY
Town of Paradise, Butte County, California

TOWN COUNCIL/
SUCCESSOR AGENCY BOARD OF DIRECTORS

Jody Jones, *Mayor/Chair*
Scott Lotter, *Vice Mayor/Vice Chair*
Greg Bolin, *Council Member/Board Member*
Steve Culleton, *Council Member/Board Member*
John J. Rawlings, *Council Member/Board Member*

TOWN/SUCCESSOR AGENCY STAFF

Lauren Gill, *Town Manager/Executor Director*
Gina Will, *Town Treasurer and Finance Director/Finance Director*
Dina Volenski, *Acting Town Clerk/Acting Agency Secretary*
Dwight L. Moore, *Town Attorney/General Counsel*

SPECIAL SERVICES

Municipal Advisor
A.M. Miller & Co., Inc.
San Diego, California

Bond Counsel & Disclosure Counsel
Richards, Watson & Gershon,
A Professional Corporation
Los Angeles, California

Trustee
Wells Fargo Bank, National Association
San Francisco, California

Fiscal Consultant/Dissemination Agent
Willdan Financial Services
Temecula, California

Verification Agent
Arbitrage Group, Inc.
Buhl, Alabama

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the offer and sale of the 2016 Subordinate Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the 2016 Subordinate Bonds.

Estimates and Forecasts. Certain statements included or incorporated by reference in this Official Statement and in any continuing disclosure by the Successor Agency, any press release and in any oral statement made by or with the approval of an authorized officer of the Town, acting as the Successor Agency, or any other entity described or referenced in this Official Statement, constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "anticipate," "estimate," "budget," or other similar words and include, but are not limited to, statements under the captions "PROJECT AREA" and "TAX REVENUES AND DEBT SERVICE COVERAGE." The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. While the Successor Agency has undertaken to provide certain on-going financial and other data pursuant to a Continuing Disclosure Certificate (see "CONCLUDING INFORMATION – Continuing Disclosure"), the Successor Agency does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations or events, conditions or circumstances on which such statements are based change.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness of the information from such sources. Stinson Securities, LLC (which has designated its duly licensed representatives at Newcomb Williams Financial Group to assist the Successor Agency in connection with this financing) (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.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Successor Agency to give any information or to make any representations in connection with the offer or sale of the 2016 Subordinate Bonds other than those contained in this Official Statement and, if given or made, such other information or representation 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 the solicitation of an offer to buy, nor shall there be any sale of the 2016 Subordinate Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information as of Dated Date of Official Statement. The information and expressions of opinions in this Official Statement are subject to change without notice. Neither delivery of this Official Statement nor any sale of the 2016 Subordinate Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or any other entity described or referenced in this Official Statement since the dated date shown on the front cover. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the 2016 Subordinate 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 Subordinate Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside front cover and said public offering prices may be changed from time to time by the Underwriter.

No Incorporation of Websites. References to internet websites in this Official Statement are shown for reference and convenience only, and none of their content (including, but not limited to, the content of the Town's website and pages pertaining to the Successor Agency on the Town's website) is incorporated by reference. The Successor Agency makes no representation regarding the accuracy or completeness of information presented on such websites.

THE 2016 SUBORDINATE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE 2016 SUBORDINATE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAW OF ANY STATE.

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SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY
PARADISE REDEVELOPMENT PROJECT
2016 SUBORDINATE TAX ALLOCATION REFUNDING BONDS

INTRODUCTION

This Introduction does not purport to be complete, and reference is made to the body of this Official Statement, appendices and the actual documents for more complete information with respect to matters concerning the 2016 Subordinate Bonds. Potential investors are encouraged to read the entire Official Statement. Capitalized terms used in this Official Statement and not defined herein shall have the meanings set forth in "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE."

General

This Official Statement, including the cover page, the inside front cover and appendices, is being provided in connection with the sale by the Successor Agency to the Paradise Redevelopment Agency (the "Successor Agency") of its $_____* aggregate principal amount Paradise Redevelopment Project 2016 Subordinate Tax Allocation Refunding Bonds (the "2016 Subordinate Bonds"). The Successor Agency is the successor entity to the former Paradise Redevelopment Agency (the "Former Agency"). The 2016 Subordinate Bonds will be issued pursuant to an Indenture, dated as of December 1, 2003 (the "Master Indenture"), as supplemented and amended by a First Supplemental Indenture, dated as of October 1, 2005 (the "First Supplemental Indenture"), a Second Supplemental Indenture, dated as of December 1, 2006 (the "Second Supplemental Indenture"), and a Third Supplemental Indenture, dated as of October 1, 2009 (the "Third Supplemental Indenture"), each by and between the Former Agency and Wells Fargo Bank, National Association, as trustee (the "Trustee"), as further supplemented and amended by a Fourth Supplemental Indenture, dated as of _____ 1, 2016 (the "Fourth Supplemental Indenture, by and between the Successor Agency and the Trustee. The Master Indenture, as supplemented and amended by its four supplemental indentures, is referred to in this Official Statement as the "Indenture." Proceeds from the sale of the 2016 Subordinate Bonds will be applied to: (i) refund the outstanding $1,300,000 Paradise Redevelopment Project 2006 Subordinate Tax Allocation Notes issued by the Former Agency (the "2006 Subordinate Notes"), (ii) make a deposit into a debt service reserve account established under the Indenture, and (iii) pay costs of issuance of the 2016 Subordinate Bonds.

The Former Agency was established pursuant to the Community Redevelopment Law (the "Redevelopment Law") of the State of California (the "State"), constituting Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code. The Former Agency undertook a program to redevelop a project area known as the Paradise Redevelopment Project (the "Project Area") in the Town of Paradise (the "Town").

The 2016 Subordinate Bonds will be payable from and secured by Tax Revenues (as defined in the Indenture; see below under "Security for Bonds" and "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS") derived from the Project Area on a subordinate basis to the $4,480,000 aggregate principal amount Paradise Redevelopment Project 2009 Tax Allocation Refunding Bonds issued by the Former Agency and outstanding under the Indenture (the "2009 Refunding Bonds"), as further described in this Official Statement.

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* Preliminary; subject to change.

As further discussed below, the Former Agency was dissolved as of February 1, 2012, pursuant to legislation passed as part of the State's 2011 Budget Act. Before the Former Agency's dissolution, the Town Council of the Town adopted Resolution No. 12-08 on January 10, 2012, and elected for the Town to serve as the Successor Agency. As clarified by California Health and Safety Code Section 34173(g), the Town and the Successor Agency are separate entities and are not merged as the result of the Town's election to serve as the Successor Agency. The Successor Agency is authorized to issue bonds to refund debt of the Former Agency pursuant to Health and Safety Code Section 34177.5 and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law").

Interest on the 2016 Subordinate Bonds will be payable semiannually on June 1 and December 1 of each year, commencing [June 1, 2017]. The 2016 Subordinate Bonds will be subject to optional redemption and mandatory sinking fund redemption prior to maturity as described in this Official Statement.*

The 2016 Subordinate Bonds, when issued and delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as the depository for the 2016 Subordinate Bonds and all payments due on the 2016 Subordinate Bonds will be made to Cede & Co. Ownership interests in the 2016 Subordinate Bonds may be purchased only in book-entry form. **So long as the 2016 Subordinate Bonds are registered in the name of Cede & Co., or any other nominee of DTC, references in this Official Statement to the registered owners, or just "Owners," of the 2016 Subordinate Bonds shall mean Cede & Co. or such other nominee of DTC, and shall not mean the beneficial owners of the 2016 Subordinate Bonds.** See "BONDS – Book-Entry Only System" and "APPENDIX G – DTC'S BOOK-ENTRY ONLY SYSTEM."

Town of Paradise

The Town is located in Butte County (the "County"), approximately 180 miles northeast of San Francisco and 85 miles north of Sacramento, the State's capital. The Town encompasses an area of approximately 18.5 square miles and is nestled in the foothills of Northern California's Sierra Nevada Mountains, sitting astride a ridge top with elevations ranging from 1,200 to 2,400 feet above sea level. Based on an estimate by the California Department of Finance (the "State Department of Finance" or the "DOF"), the Town's population was 25,405, as of January 1, 2016.

Incorporated on November 29, 1979, the Town has a Council-Manager form of government. The Town Council is consisted of the Mayor and four council members, all elected at-large to four-year terms. The Town Council appoints the Town Manager, who is responsible for the day-to-day administration of Town business and the coordination of all departments of the Town. For further general information regarding the Town, see "APPENDIX A – TOWN OF PARADISE GENERAL INFORMATION."

Dissolution of Former Agency; Establishment of Successor Agency

The Former Agency was established on February 12, 2002, by action of the Town Council pursuant to the Redevelopment Law. The Former Agency was a separate public body and exercises governmental functions in planning and carrying out redevelopment projects.

In June 2011, as part of the State's 2011 Budget Act, the State Legislature enacted Assembly Bill No. 26 of the First Extraordinary Session ("AB X1 26"). The California Supreme Court, by its decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* 53 Cal. 4th 231 (2011) (the

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* Preliminary; subject to change.

"CRA Lawsuit"), largely upheld AB X1 26, with modifications regarding certain deadlines that were delayed because of the CRA Lawsuit. The primary provisions of AB X1 26 are set forth in Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (as amended from time to time, the "Dissolution Act"). The Dissolution Act has been amended and supplemented several times since its original enactment, including significant amendments that became effective in June 2012 pursuant to Assembly Bill No. 1484 ("AB 1484") and in September 2015, pursuant to Senate Bill No. 107 ("SB 107").

The Dissolution Act provides for the establishment of a successor agency for each former redevelopment agency. As the result, the Successor Agency was constituted. The Successor Agency is tasked with winding down the Former Agency's affairs. Upon the Former Agency's dissolution, all of the Former Agency's assets, properties, contracts, leases, books and records were transferred to the control of the Successor Agency by operation of law. The Successor Agency is required to continue to make payments for enforceable obligations (as defined under the Dissolution Act). The Successor Agency does not have any legal authority to participate in redevelopment activities, except to complete work related to enforceable obligations.

Even though the Town has elected to serve as the Successor Agency, the Dissolution Act expressly provides that the Town and the Successor Agency are separate public entities. None of the liabilities of the Former Agency are transferred to the Town by virtue of the Town's election to serve as the Successor Agency. (Assets of the Former Agency were not transferred to the Town by virtue of the Town's election to serve as the Successor Agency. However, see discussion under "SUCCESSOR AGENCY – Transfers to Housing Successor" regarding the transfer of certain housing assets to the Town, in the Town's capacity as the housing successor pursuant to the Dissolution Act.) The 2016 Subordinate Bonds will not be a debt, liability or obligation of the Town, the State or any of its political subdivisions other than the Successor Agency.

Pursuant to the Dissolution Act, a seven-member Oversight Board of the Successor Agency (the "Oversight Board") has been established, consisting of representatives from various local taxing agencies. Many of the Successor Agency's actions are subject to the direction of, or prior approval by, the Oversight Board. For example, the establishment of each Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule" or the "ROPS") described below must be approved by the Oversight Board. With limited exceptions, resolutions adopted by the Oversight Board are subject to review by the State Department of Finance before becoming effective. Certain Successor Agency matters are also subject to review by the County Auditor-Controller and the State Controller. See "SUCCESSOR AGENCY."

Project Area

The Town Council adopted Ordinance No. 399 on July 8, 2003, approving a redevelopment plan (the "Redevelopment Plan") establishing the Project Area. The Project Area encompasses about 694 acres in three noncontiguous areas, comprising six percent of the total Town area: (i) approximately 620 acres along Skyway and Pearson Road, including the commercial center of the Town ("Area A"), (ii) approximately 45 acres northeast of Area A ("Area B"), and (iii) approximately 29 acres in the northeast corner of the Town ("Area C"). The fiscal year 2016-17 assessed value (including secured and unsecured values) of the taxable property in the Project Area is $_____. The land uses for parcels in the Project Area are primarily commercial (approximately _____ percent of total secured assessed value), and residential (approximately _____ percent of total secured assessed value). See "PROJECT AREA."

Security for 2016 Subordinate Bonds

Tax Increment Pledge Before Dissolution Act

Before the enactment of AB X1 26, a redevelopment agency was authorized to pledge "tax increment" to repay indebtedness incurred to finance or refinance the redevelopment agency's projects. The Redevelopment Law provided a method for financing projects based upon an allocation of taxes collected within each redevelopment project area. Under this method, the taxable value of a redevelopment project area (or a later added component area of a redevelopment project area) last equalized before the adoption of the redevelopment plan (or, as applicable, the plan amendment adding such component area) became the base year value. Except for any period during which the taxable value dropped below the base year level, the taxing agencies received the taxes produced by applying the then current tax rates to the base year roll. The redevelopment agency received taxes collected upon any increase in taxable value over the base year roll (except for any portion generated by rates levied to pay voter-approved bonded indebtedness on or after January 1, 1989 for the acquisition or improvement of real property, commonly known as "overrides"). The portion of such property taxes allocated to the redevelopment agency was referred to as "tax increment."

Administration of Property Taxes Allocable to Successor Agency Under Dissolution Act

Under the Dissolution Act, the flow of property tax revenues to the Successor Agency is significantly different from the flow of tax increment to the Former Agency. The Dissolution Act requires the County Auditor-Controller to establish a fund, known as the Redevelopment Property Tax Trust Fund (the "RPTTF") for the Successor Agency. Each fiscal year, the County Auditor-Controller must determine the amount of property taxes (formerly, tax increment) that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to the Dissolution Act and deposit such amount into the RPTTF.

The Dissolution Act currently requires that, except in the case where the DOF has approved a Last and Final Recognized Obligation Payment Schedule (the "LFROPS"; see "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS – RPTTF Flow of Funds – *Last and Final ROPS*"), the Successor Agency must prepare a ROPS once a year (to be submitted to the DOF no later than February 1), listing the payments for enforceable obligations that the Successor Agency expects to make for the upcoming two six-month fiscal periods (*i.e.*, the period from July through December and the period from January through June; each, a "ROPS Payment Period"). The Successor Agency is permitted, however, to hold a reserve when required by the relevant bond indenture or when the next property tax allocation will be insufficient to pay bond debt service for the next payment due in the following half of the calendar year. The Successor Agency is authorized to make payments only pursuant to an enforceable obligation listed on a ROPS approved by the DOF.

As discussed in further detail under "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS – RPTTF Flow of Funds," the Dissolution Act establishes a specific flow of funds for moneys deposited in the RPTTF. Pursuant to this flow of funds, the Successor Agency receives disbursements from the RPTTF only twice each year on the following dates: (i) on each June 1 for the ROPS Payment Period from July 1 to December 31, and (ii) on each January 2 for the ROPS Payment Period from January 1 to June 30.

Pursuant to Health and Safety Code Section 34177.5(g), if an indenture provides that the refunding bonds issued pursuant to the Dissolution Act are secured by a pledge of and lien on property tax revenues, then it means that such refunding bonds are secured by a pledge of and lien on (and shall be repaid from) moneys deposited from time to time in the RPTTF.

Elimination of Housing Set-Aside Under Dissolution Act

Before dissolution, a redevelopment agency was generally required to establish a Low and Moderate Income Housing Fund (the "Housing Fund") and deposit not less than 20 percent of the tax increment allocated to such redevelopment agency (the "Housing Set-Aside") into the Housing Fund. The redevelopment agency was to use moneys deposited into the Housing Fund only for authorized low and moderate income housing purposes. In this Official Statement, the portion of the tax increment received by the Former Agency that was not required to be deposited into the Housing Fund is referred to as the "80 Percent Portion."

Twenty percent of the net proceeds from each of the 2006 Subordinate Notes and the 2009 Refunding Bonds was deposited in the Housing Fund and used for housing purposes. When they were issued, the Indenture provided that "Tax Revenues" pledged to the 2006 Subordinate Notes and the 2009 Refunding Bonds included an amount of the Housing Set-Aside equal to the Housing Fund Share, which was equal to 20 percent of the annual debt service on the 2006 Subordinate Notes and the 2009 Refunding Bonds.

The Dissolution Act has eliminated the Housing Fund and the requirement to deposit the Housing Set-Aside into such fund. All of the property tax revenues (*i.e.*, including the 80 Percent Portion and the amounts that would have been the Housing Set-Aside) are deposited into the RPTTF. As discussed below, the Fourth Supplemental Indenture will amend the definition of "Tax Revenues" to mean moneys deposited in the RPPTF (less certain deductions for County administrative costs and pass-through payments to taxing entities) without any distinction between the 80 Percent Portion and the Housing Set-Aside.

Pledge Under Indenture; Reserve Account

The 2016 Subordinate Bonds, after their issuance, will be secured by a pledge of "Tax Revenues," on a subordinate basis to the 2009 Refunding Bonds. Tax Revenues include all property taxes deposited from time to time into the RPTTF, less (i) administrative costs of the County Auditor-Controller deducted as required by HSC Section 34183(a); (ii) pass-through payments to taxing entities (see "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS – Pass-Through Payments").

The 2016 Subordinate Bonds will not be a debt, liability or obligation of the Town, the State, or any of its political subdivisions other than the Successor Agency as described in this Official Statement. None of the Town, the State, nor any of its political subdivisions, other than the Successor Agency, will be liable for the 2016 Subordinate Bonds. None of the members of the governing bodies or officers of the Successor Agency, the Town, nor any person executing the 2016 Subordinate Bonds or the Indenture will be liable personally with respect to the 2016 Subordinate Bonds. The obligations of the Successor Agency with respect to the 2016 Subordinate Bonds will be payable solely from Tax Revenues and the funds pledged pursuant to the Indenture. The Successor Agency has no taxing power.

The Successor Agency will covenant to include in each ROPS a request to the County Auditor-Controller to disburse from the RPTTF to the Successor Agency on each RPTTF Disbursement Date amounts for principal, interest and reserve replenishment with respect to the 2016 Subordinate Bonds and any other bonds outstanding under the Indenture, as required by the Indenture.

Under the Indenture, the Trustee maintains a Reserve Account, and will establish a subaccount within such Reserve Account for each series of Bonds issued and outstanding under the Indenture (each, a

"Reserve Subaccount"). Moneys in each Reserve Subaccount, so long as it is on deposit in such Reserve Subaccount and not yet released therefrom pursuant to the terms of the Indenture, will be used for the relevant series of Bonds only. A portion of the proceeds from the sale of the 2016 Subordinate Bonds will be used to make a deposit into the 2016 Reserve Subaccount in an amount equal to the initial Reserve Account Requirement (defined below, see "SECURITY AND SOURCES OF PAYMENT FOR 2016 BONDS – Reserve Account"). Upon the issuance of the 2016 Subordinate Bonds, the Reserve Account Requirement for the 2016 Subordinate Bonds will be $_____.

See "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS" and "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Tax Revenues; Creation of Funds."

Continuing Disclosure

In connection with the sale of the 2016 Subordinate Bonds, the Successor Agency will execute and deliver a Continuing Disclosure Certificate, covenanting to prepare and file an annual report and certain other notices with the Municipal Securities Rulemaking Board. See "CONCLUDING INFORMATION – Continuing Disclosure" and "APPENDIX F – FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Professionals Involved in Offering

The legality of the issuance of the 2016 Subordinate Bonds is subject to the approval of Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel. Richards, Watson & Gershon, A Professional Corporation, also serves as Disclosure Counsel to the Successor Agency in connection with the issuance of the 2016 Subordinate Bonds. Willdan Financial Services serves as fiscal consultant (the "Fiscal Consultant") and dissemination agent (the "Dissemination Agent") under the Continuing Disclosure Certificate. A.M. Miller & Co., Inc., San Diego, California, serves as Municipal Advisor to the Successor Agency for the 2016 Subordinate Bonds.

Other Information

There follows in this Official Statement brief descriptions of the 2016 Subordinate Bonds, security for the 2016 Subordinate Bonds, certain risk factors, the Indenture, the Successor Agency, the Project Area and certain other documents and information relevant to the issuance of the 2016 Subordinate Bonds. All references to the 2016 Subordinate Bonds, the Indenture, the Dissolution Act or other documents or law are qualified in their entirety by reference to such documents or law. Unless context clearly requires otherwise, capitalized terms used but not otherwise defined in this Official Statement have the meanings assigned to them in the Indenture. See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE."

This Official Statement speaks only as of its date as set forth on the cover hereof, and the information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made with respect to the 2016 Subordinate Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Former Successor Agency since the date of this Official Statement.

Unless otherwise expressly noted, references to internet websites in this Official Statement are shown for reference and convenience only, and none of their content (including, but not limited to, the content of the Town's website and pages pertaining to the Successor Agency on the Town's website) is

incorporated by reference. The Successor Agency makes no representation regarding the accuracy or completeness of information presented on such websites.

PLAN OF REFUNDING

Refunding of 2006 Subordinate Notes

The 2016 Subordinate Bonds are being issued to refund all of the outstanding 2006 Subordinate Notes, in the aggregate principal amount of $1,300,000. The 2006 Subordinate Notes will be redeemed on or about _____, 2016 (the "2006 Bonds Redemption Date").

The Successor Agency and Wells Fargo Bank, National Association, as the Trustee, will enter into an Escrow Agreement, dated as of _____, 2016 (the "Escrow Agreement"). Under the Escrow Agreement, the Trustee will establish an escrow fund (the "Escrow Fund") in connection with the defeasance and redemption of the 2006 Subordinate Notes. A portion of the proceeds from the sale of 2016 Subordinate Bonds, together with moneys to be released from the Reserve Account (see "Sources and Uses of Funds" below, will be deposited into the Escrow Fund. [The moneys so deposited into the Escrow Fund will be sufficient to pay and redeem the refunded 2006 Subordinate Notes in full on the 2006 Bonds Redemption Date.] Moneys in the Escrow Fund will be held solely for the benefit of the holders of the refunded 2006 Subordinate Notes and will not serve as security nor be available for payment on the 2016 Subordinate Bonds.

Arbitrage Group, Inc., Buhl, Alabama, certified public accountants (the "Verification Agent"), will verify the mathematical accuracy of certain computations included in the schedules provided on behalf of the Successor Agency relating to the computation of the moneys deposited in the Escrow Fund and the forecasted payments of principal and interest in connection with the defeasance of the 2006 Subordinate Notes. The report of the Verification Agent will include the statement that the scope of its engagement was limited to verifying the mathematical accuracy of computations contained in the schedules provided to the Verification Agent and the Verification Agent has no obligation to update its report because of events occurring, or data or information coming to the Verification Agent's attention, subsequent to the date of its report.

Sources and Uses of Funds

The following is a summary of the anticipated sources and uses of funds relating to the 2016 Subordinate Bonds:

Sources:	
Principal amount	*
Plus (less): Net original issue premium (discount)	
Less: Underwriter's discount	
Plus: Moneys to be released from Reserve Account [(1)]	
Total Sources	
Uses:	
Deposit into Escrow Fund	
Deposit into 2016 Subordinate Reserve Subaccount	
Costs of issuance [(2)]	
Total Uses	

(1) Represents moneys in the Reserve Account attributable to the 2006 Subordinate Notes.
(2) To pay fees and expenses of Bond Counsel, Disclosure Counsel, Trustee, Municipal Advisor, Fiscal Consultant, costs of posting and printing this Official Statement, and other costs of issuance relating to the 2016 Subordinate Bonds.

2016 SUBORDINATE BONDS

Description

The 2016 Subordinate Bonds will be issued as fully registered bonds, and will bear interest at the rates, and mature on June 1 of the years and in the amounts all as set forth on the inside front cover of this Official Statement. The 2016 Subordinate Bonds will be dated their date of delivery.

Interest on the 2016 Subordinate Bonds will be payable semiannually on June 1 and December 1 of each year, commencing [June 1, 2017] (each, an "Interest Payment Date"), and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Each 2016 Subordinate Bond will bear interest from the Interest Payment Date immediately preceding the date of authentication of such Bond, unless: (i) it is authenticated during the period from the day after the Record Date (*i.e.*, the 15th calendar day of the month preceding an Interest Payment Date) to and including such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to May 15, 2017] (*i.e.*, the first Record Date), in which event it will bear interest from the issuance and delivery date of the 2016 Subordinate Bonds; or (iii) interest on such 2016 Subordinate Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

The 2016 Subordinate Bonds will be initially delivered as one fully registered certificate for each maturity (unless the 2016 Subordinate Bonds of such maturity bear different interest rates, then one certificate for each interest rate among such maturity) and will be delivered by means of the book-entry system of DTC. While the 2016 Subordinate Bonds are held in DTC's book-entry only system, all payments of principal of, interest [and premium (if any)] on the 2016 Subordinate Bonds will be made to Cede & Co., as the registered owner of the 2016 Subordinate Bonds. See "Book-Entry Only System" below and "APPENDIX G – DTC'S BOOK-ENTRY ONLY SYSTEM."

* Preliminary; subject to change.

Redemption

Optional Redemption.* The 2016 Subordinate Bonds maturing on or before June 1, 20__ will not be subject to optional redemption prior to their maturity. The 2016 Subordinate Bonds maturing on or after June 1, 20__ will be subject to optional redemption, as a whole or in part from the maturities specified by the Successor Agency, prior to their maturity at the option of the Successor Agency on any date on or after June 1, 20__, from funds derived by the Successor Agency from any source, at a redemption price (expressed as a percentage of the principal amount of the 2016 Subordinate Bonds to be redeemed) set forth below, together with interest accrued thereon to the date fixed for redemption, without premium:

Redemption Dates	Redemption Price
June 1, 20__ through May 31, 20__	____%
June 1, 20__ through May 31, 20__	
June 1, 20__ and thereafter	

Mandatory Sinking fund Redemption.* The 2016 Subordinate Bonds maturing on June 1, 20___ and June 1, 20___ (the "2016 Subordinate Term Bonds") will also be subject to redemption prior to their stated maturity, in part on a *pro rata* basis, from Sinking Installments deposited in the Principal Account on June 1 of each year commencing June 1, 20__ and June 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

2016 Subordinate Bonds maturing June 1, 20___

Redemption Date (June 1)	Principal Amount to be Redeemed
(maturity)	

2016 Subordinate Bonds maturing June 1, 20___

Redemption Date (June 1)	Principal Amount to be Redeemed
(maturity)	

In lieu of redemption of any 2016 Subordinate Term Bond, upon the Successor Agency's written request, the Trustee may apply amounts on deposit in the Special Fund at any time, for the purchase of such Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges) as the Successor Agency may determine, but not in excess of the principal amount thereof plus

* Preliminary; subject to change.

accrued interest. No Bonds will be so purchased by the Trustee with a settlement date more than 60 days prior to the redemption date. Any accrued interest payable upon the purchase of 2016 Subordinate Term Bonds will be paid from amounts held in the Special Fund for the payment of interest on the next following Interest Payment Date.

Selection of 2016 Subordinate Bonds for Redemption. Whenever less than all of the Outstanding Bonds of a maturity are called for redemption at any one time, the Trustee will select the 2016 Subordinate Bonds to be redeemed, from the Outstanding Bonds of such maturity not previously selected for redemption, by lot; provided, that if less than all of the Outstanding Term Bonds of any maturity are called for optional redemption, each future Sinking Account Installment with respect to such Term Bonds will be reduced on a *pro rata* basis (as nearly as practicable) in integral multiples of $5,000, so that the total amount of Sinking Account Installment payments (with respect to such Term Bonds) to be made after the optional redemption will be reduced by an amount equal to the principal amount of the Term Bonds so redeemed, as will be designated by the Successor Agency to the Trustee in writing.

Notice of Redemption; Cancellation of Redemption. The Trustee, on behalf of the Successor Agency, will send notice of any redemption to the respective Owners of any 2016 Subordinate Bonds designated for redemption at their respective addresses appearing on the 2016 Subordinate Bond registration books of the Trustee, to the Securities Depository and the Information Services (*i.e.*, the Municipal Securities Rulemaking Board via the Electronic Municipal Market Access System), not more than 60 days and not less than 30 days prior to the date fixed for redemption. Failure by the Trustee to give such redemption notice to either the Information Service or the Securities Depository, or the insufficiency of any such notice will not affect the sufficiency of the proceedings for redemption. The failure of any Owner to receive any redemption notice sent to such Owner or any defect in the notice so sent will not affect the sufficiency of the proceedings for redemption.

The Successor Agency will have the right to rescind any optional redemption by written notice of rescission. Any notice of optional redemption will be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the 2016 Subordinate Bonds then called for redemption. Neither such cancellation nor lack of available funds will constitute an Event of Default under this Indenture. The Successor Agency and the Trustee will have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will send notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

So long as DTC is the sole registered owner of the 2016 Subordinate Bonds, notices of redemption (and notices of cancellation of redemption) will be sent to DTC and not to any beneficial owners. See "Book-Entry Only System."

Effect of Redemption. When notice of redemption has been duly given, and moneys for payment of the redemption price are held by the Trustee, the 2016 Subordinate Bonds called for redemption will, on the designated redemption date, become due and payable at the specified redemption price. From and after the redemption date, interest on the 2016 Subordinate Bonds so called for redemption will cease to accrue, such 2016 Subordinate Bonds will cease to be entitled to any benefit or security under the Indenture, and the Owners of such 2016 Subordinate Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Book-Entry Only System

The 2016 Subordinate Bonds will be issued as one fully registered bond without coupons for each maturity (unless the 2016 Subordinate Bonds of such maturity bear different interest rates, then one certificate for each interest rate among Bonds of such maturity) and, when issued, will be registered in the

name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the 2016 Subordinate Bonds. Individual purchases may be made in book-entry form only, in integral multiples of $5,000 principal amount. Purchasers will not receive certificates representing their interest in the 2016 Subordinate Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the 2016 Subordinate Bonds as described in this Official Statement. So long as DTC's book-entry system is in effect with respect to the 2016 Subordinate Bonds, notices to Owners by the Successor Agency or the Trustee will be sent to DTC. Notices and communication by DTC to its participants, and then to the beneficial owners of the 2016 Subordinate Bonds, will be governed by arrangements among them, subject to then effective statutory or regulatory requirements. So long as the 2016 Subordinate Bonds are registered in the name of Cede & Co., or any other nominee of DTC, references in this Official Statement to the registered owners or use of the capitalized term "Owners" mean Cede & Co. or such other nominee of DTC, and do not mean the beneficial owners of the 2016 Subordinate Bonds. See "APPENDIX G – DTC'S BOOK-ENTRY ONLY SYSTEM."

In the event that such book-entry system is discontinued with respect to the 2016 Subordinate Bonds, the Successor Agency will execute and deliver replacements in the form of registered certificates and, thereafter, the 2016 Subordinate Bonds will be transferable and exchangeable on the terms and conditions provided in the Indenture. In addition, the following provisions would then apply: The principal of, and redemption premium, if any, on the 2016 Subordinate Bonds will be payable on the surrender thereof at maturity or the redemption date, as applicable, at the corporate trust office of the Trustee in San Francisco, California. The interest on the 2016 Bonds will be payable by check mailed or draft on each Interest Payment Date to the registered owners thereof as shown on the registration books of the Trustee as of the close of business on the Record Date (i.e., the 15th calendar day of the month immediately preceding the Interest Payment Date); provided, that a registered owner of $1,000,000 or more in aggregate principal amount of 2016 Subordinate Bonds may specify in writing prior to the Record Date that the interest payment payable on each succeeding Interest Payment Date be made by wire transfer.

Annualized Debt Service Schedule

Annualized debt service on the 2016 Subordinate Bonds, without regard to any optional redemption, is shown in the following table:

Bond Year Ending June 1	Principal	Interest	Total Annual Debt Service
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
2056			
Total			

AUTHORIZATION OF 2016 SUBORDINATE BONDS UNDER DISSOLUTION ACT

The Successor Agency will be issuing the 2016 Subordinate Bonds pursuant to the authority given to it under California Health and Safety Code Section 34177.5 and the Refunding Bond Law.

Conditions to Issuance

Health and Safety Code Section 34177.5(a) authorizes the Successor Agency to issue bonds to refund outstanding bonded debt of the Former Agency (the "Refunded Debt") to: (1) provide savings to the Successor Agency, or (2) finance debt service spikes, including balloon maturities, with respect to the Refunded Debt. The 2016 Subordinate Bonds are being issued to refund the 2006 Subordinate Notes which has a balloon maturity. All of the $1,300,000 in principal of the 2006 Subordinate Notes, if not redeemed, will come due on December 1, 2016. Under Health and Safety Code Section 34177.5(a)(2), a successor agency's issuance of bonds to finance balloon maturities must meet the following criteria: (A) the existing indebtedness must not be accelerated, except to the extent necessary to achieve substantially level debt service, and (B) the principal amount of the refunding bonds must not exceed the amount required to finance the debt service spikes, including establishing customary debt service reserves and paying related costs of issuance.

Approval by Oversight Board and Department of Finance

Before the issuance of refunding bonds under the Dissolution Act, the Successor Agency must obtain the approval of the Oversight Board, as evidenced by an Oversight Board resolution. Such Oversight Board resolution (as with most Oversight Board resolutions) does not become effective unless it has been approved, or deemed approved, by the State Department of Finance.

On July 12, 2016, the governing board of the Successor Agency, adopted Resolution No. 16-02 (the "SA Bond Resolution"), authorizing the issuance and sale of the 2016 Subordinate Bonds. The SA Bond Resolution included a request by the Successor Agency to the Oversight Board for the Oversight Board to approve the issuance of the 2016 Subordinate Bonds. On July 19, 2016, the Oversight Board adopted Resolution No. 16-03 (the "OB Bond Resolution"), approving the issuance of the 2016 Subordinate Bonds and the SA Bond Resolution. On September 16, 2016, the DOF issued its letter (the "DOF Letter") indicating the DOF's approval of the OB Bond Resolution.

Expiration of Challenge Period

The Dissolution Act also provides that, notwithstanding any other State law, an action to challenge the issuance of bonds under the Dissolution Act must be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving the issuance of the 2016 Subordinate Bonds. More than 30 days have expired between the adoption of the OB Bond Resolution and the date of this Official Statement. During this interim, the Successor Agency has received no notice of any action challenging the issuance of the 2016 Subordinate Bonds.

Pursuant to Health and Safety Code Section 34177.5(f), once the DOF has given its approval to the OB Bond Resolution, the scheduled payments on the 2016 Subordinate Bonds must be listed on the Successor Agency's ROPS (see "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS – Recognized Obligation Payment Schedules") and will not be subject to further review and approval by the DOF or the State Controller. Furthermore, pursuant to Health and Safety Code Section 34177.5(f), once the 2016 Subordinate Bonds are issued with the Oversight Board's approval, the Oversight Board will not be permitted to unilaterally approve any amendments to or early

termination of the 2016 Subordinate Bonds (*i.e.*, unilaterally terminate the Indenture or the Bonds in contradiction to the terms by which the 2016 Subordinate Bonds were sold).

SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS

Pledge of Tax Revenues

The 2016 Subordinate Bonds will not be a debt, liability or obligation of the Town, the State, or any of its political subdivisions other than the Successor Agency as described in this Official Statement. None of the Town, the State nor any of its political subdivisions, other than the Successor Agency, will be liable for the 2016 Subordinate Bonds. None of the members of the governing bodies or officers of the Successor Agency, the Town nor any person executing the 2016 Subordinate Bonds or the Indenture will be liable personally with respect to the 2016 Subordinate Bonds. The obligations of the Successor Agency with respect to the 2016 Subordinate Bonds will be payable solely from Tax Revenues and the funds pledged pursuant to the Indenture. The Successor Agency has no taxing power. The 2016 Subordinate Bonds will not constitute indebtedness in violation of any constitutional or statutory debt limit or restriction.

All of the bonds issued and outstanding under the Indenture (collectively, the "Bonds") – including the 2009 Refunding Bonds, the 2016 Subordinate Bonds and any other Additional Refunding Bonds (defined below, see "Limitation on Additional Bonds") – are secured by a pledge and lien on "Tax Revenues" pursuant to the Indenture. "Tax Revenues" has the following meaning:

(A) Pursuant to the Dissolution Act, "Tax Revenues" include all property taxes deposited from time to time into the RPTTF (consisting of all property tax revenues that would have been allocated to the Former Agency pursuant to subdivision (b) of Section 16 of Article XVI of the Constitution of the State and that are deposited and administered in accordance with the provisions of the Dissolution Act), but excluding the following amounts: (i) administrative costs of the County Auditor-Controller deducted pursuant to HSC Section 34183(a); and (ii) amounts payable to affected taxing entities pursuant to the Law (including payments under Health and Safety Code Sections 33676, 33607.5 or 33607.7); and

(B) In the event that the provisions of the Dissolution Act are invalidated because of a final judicial decision or a change in law, such that property tax revenues described above are no longer deposited into the RPTTF, then Tax Revenues shall mean all revenues derived from taxes levied on properties that would have been allocated to the Former Agency pursuant to Section 16(b) of Article XVI of the California Constitution, subject to the exclusions stated in paragraph (A) above, as such exclusions are then in effect pursuant to the law of such time.

The primary source of the Successor Agency's payment of debt service on the Bonds are moneys received by the Successor Agency from the County Auditor-Controller from disbursements of property tax revenues from the RPTTF. See "INTRODUCTION – Security for 2016 Subordinate Bonds – *Administration of Property Taxes Allocable to Successor Agency Under Dissolution Act*." Each fiscal year, the County Auditor-Controller must determine the amount of property taxes – formerly known as tax increment – that would have been allocated to the Former Agency had the Former Agency not been dissolved and deposit such amount into the RPTTF. See "Allocation of Property Taxes (Determination of RPTTF Deposits)" below.

Under the Fourth Supplemental Indenture, the Successor Agency will covenant to include in each ROPS a request for the County Auditor-Controller to distribute from the RPTTF to the Successor Agency on each RPTTF Disbursement Date, the following amounts:

(i) the interest payment coming due with respect to the Outstanding Bonds and Parity Obligations (if any, see below under "Limitation on Additional Bonds or") during such ROPS Payment Period,

(ii) for any ROPS Payment Period which covers payments from July through December of a calendar year, at least one-half (but, at the discretion of the Successor Agency, may be up to all) of the principal amount (including maturing principal and any Sinking Installment) coming due with respect to the Bonds on June 1 of the next calendar year (the "Principal Reserve"),

(iii) for any ROPS Payment Period which covers payments from January through June of a calendar year, an amount equal to the principal amount (including maturing principal and any Sinking Installment) coming due with respect to the 2016 Subordinate Bonds and Parity Obligations (if any) on June 1 of such calendar year, less the Principal Reserve already received in connection with the immediately prior ROPS Payment Period and deposited with the Trustee, and

(iv) amounts, if any, required to replenish each Reserve Subaccount (including payments to the provider of any Reserve Credit Facility for draws on such Reserve Credit Facility).

The Trustee has established a fund known as the "Special Fund" under the Indenture. Upon the Successor Agency's receipt of Tax Revenues on each RPTTF Disbursement Date, the Successor Agency will transfer the Tax Revenues received for the payment of debt service of the Bonds (including the Principal Reserve) and any replenishment of the Reserve Subaccounts to the Trustee for deposit into the Special Fund; provided, that the Successor Agency will not be obligated to transfer to the Trustee for deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Special Fund, exceeds the amounts required to be transferred to the Trustee for deposit in the Interest Account, Principal Account and the Reserve Account in such Bond Year pursuant to the Indenture. If and only at such time that, during any Bond Year, the moneys deposited into the Special Fund is at least equal to the amount required to be transferred by the Successor Agency to the Trustee for deposit into the Interest Account, the Principal Account and the Reserve Account (and each subaccount therein) pursuant to the Indenture for such Bond Year (the "Bond Year Requirement"), then the Tax Revenues in excess of the Bond Year Requirement shall be released from the pledge and lien hereunder; and such excess Tax Revenues may be applied for other lawful purposes.

Allocation of Property Taxes (Determination of RPTTF Deposits)

Agency (RPTTF) Portion Generally

Each fiscal year, the County Auditor-Controller deposits into the RPTTF the amount of property taxes that would have been allocated to the Former Agency had the Former Agency not been dissolved – formerly known as tax increment, which is based on assessed values of the property in the Project Area on the last equalized roll as of August 20. Such allocation of taxes is determined pursuant to Article 6 of Chapter 6 of the Redevelopment Law (commencing with Section 33670 of the California Health and Safety Code), Section 16 of Article XVI of the California State Constitution and the Redevelopment Plan (see "INTRODUCTION – Project Area" and "– Security for Bonds").

Pursuant to the Redevelopment Law, the State Constitution and the Redevelopment Plan, taxes levied upon taxable property in the Project Area by or for the benefit of the State, the County, the Town, any district or other public corporation (collectively, "taxing agencies" or "taxing entities") for each fiscal year commencing after the effective date (the "Effective Date") of the ordinance approving the Redevelopment Plan, as applicable (see "INTRODUCTION – Project Area"), are divided as follows:

1. *To taxing agencies:* That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Area, as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency, last equalized prior to the Effective Date, are allocated to, and when collected, paid to the respective taxing agencies as taxes by or for such taxing agencies on all other property are paid (for the purpose of allocating taxes levied by or for any taxing agency or taxing agencies which did not include such territory on the Effective Date but to which such territory has been annexed or otherwise included after such Effective Date, the assessment roll of the County last equalized on the Effective Date is used in determining the assessed valuation of the taxable property in such territory on the Effective Date); and

2. *To Former Agency/Successor Agency (*i.e.*, deposit into RPTTF under the Dissolution Act):* Except for the taxes which are attributable to a tax rate levy by a taxing agency for the purpose of producing revenues to repay bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989, or an increase in tax rate imposed for the benefit of a taxing agency the levy of which occurs after the tax year in which the ordinance approving the Project Area became effective, but only to the extent the taxing agency has elected in the manner required by law to receive such allocation, which is allocated to, and when collected, paid to such taxing agency, that portion of such levied taxes each year in excess of the amount provided in paragraph (1) above, are allocated to and, when collected, paid into a special fund of the Former Agency (or, now, to the RPTTF of the Successor Agency) to pay the principal of and interest on bonds, loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the Former Agency (and the Successor Agency) to finance or refinance, in whole or in part, redevelopment of the Project Area.

Before the Former Agency's dissolution, the portion of property taxes described in paragraph numbered (2) constituted tax increment allocable to the Former Agency of which the Former Agency was authorized to make pledges to repay indebtedness incurred in carrying out the Redevelopment Plan, subject to the limitations set forth in the Redevelopment Plan. After the Former Agency's dissolution, pursuant to the Dissolution Act, such property tax revenues are now deposited into the RPTTF. California Health and Safety Code Section 34172 clarifies that, for purposes of Section 16 of Article XVI of the State Constitution, the RPTTF is deemed to be a special fund of the Former Agency for payment of debt service on indebtedness of the Former Agency incurred to finance or refinance the redevelopment projects.

As discussed under "INTRODUCTION – Security for 2016 Subordinate Bonds – *Elimination of Housing Set-Aside Under Dissolution Act*," the Dissolution Act has eliminated the Housing Fund. None of the property tax revenues deposited in the RPTTF is designated as the Housing Set-Aside. Under the Fourth Supplemental Indenture, "Tax Revenues" pledged to the Bonds is clarified to include moneys deposited into the RPTTF (less certain deductions for County administrative costs and pass-through payments to taxing entities), without distinction between the 80 Percent Portion and the Housing Set-Aside.

Pass-Through Payments

California Assembly Bill 1290 ("AB 1290"), enacted by the State Legislature in 1994 added Sections 33607.5 and 33607.7 (the "Tax Sharing Statutes") to the State's Health and Safety Code. Section 33607.7 was further amended by SB 211, Chapter 741, Statutes of 2001. Under the Tax Sharing Statutes, because the Redevelopment Plan was adopted after January 1, 1994, affected taxing entities receive an additional portion of tax increment revenues otherwise payable to the Former Agency (the "AB 1290 Payments").

After the Former Agency's dissolution in 2012, the County Auditor-Controller makes the AB 1290 Payments directly to the taxing agencies from the RPTTF in accordance with the applicable provisions of the Redevelopment Law, as those provisions read on January 1, 2011. The County Auditor-Controller disburses the AB 1290 Payments on or before each January 2 and June 1 from funds available in the RPTTF, before making disbursements to the Successor Agency on each January 2 and June 1 from the RPTTF. See "RPTTF Flow of Funds" below. See "APPENDIX B – FISCAL CONSULTANT REPORT" for a discussion regarding the formula pursuant to which AB 1290 Payments are calculated. The Dissolution Act provides a procedure under which a successor agency may seek approval from taxing agencies to subordinate their AB 1290 Payments to refunding bonds issued by the Successor Agency under Health and Safety Code Section 34177.5, before the issuance of the refunding bonds. With respect to the 2016 Subordinate Bonds, the Successor Agency has determined to not undertake any such subordination procedures.

Pursuant to the Indenture, Tax Revenues pledged to the Bonds do not include any pass-through payments (i.e., AB 1290 Payments) payable to affected taxing entities. Stated another way, with respect to the pledge of and lien on property taxes from the Project Area that are deposited in the RPTTF, the Outstanding Bonds rank junior to the Successor Agency's obligations pursuant to the AB 1290 Payments. See Tables 10 and 14 under "TAX REVENUES AND DEBT SERVICE COVERAGE."

RPTTF Flow of Funds

The Dissolution Act establishes a specific flow of funds for the County Auditor-Controller's administration of the RPTTF. Under Health and Safety Code Section 34183, the County Auditor-Controller, after deducting certain administrative costs due to the County, allocates moneys in the RPTTF as follows:

(i) No later than each January 2 and June 1, subject to certain adjustment for subordinated pass-through payments as permitted under the Dissolution Act, the County Auditor-Controller remits to each local agency and school entity, to the extent applicable, amounts required for pass-through payments that such taxing agency would have received under the relevant provisions of the Redevelopment Law, as those sections read on January 1, 2011, or pursuant to any pass-through agreement between a redevelopment agency and a taxing entity that was entered into prior to January 1, 1994 (see "Pass-Through Payments" above). The pass-through payments are computed as though the requirement to set aside funds for the Housing Fund was still in effect.

(ii) On each January 2 and June 1, the County Auditor-Controller disburses to the Successor Agency the amount approved by the DOF (see "Recognized Obligation Payment Schedules" below) for payments listed on the Successor Agency's ROPS for the applicable ROPS Payment Period (*i.e.*, the six month fiscal period commencing on January 1 or July 1), with debt service payments scheduled to be made for tax allocation bonds having the highest priority. The Successor Agency is permitted, however, to hold

a reserve when required by the relevant bond indenture or when the next property tax allocation will be insufficient to pay bond debt service for the next payment due in the following half of the calendar year.

(iii) On each January 2 and June 1, the County Auditor-Controller also disburses the administrative cost allowance (as defined in the Dissolution Act) to the Successor Agency.

(iv) On each January 2 and June 1, any moneys remaining in the RPTTF (the "RPTTF Residual") after the payments and transfers described in subparagraphs (i) through (iii), inclusive, are distributed to local agencies and school entities in accordance with the provisions of the Dissolution Act.

The Dissolution Act requires the County Auditor-Controller to provide to the Successor Agency estimates of the amount of property tax revenues to be allocated to the RPTTF in the upcoming six-month ROPS Payment Period no later than October 1 and April 1, respectively. If the Successor Agency determines that the amount to be allocated to the RPTTF and the other moneys available from funds previously transferred from the Former Agency and through asset sale or other operations are insufficient to fund the payments required by subparagraphs (i) through (iii) above, then the Successor Agency may make a report (a "RPTTF Shortfall Report") to the County Auditor-Controller, who will in turn notify the DOF and the State Controller. Upon verification and concurrence from the State Controller that there are insufficient funds to pay the required debt service, the County Auditor-Controller will make an adjustment to the upcoming disbursement from the RPTTF as follows:

(a) First, the amount of the deficiency will be deducted from the RPTTF Residual described in subparagraph (iv) above,

(b) Second, if the RPTTF Residual is exhausted, deductions will be made from amounts available for distribution as the Successor Agency's administrative cost allowance described in subparagraph (iii) above,

(c) Third, if a taxing agency had subordinated its pass-through payments under a pass-through agreement or pursuant to the provisions of the Redevelopment Law or the Dissolution Act to debt service payments required for enforceable obligations, funds for servicing such bond debt will be deducted from such pass-through payments.

As discussed above, none of the AB 1290 Payments relating to the Project Area have been subordinated to the 2016 Subordinate Bonds. As shown on the projections shown in Tables ___ through ___ under "TAX REVENUES AND DEBT SERVICE COVERAGE," the Successor Agency does not anticipate the necessity of any RPTTF Shortfall Report while the 2016 Subordinate Bonds are outstanding.

Recognized Obligation Payment Schedules

Listing of Enforceable Obligations and Sources of Funds. Starting with the ROPS which covers the period commencing July 1, 2016 until such time as an LFROPS has been approved by the DOF (see *"Last and Final ROPS"* below"), the Successor Agency must prepare a ROPS once a year, listing the payments for enforceable obligations that the Successor Agency is expected to make for the upcoming two ROPS Payment Periods (*i.e.*, the six-month fiscal period commencing January 1 and July 1, respectively).

The Dissolution Act contains a specific definition for "enforceable obligations." As defined in the Dissolution Act, "enforceable obligations" include, among other types of obligations, tax allocation 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 or the Successor Agency.

The Dissolution Act provides that the ROPS must identify one of the following sources of funds for the payment of each listed enforceable obligation:

(a) the Housing Fund (but see discussions under "SUCCESSOR AGENCY – Transfers to Housing Successor" and "– Due Diligence Reviews," moneys that were on deposit in the Housing Fund, except for bond proceeds, have either been transferred to the housing successor or remitted to the County Auditor-Controller as the result of the due diligence review),

(b) bond proceeds,

(c) reserve balances (but see "SUCCESSOR AGENCY – Due Diligence Reviews"; regarding unobligated cash that was on deposit in the Former Agency's accounts which would have been available for cash reserve but was, for the most part, remitted to the County Auditor-Controller as the result of the due diligence reviews),

(d) Successor Agency's administrative cost allowance (as defined in the Dissolution Act),

(e) RPTTF (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

(f) 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.

Pursuant to the Dissolution Act, the Successor Agency may only make those payments listed in the ROPS, as approved by the DOF. Generally, the Successor Agency may only make payments from the source of funds identified in the ROPS. However, the Successor Agency may make payments for enforceable obligations from sources other than those listed in the ROPS, if the Successor Agency obtains the Oversight Board's prior approval (and, consequently, the DOF's approval because such Oversight Board actions are subject to the DOF's review).

Timing for ROPS Submission and Approval. The Successor Agency must submit the ROPS to the Oversight Board for approval. No later than each February 1, the Successor Agency must submit the Oversight Board-approved annual ROPS to the County Auditor-Controller, the DOF and the State Controller. For each annual ROPS, the Dissolution Act requires the DOF to make a determination on the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than April 15. Within five business days of the DOF's determination, the Successor Agency may request additional review and an opportunity to meet and confer with the DOF on the disputed items. The DOF must notify the Successor Agency and the County Auditor-Controller regarding the outcome of its review at least 15 days before the upcoming June 1 RPTTF disbursement date (*i.e.*, May 15).

No later than October 1 of each year, the Successor Agency may submit one amendment to the annual ROPS previously approved by the DOF for the then current fiscal year. Such amendment may

pertain only to a modification of the amount requested for an enforceable obligation for the second ROPS Payment Period of such ROPS (*i.e.*, the ROPS Payment Period from January 1 to June 30). The ROPS amendment must be approved by the Oversight Board. The DOF must notify the Successor Agency and the County Auditor-Controller regarding the outcome of the DOF's review at least 15 days before the upcoming January 2 RPTTF disbursement date (*i.e.*, December 18).

The Dissolution Act permits the County Auditor-Controller to review each submitted ROPS and object to the inclusion of any item that is not demonstrated to be an enforceable obligation and may object to the funding source proposed for any item. The County Auditor-Controller must provide notice of any such objection to the Successor Agency, the Oversight Board, and the DOF at least 60 days before the next RPTTF disbursement date (*i.e.*, November 2 and April 2, respectively). If the Oversight Board disputes the finding of the County Auditor-Controller, it may refer the matter to the DOF for a determination.

Penalties for Failure to Submit on a Timely Basis. The Dissolution Act imposes penalties for the Successor Agency's failure to submit a ROPS on a timely basis. If the Successor Agency fails to submit a ROPS by the prescribed deadlines, the Town (as the entity that created the Former Agency) will be subject to a civil penalty equal to $10,000 per day for every day the ROPS is not submitted to the DOF. Furthermore, the DOF, any affected taxing entity and any creditor of the Successor Agency will have standing to file and may request a writ of mandate to require the Successor Agency to immediately perform this duty; provided that any such filing should be made in the County of Sacramento, California. Additionally, the Successor Agency's maximum administrative cost will be reduced by 25 percent if the Successor Agency does not submit a ROPS within ten days of the deadline for the ROPS submission.

If the Successor Agency fails to submit to the DOF an Oversight Board-approved ROPS that complies with the requirements of the Dissolution Act within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the County Auditor-Controller for payments of enforceable obligations from distribution to taxing entities, pending approval of the ROPS. Upon notice by the DOF that a portion of the withheld balances are in excess of the amount of enforceable obligations, the County Auditor-Controller will distribute the portion that represents the RPTTF Residual (see "RPTTF Flow of Funds" above) to the affected taxing entities. The County Auditor-Controller will distribute the withheld funds to the Successor Agency only in accordance with a ROPS approved by the DOF. The Dissolution Act states that the County Auditor-Controller lacks the authority to withhold any other amounts from the allocations provided for under the provisions of the Dissolution Act governing the disbursements of funds from the RPTTF.

To date, the Successor Agency has submitted all ROPS filings on a timely basis to the DOF.

Last and Final ROPS. The Dissolution Act permits the Successor Agency to submit a Last and Final ROPS (or "LFROPS") at any time on or after January 1, 2016, to the Oversight Board and the DOF for approval. Pursuant to the template provided by the DOF, the Successor Agency must list on the LFROPS the enforceable obligations, the amounts of the payments and the source of payments for each six month ROPS Payment Period up to the date of the last payment by the Successor Agency. Before filing an LFROPS, the Successor Agency must meet the following conditions:

(i) the remaining debt is limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules,

(ii) all remaining obligations have been previously listed on a ROPS and approved by the DOF, and

(iii) the Successor Agency is not a party to any outstanding or unresolved litigation.

The DOF will have 100 days to review an LFROPS submitted for approval. If the DOF approves the LFROPS, the LFROPS will establish the maximum amount of RPTTF to be distributed to the Successor Agency for each remaining fiscal year until the approved obligations have been fully paid.

After the DOF approves an LFROPS, the LFROPS will become effective on the first day of the immediately next ROPS Payment Period (*i.e.*, the following January 1 or July 1, as applicable); provided that if LFROPS is approved less than 15 days before the date next RPTTF Disbursement Date (*i.e.*, the following January 2 or June 1), then the LFROPS will not become effective until the subsequent ROPS Payment Period. Upon the LFROPS taking effect, the Successor Agency will no longer have to submit any further annual ROPS. The County Auditor-Controller will make distributions from the RPTTF to the Successor Agency pursuant to the LFROPS until the aggregate amount of property tax allocated to the Successor Agency equals the total outstanding obligation approved in the LFROPS. Any revenues, interest and earnings of the Successor Agency not authorized for use pursuant to the DOF-approved LFROPS and all proceeds from the disposition of real property subsequent to the approval of the LFROPS will be remitted to the County Auditor-Controller for distribution to the affected taxing entities.

After the DOF's approval of the LFROPS, the Successor Agency may submit no more than two requests to amend the LFROPS. Each amendment request must be approved by the Oversight Board before submission to the DOF. The DOF will then have 100 days to approve or deny the request.

After the effective date of a DOF-approved LFROPS, resolutions adopted by the Oversight Board will become effective without additional submission and approval by the DOF, with the exception of resolutions relating to refunding bonds, long range property management plans, amendments to the LFROPS or dissolution of the Successor Agency.

Application of Tax Revenues Under the Indenture

Pursuant to the Indenture, the Trustee has established a Special Fund, and deposits into the Special Fund all Tax Revenues received from the Successor Agency. See "Pledge of Tax Revenues." Within the Special Fund, the Trustee will hold and maintain the following accounts and subaccounts:

(1) the Interest Account (and within the Interest Account, the 2009 Senior Interest Subaccount, and the Subordinate Interest Subaccount);

(2) the Principal Account (and within the Principal Account, the 2009 Senior Principal Subaccount, and the Subordinate Principal Subaccount);

(3) the Reserve Account (and within the Reserve Account: (i) the 2009 Senior Reserve Subaccount, (ii) the 2016 Reserve Subaccount and a separate subaccount for each series of Additional Refunding Bonds); and

(4) the Surplus Account.

The Trustee shall make deposits in the accounts and subaccounts in the Special Fund in each Bond Year in the following order of priority:

(a) Deposit into the 2009 Senior Interest Subaccount – on or before each Interest Payment Date, an amount required for the payment of interest coming due on the Outstanding 2009 Refunding Bonds on such Interest Payment Date;

(b) Deposits into the 2009 Senior Principal Account – (i) on or before each December 1, one-half of the principal (including maturing principal and Sinking Installment) coming due on the Outstanding 2009 Refunding Bonds, if any, on the following June 1; provided, that if the Successor Agency has transferred to the Trustee a different amount based on the Successor Agency's receipt of the Principal Reserve (see "Pledge of Tax Revenues"), then the Trustee will deposit such different amount into the Principal Account; and (ii) on or before each Principal Payment Date, an amount of money which, together with any money already contained in the 2009 Senior Principal Account, is equal to the aggregate amount of the principal (including maturing principal and Sinking Installment) becoming due and payable on all Outstanding 2009 Refunding Bonds on such Principal Payment Date;

(c) Deposit into the 2009 Senior Reserve Subaccount – on or before each Interest Payment Date, such amount of money as required to restore the balance in the 2009 Senior Reserve Subaccount to an amount equal to the Reserve Account Requirement for the Outstanding 2009 Refunding Bonds (see "Reserve Account" below);

(d) Deposit into the Subordinate Interest Subaccount – on or before each Interest Payment Date, an amount required for the payment of interest coming due on the 2016 Subordinate Bonds and all other Additional Refunding Bonds (if any) then Outstanding on such Interest Payment Date;

(e) Deposits into the Subordinate Principal Subaccount – (i) on or before each December 1, one-half of the principal (including maturing principal and Sinking Installment) coming due on the 2016 Subordinate Bonds and all other Additional Refunding Bonds, if any, then Outstanding, on the following June 1; provided, that if the Successor Agency has transferred to the Trustee a different amount based on the Successor Agency's receipt of the Principal Reserve (see "Pledge of Tax Revenues"), then the Trustee will deposit such different amount into the Principal Account; and (ii) on or before each Principal Payment Date, an amount of money which, together with any money already contained in the Subordinate Principal Subaccount, is equal to the aggregate amount of the principal (including maturing principal and Sinking Installment) becoming due and payable on the 2016 Subordinate Bonds and all other Additional Refunding Bonds (if any) then Outstanding on such Principal Payment Date;

(f) Deposit into the Subordinate Reserve Subaccount – on or before each Interest Payment Date, such amount of money as required to restore the balance in each Subordinate Reserve Subaccount to an amount equal to the relevant Reserve Account Requirement (see "Reserve Account" below); and

(g) Transfer to Surplus Account – solely after making the deposits required by paragraphs (a) through (f) above for such Bond Year, the Trustee will set aside from the Special Fund and deposit in the Surplus Account all money then remaining in the Special Fund; then, on each June 2 if the Successor Agency is not then in default under the Indenture, the Trustee will: (i) transfer any money in the Surplus Account to the Successor Agency for lawful use or (ii) upon the Written Request of the Agency, purchase the Bonds as instructed by the Successor Agency.

See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Tax Revenues; Creation of Funds – *Establishment and Maintenance of Accounts for Use of Moneys in Special Fund*."

Reserve Account

The Trustee will maintain a Reserve Account. Within the Reserve Account, the Trustee will establish a Reserve Subaccount for each series of Bonds outstanding under the Indenture. Moneys in each Reserve Subaccount, so long as it is on deposit in such Reserve Subaccount and not yet released therefrom pursuant to the terms of the Indenture, will be used for the relevant series of Bonds only. As defined in the Indenture, the "Reserve Account Requirement" with respect to each series of Bonds Outstanding under the Indenture, as of any calculation date, the least of: (a) 10 percent of the proceeds (as such term is defined by Section 148 of the Code) of the Bonds of such series, (b) 125 percent of Average Annual Debt Service on the Bonds of such series which are then Outstanding, and (c) Maximum Annual Debt Service on the Bonds of such series which are then Outstanding.

A portion of the proceeds from the sale of the 2016 Subordinate Bonds, in the amount of $_____, will be deposited into the 2016 Reserve Subaccount. Such deposit will be sufficient to satisfy the initial Reserve Account Requirement for the 2016 Subordinate Bonds.

All money in or credited to a Subordinate Reserve Subaccount shall be used and withdrawn by the Trustee solely for the purpose of: (A) replenishing, first, the Subordinate Interest Subaccount to pay for interest on the relevant series of Bonds or, second, the Subordinate Principal Subaccount, to pay for principal (whether maturing principal or Sinking Installment Account) on the relevant series of Bonds in the event of any deficiency in any of such subaccounts occurring on any Interest Payment Date or Principal Payment Date in the event that no other money of the Successor Agency is lawfully available therefor, or (B) for the retirement of all of the then Outstanding Bonds of the relevant series, except that for long as the Successor Agency is not in default hereunder, any amount in a Subordinate Reserve Subaccount in excess of the relevant Reserve Account Requirement may, upon Written Request of the Agency, be withdrawn from such Subordinate Reserve Subaccount by the Trustee and transferred to the Surplus Account.

The Indenture provides that all or a portion of the Reserve Account Requirement for a Reserve Subaccount may be satisfied at any time by a "Reserve Credit Facility" that meets the criteria set forth in the Indenture. Upon delivery of any such Reserve Credit Facility, the cash on deposit in the related Reserve Subaccount in excess of the Reserve Account Requirement will be transferred to the Surplus Account in accordance with the Indenture.

See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Tax Revenues; Creation of Funds – *Establishment and Maintenance of Accounts for Use of Moneys in the Debt Service Fund* – Subordinate Reserve Subaccounts."]

Limitation on Additional Bonds

The Successor Agency will covenant that, from and after the execution and delivery of the Fourth Supplemental Indenture, it will not issue any additional Bonds or incur any other obligations which will be secured by a lien and charge upon the Tax Revenues on a parity with the lien and charge securing the Outstanding 2009 Refunding Bonds, or senior to the lien and charge securing the 2016 Subordinate Bonds. The Successor Agency may issue one or more series of bonds ("Additional Refunding Bonds"), payable from and secured by a lien and charge upon the Tax Revenues on a parity with the 2016 Subordinate Bonds, but solely for refunding purposes and subject to the provisions set forth in the Indenture. Among such conditions are the delivery to the Trustee of the following:

(i) A Certificate of the Successor Agency to the effect that: (a) the Successor Agency is in compliance with all covenants set forth in the Indenture in all material respects;

(b) no event of default has occurred and be continuing; (c) the issuance of such Additional Refunding Bonds is in compliance with California Health and Safety Code Section 34177.5 (but only to the extent that such provision of the Dissolution Act is then in effect), and (iv) the Successor Agency expects to be able to make all scheduled debt service payments on the Outstanding Bonds, including such Additional Refunding Bonds to be issued, through their respective final maturity and containing such other statements as may be reasonably necessary to show compliance with the requirements of the Indenture; and

(ii) a Consultant's Report from an Independent Financial Consultant showing, that (A) the aggregate debt service on such proposed Additional Refunding Bonds is lower than debt service on the Bonds being refunded (in either case, disregarding any optional redemption before maturity), and (B) the final maturity of any such proposed Additional Refunding Bond does not exceed the final maturity of the Bonds being refunded.

The Successor Agency will covenant to not issue any obligations ("Subordinate Debt") secured by a lien and charge upon the Tax Revenues which is subordinate to the lien and charge securing the Bonds Outstanding under the Indenture if the Successor Agency is then in default hereunder unless the proceeds of issuance of such Subordinate Debt will be used to cure such default. Prior to the issuance of any Subordinate Debt, the Successor Agency will deliver to the Trustee a written certificate to the effect that the Successor Agency expects to be able to make all scheduled debt service payments on the Outstanding Bonds and any outstanding Subordinate Debt (including the proposed Subordinate Debt), through their respective final maturity.

See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Issuance of Additional Bonds."

SUCCESSOR AGENCY

Former Agency

The Town Council of the Town activated the Former Agency on February 12, 2002, with the adoption of Ordinance No. 374 pursuant to the Redevelopment Law. The Town Council was declared to be the governing body of the Former Agency under Ordinance No. 390, adopted by the Town Council on January 14, 2003. The Town Manager served as the Former Agency's Executive Director, and many other staff members of the Town also functioned as staff members of the Former Agency. However, the Former Agency was a separate public body from the Town.

Establishment of Successor Agency

As described under "INTRODUCTION – Dissolution of Former Agency; Establishment of Successor Agency," pursuant to AB X1 26 (which was enacted as part of the State's 2011 Budget Act) and the California Supreme Court's decision in the CRA Lawsuit, the Former Agency was dissolved as of February 1, 2012, and the Successor Agency was constituted. Upon the Former Agency's dissolution, all of the Former Agency's assets, properties, contracts, leases, books and records were transferred to the control of the Successor Agency by operation of law.

The Successor Agency is tasked with winding down the affairs of the Former Agency. Many Successor Agency's actions are subject to the prior approval, or the direction of the Oversight Board. See "Oversight Board" below. The Successor Agency is required to continue to make payments for enforceable obligations (as defined under the Dissolution Act) and to prepare ROPS at the times prescribed by the Dissolution Act, listing the payments for enforceable obligations that the Successor Agency is expected to make for each six-month ROPS Payment Period. See "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS – Recognized Obligation Payment Schedules." California Health and Safety Code Section 34173(e) states that that the liability of the Successor Agency, acting pursuant to the powers granted under the Dissolution Act, is limited to the extent of the total sum of property tax revenues it receives pursuant to the Dissolution Act and the value of assets transferred to it as the Successor Agency of the Former Agency.

The Successor Agency will continue to exist until all enforceable obligations have been paid. The Dissolution Act provides that the Successor Agency will submit to the Oversight Board a request to formally dissolve the Successor Agency after all of the enforceable obligations have been retired or paid, all real property has been disposed, and all outstanding litigation has been resolved. The Oversight Board must approve such request within 30 days. After the Oversight Board's approval, the request must be submitted to the DOF. The DOF will have 30 days to approve or deny such request. When the DOF has approved the request, the Successor Agency must take the final steps pursuant to the Dissolution Act within 100 days of the DOF notification to dissolve the Successor Agency. Such final steps include the disposition of any remaining assets and the transfer of all such disposition proceeds to the County Auditor-Controller for disbursement to the taxing entities.

Administration and Personnel

Pursuant to the Dissolution Act, the Town Council of the Town adopted Resolution No. 12-09 on January 10, 2012, and elected for the Town to serve as the Successor Agency. As clarified by California Health and Safety Code Section 34173(g), the Town and the Successor Agency are separate entities and are not merged as a result of the Town's election to serve as the Successor Agency. Neither the assets nor the liabilities of the Former Agency are transferred to the Town by virtue of the Town's election to serve as the Successor Agency.

The members of the governing board of the Successor Agency (being members of the Town Council of the Town) and their terms of office are shown below:

Member	**Term Expires**
Jody Jones, *Chair*	December 2018
Scott Lotter, *Vice Chair*	December 2018
Greg Bolin	December 2016
Steve Culleton	December 2016
John J. Rawlings	December 2016

The Town Manager and the Finance Director of the Town serve as the Executive Director and the Finance Director, respectively, of the Successor Agency. The Town Clerk is the Agency Secretary. The Town Attorney serves as the Successor Agency's General Counsel.

Oversight Board

Pursuant to the Dissolution Act, a seven-member Oversight Board has been established. The Oversight Board has fiduciary responsibilities to the taxing agencies that benefit from distributions of the

RPTTF Residual under the Dissolution Act (see "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS – RPTTF Flow of Funds) and, at the same time, holders of enforceable obligations.

Members of the Oversight Board include one member appointed by the largest special district by property tax share within the territorial jurisdiction of the Former Agency, one member appointed by the County Superintendent of Schools, one member appointed by the Chancellor of the California Community Colleges to represent the local community college districts, two members (with one being a member of the public) appointed by the County Board of Supervisors, one member appointed by the Mayor of the Town and one member representing employees of the Former Agency. The Dissolution Act provides that, starting July 1, 2018, the current Oversight Board will be replaced, such that there will be only one oversight board for all of the successor agencies in the County.

The Dissolution Act specifies that certain Successor Agency actions must first be approved by the Oversight Board, including among others:

(i) The establishment of new repayment terms for outstanding loans where the terms have not been previously specified (subject to restrictions set forth in the Dissolution Act regarding the re-establishment of loan agreements between the Successor Agency and the Town);

(ii) The issuance of bonds or other indebtedness or the pledge or agreement for the pledge of property tax revenues (formerly tax increment) pursuant to California Health and Safety Code Section 34177.5(a) (see "AUTHORIZATION AND VALIDITY OF BONDS UNDER DISSOLUTION ACT");

(iii) Setting aside of amounts in reserves as required by indentures, trust indentures, or similar documents governing the issuance of outstanding bonds; and

(iv) Establishment of the ROPS (see "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS – Recognized Obligation Payment Schedules").

The Dissolution Act also specifies that the Oversight Board must direct the Successor Agency to take certain actions which, among others, include:

(a) Dispose of all assets and properties of the Former Agency (see, however, "Disposition of Real Properties; Long Range Property Management Plan" below);

(b) Cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations;

(c) Determine whether any contracts, agreements, or other arrangements between the Former Agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the Oversight Board for its approval, upon which the Oversight Board may approve any amendments to or early termination of those agreements, if it finds that amendments or early termination would be in the best interests of the taxing entities (but see "AUTHORIZATION AND VALIDITY OF BONDS UNDER DISSOLUTION ACT – Expiration of Challenge Period" regarding the prohibition on certain unilateral actions by the Oversight Board relating to the 2016 Subordinate Bonds after the issuance of the 2016 Subordinate Bonds).

All actions taken by the Oversight Board must be adopted by resolution. With limited exceptions, an Oversight Board resolution is not effective unless it has been approved, or deemed approved, by the DOF in accordance with the provisions of the Dissolution Act.

Transfers to Housing Successor

Pursuant to the Dissolution Act, the Town Council adopted Resolution No. 12-08, on January 10, 2012, electing for the Town to become the "housing successor" and assumed the housing function of the Former Agency. Subsequently, the Successor Agency transferred to the Town, as the housing successor, the assets identified in a Housing Asset List (which was reviewed by the DOF). Outstanding obligations which were payable from the Housing Set-Aside, as approved by the Oversight Board and the DOF pursuant to the ROPS, remain to be enforceable obligations of the Successor Agency payable from the RPTTF.

Due Diligence Reviews

Pursuant to the Dissolution Act, the Successor Agency was required to retain independent accountants to conduct two reviews, known as due diligence reviews (each, a "DDR") – one for the Housing Fund and the other for all of the other funds and accounts (the "Other Funds") – to determine the unobligated balance (the "Unobligated Balance"), if any, of the Housing Fund and the Other Funds, as of June 30, 2012. Legally restricted funds (including bond proceeds), value of assets that are not cash or cash equivalents (such as land and equipment) and amounts that are needed to satisfy obligations listed an approved ROPS were excluded from the Unobligated Balance.

Pursuant to the DDRs, which were reviewed by the DOF, the Successor Agency remitted the Unobligated Balance to the County Auditor-Controller for distribution to the taxing agencies. Because the Successor Agency has made such remittance as required by the DOF, as well as certain other amounts previously required to be remitted pursuant to the Dissolution Act, the DOF issued a "Finding of Completion" to the Successor Agency on April 26, 2013. Upon receipt of such Finding of Completion, the Successor Agency is authorized to proceed with actions permitted under certain provisions of the Dissolution Act, such as the submission of a Long Range Property Management Plan (see below).

Real Property Disposition; Long Range Property Management Plan

Generally under Health and Safety Code Sections 34177(e) and 34181(a) of the Dissolution Act, the Successor Agency is required, at the direction of the Oversight Board, to dispose of the assets and properties of the Former Agency expeditiously and in a manner aimed at maximizing value (except that the Oversight Board may give other directions regarding the transfer of certain government use properties to a public jurisdiction as permitted by the Dissolution Act and regarding the transfer of properties that is required by enforceable obligations). Proceeds from asset sales that are no longer needed for approved development projects or to otherwise wind down the affairs of the Former Agency, each as determined by the Oversight Board, are to be transferred to the County Auditor-Controller for distribution to taxing agencies.

However, the requirements for such expeditious asset disposition were suspended and are superseded if the DOF approved a Long Range Property Management Plan for the Successor Agency before January 1, 2016. The Long Range Property Management Plan contains an inventory of the real property interests of the Former Agency and addresses the proposed use or disposition of each property interest under one of four categories: (i) retention for governmental use, (ii) retention for future development, (iii) disposition by sale, and (iv) fulfillment of an enforceable obligation. On March 20, 2014, the DOF issued a letter approving the Successor Agency's Long Range Property Management Plan.

Audited Financial Statements

The Dissolution Act provides that a post-audit of the financial transactions and records of the Successor Agency must be made at least annually by a certified public accountant. Starting with the reporting related to fiscal year 2011-12, no separate audited financial statements were prepared for the Successor Agency. Instead, the financial transactions for the Successor Agency were reported as part of the Town's audited financial statements. A copy of the Town's Annual Financial Report for Fiscal Year Ended June 30, 2015 (the "FY 2014-15 Town Audited Financials"), prepared by the accounting firm of Mann, Urrutia, Nelson CPAs & Associates, LLP (the "Auditors"), is attached as Appendix C to this Official Statement. The Successor Agency has not requested nor obtained permission from the Auditors to include the FY 2014-15 Town Audited Financials as part of Appendix C to this Official Statement. The Auditors have not performed any post-audit review of the financial condition or operations of the Town or the Successor Agency for the purposes of this Official Statement.

The inclusion of the Successor Agency's financial transactions in the FY 2014-15 Town Audited Financials is solely for convenience. As previously discussed in this Official Statement, the Dissolution expressly clarifies that the Successor Agency is a separate legal entity from the Town. The assets and the liabilities of the Former Agency have been transferred to the Successor Agency. The assets and liabilities of the Successor Agency are not assets and liabilities of the Town.

PROJECT AREA

General Description of Project Area and Development

The Project Area encompasses about 694 acres in three noncontiguous areas: (i) Area A, the largest of the three, consisting of approximately 620 acres along Skyway and Pearson Road, including the commercial center of the Town, (ii) Area B, consisting of approximately 45 acres in the northeast of Area A, and (iii) Area C, consisting of approximately 29 acres in the northeast corner of the Town.

Redevelopment Plan; Inapplicability of Plan Limits

The Town Council adopted the Redevelopment Plan establishing the Project Area by Ordinance No. 399 on July 8, 2003. Pursuant to prior law, the Redevelopment Plan contained certain limits (the "Plan Limits") including, among them: the maximum dollar of bonded debt that may be outstanding at any one time ($30.0 million), and the last date on which the Former Agency may pay indebtedness or receive tax increment (40 years from the adoption of the Redevelopment Plan). After the Former Agency's dissolution, there was some uncertainty regarding whether some or all of the Plan Limits remained in effect. Amendments to the Dissolution Act enacted in September 2015, in particular amendments to California Health and Safety Code Section 34189 ("HSC Sec. 34189"), clarify that, for the purpose of payment of enforceable obligations, such as the 2009 Refunding Bonds and the 2016 Subordinate Bonds, the Successor Agency is not subject to the Plan Limits. The Oversight Board approving the issuance of the 2016 Subordinate Bonds (which resolution has been submitted and approved by the DOF, see "AUTHORIZATION OF 2016 SUBORDINATE BONDS UNDER DISSOLUTION ACT – Approval by Oversight Board and Department of Finance") described the 2015 amendments to HSC Sec. 34189 and approved a final maturity date for the 2016 Subordinate Bonds no later than June 1, 2056.

Assessed Value

The table below sets forth the assessed values for the Project Area for the fiscal years shown.

Table 1
PARADISE REDEVELOPMENT PROJECT
Assessed Valuation of Project Area
Fiscal Years 2012-13 through 2016-17

Fiscal Year	Secured	Unsecured	Total Assessed Value[1]	Total AV % Change from Prior FY
2012-13				
2013-14				
2014-15				
2015-16				
2016-17				

(1) "Total Assessed Value" equals the sum of "Secured Value" and "Unsecured Value."

Source: Willdan Financial Services, based on information from the Butte County Auditor-Controller.

Land Use

Set forth below is a summary of the land uses in the Project Area based on the 2016-17 County secured property tax roll.

Table 2
PARADISE REDEVELOPMENT PROJECT
Land Uses

Land Use	Parcel Count	FY 2016-17 Secured Assessed Value	Percent of Secured Assessed Value
Commercial			
Residential			
Vacant			
Industrial			
Not Usable			
Other[1]			
Total:			

(1) Includes parcels with Land Use Code assigned by the County.

Source: Willdan Financial Services, based on information from the Butte County Secured Property Tax Roll.

Property Ownership

The table below shows the top ten property owners of the Project Area, based on the aggregate assessed value of the property or properties owned.

Table 3
PARADISE REDEVELOPMENT PROJECT
Top Ten Property Owners
(Based on Assessed Value)

	Property Owner	Land Use	FY 2016-17 Assessed Value	Percent of Assessed Value[1]	Percent of Incremental Value[1]
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
	Total:				

(1) Based on fiscal year 2016-17 assessed valuation of $_____.

Source: Willdan Financial Services, based on information from the Butte County Auditor-Controller.

TAX REVENUES AND DEBT SERVICE COVERAGE

The following section presents a summary of the historical and projected assessed valuation and property tax revenues with respect to the Project Area, based on information provided by Willdan Financial Services (the "Fiscal Consultant"). The Successor Agency believes the assumptions upon which the projections are based are reasonable. However, some assumptions may not materialize and unanticipated events and circumstances may occur. See "RISK FACTORS." Some of the projections do not include an allowance for property tax appeals and related refunds or delinquencies by taxpayers. The actual amount of Tax Revenues available for debt service during the forecast period may vary from the projections and the variations may be material.

The Dissolution Act eliminated the term "tax increment" when referring to the portion of property tax revenues allocated and deposited into the RPTTF. However, at the same time, the Dissolution Act provides that the amount of deposit into the RPTTF each fiscal year is the amount of property taxes that would have been allocated to the Former Agency – *i.e.*, formerly, tax increment. See "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS – Allocation of Property Taxes (Determination RPTTF Deposits." For convenience, the tables below continue to use the term "tax increment" when referring to the portion of property tax revenues derived from the Project Area that is allocable to the RPTTF.

Historical Assessed Valuation and Property Tax Revenues

Set forth below is a summary of the assessed values and tax increment for fiscal years 2012-13 through 2016-17 for the Project Area.

Table 4
PARADISE REDEVELOPMENT PROJECT
Historical Assessed Values and Gross Tax Increment
Fiscal Years 2012-13 to 2016-17

Fiscal Year	Taxable Valuation [1]	Incremental Valuation [2]	Tax Increment Revenues[3]	County Admin. Charges & Pass-Through Payments[3][4]	Tax Revenues[3][5]
2007-08					
2008-09					
2009-10					
2010-11					
2011-12					
2012-13					
2013-14					
2014-15					
2015-16					
2016-17					

(1) See Table __ under "PROJECT AREA – Assessed Value." Includes secured assessed value, unsecured assessed value and state assessed value.
(2) Equals "Taxable Valuation" minus $_____, the base year value.
(3) County administrative expenses are calculated figure based on ____ percent of Tax Revenues; and pass-through payments are calculated based on statutory formulas.
(4) See "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS – RPTTF Flow of Funds" and "– Pass-Through Payments."
(5) Equals "Tax Increment Revenues" minus "Tax Revenues."

Source: Willdan Financial Services, based on information provided by Butte County Audit-Controller.

Historical RPTTF Allocations

Before dissolution, the Former Agency received tax increment revenues from the County Auditor-Controller, after deductions for certain County administrative fees, periodically throughout the year. In contrast, after the Former Agency's dissolution, the Successor Agency receives RPTTF disbursements from the County Auditor-Controller only twice a year on each January 2 (to cover payments during the period from that January through June) and each June 1 (to cover payments during the immediately following July through December).

The following table summarizes the dollar amount of property tax revenues from the Project Area that the County Auditor-Controller allocated to the RPTTF during the six ROPS Payment Periods starting January 1, 2014 through December 31, 2016.

Table 5
PARADISE REDEVELOPMENT PROJECT
RPTTF Allocation
For Six ROPS Periods Starting January 2014 Through December 2016

RPTTF Disbursement Date and ROPS Payment Period	Property Tax Collection Period	Available RPTTF for Enforceable Obligations [1]
Property tax collected during FY 2013-14:		
January 2, 2014 disbursement for ROPS Period from January through June 2014	June 2013 to December 2013	$184,813
June 1, 2014 disbursement for ROPS Period from July through December 2014	January 2014 to May 2014	$175,987
	Total	$360,800
Property tax collected during FY 2014-15:		
January 2, 2015 disbursement for ROPS Period from January through June 2015	June 2014 to December 2014	$210,026
June 1, 2015 disbursement for ROPS Period from July through December 2015	January 2014 to May 2014	$205,515
	Total	$415,541
Property tax collected during FY 2015-16:		
January 2, 2016 disbursement for ROPS Period from January through June 2016	June 2015 to December 2015	$226,244
June 1, 2016 disbursement for ROPS Period from July through December 2016	January 2016 to May 2016	$224,610
	Total	$450,854

(1) Represents total RPTTF deposits after deduction of County administrative expenses and pass-through payments; see "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS – RPTTF Flow of Funds." Amount available for disbursement to Successor Agency for enforceable obligations listed on approved ROPS is based on such RPTTF allocation less County administrative expenses and pass-through payments. However, actual amount received by Successor Agency is based on the ROPS, as approved by the DOF approved ROPS.

Source: Town of Paradise, based on information provided by Butte County Audit-Controller Office.

Assessed Value Appeals and Proposition 8 Adjustments

General. Pursuant to State law, property owners may apply for a reduction of their property tax assessment by filing a written appeal. After the applicant and the assessor have presented their arguments, the applicable local appeals board makes a final decision on the proper assessed value. The appeals board may rule in the assessor's favor, rule in the applicant's favor, or set its own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion. Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any

taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date. A base year assessment appeal has significant future revenue impacts because a reduced base year assessment will then reduce the compounded value of the property prospectively. Except for the two percent inflation factor, the value of the property cannot be increased until a change of ownership occurs or additional improvements are added.

Section 51 of the Revenue and Taxation Code permits a reduction (a "Proposition 8 Adjustment") in the assessed value if the full cash value of the property has been reduced by damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. During the Great Recession (which began around 2007), the County Assessor's Office initiated proactive reviews of single family homes, condominiums, townhomes, multifamily and commercial and industrial properties, which resulted in Proposition 8 Adjustments for many properties in the County.

After a roll reduction is granted under Section 51, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

The taxable value of unitary property may be contested by utility companies and railroads to the State Board of Equalization. Generally, the impact of utility appeals is on the statewide value of a utility determined by the State Board of Equalization. As a result, the successful appeal of a utility may not impact the taxable value of a project area but could impact a project area's allocation of unitary property tax revenues.

Any assessment appeal that is pending or which may be filed in the future, if successful, will result in a reduction of the assessed value of the subject property. A reduction of assessed valuation due to appeals, if significant, and the resulting property tax refunds could adversely impact the amount of Tax Revenues available to pay debt.

Impact on Project Area Based on Appeals.

For its Report (see Appendix B), the Fiscal Consultant reviewed the status of assessment appeals with respect to properties in the Project Area based on the information available from _____ as of ____ 2016. The Fiscal Consultant then estimated the fiscal impact on the fiscal year 2016-17 assessed value of the Project Area, based on certain assumptions and historical patterns. From this review and analysis, the Fiscal Consultant estimated that, with respect to the properties in the Project Area, there will be (i) approximately $_____ of tax refunds in fiscal year 2016-17, (ii) a reduction of the secured assessed value by approximately $_____, to be reflected on the fiscal year 2017-18 tax roll, and (iii) a reduction of the unsecured assessed value by approximately $_____, to be reflected on the fiscal year 2017-18 tax roll. See "APPENDIX B – FISCAL CONSULTANT REPORT – _____" for more detailed discussions of the data reviewed and the assumptions and analysis used by the Fiscal Consultant

in arriving at these estimates. The projections set forth in Tables __ and ___ below and in the Fiscal Consultant Report in Appendix B reflect such estimated reductions, but do not include an allowance for other potential future appeals.

Foreclosures in Project Area

Based on a review of _____ records, the Fiscal Consultant estimates that the percentage of properties in the Project Area that were foreclosed upon was ___ percent for calendar year 2013, ___ percent for calendar year 2014 and __ percent for calendar year 2015. See Exhibit __ to the Fiscal Consultant Report in Appendix B.

Projected Tax Revenues; Coverage Projections

Table __ shows the projected taxable valuation (assessed values) for the Project Area and the projected Tax Revenues from fiscal years 2017-18 to 2021-22, as provided by the Fiscal Consultant. For Table 14 only, ***[To be revised per FCR, as needed:*** The Fiscal Consultant has assumed assessed value in the Project Area will increase by two percent each fiscal year, compounded annually. The Fiscal Consultant has also assumed a reduction of secured value to be reflected on the fiscal year 2017-18 tax roll.*]* See "Assessed Value Appeals and Proposition 8 Adjustments – *Impact on Project Area Based on Appeals*" above.

Table __ shows the projected coverage between the Tax Revenues and total debt service for the Outstanding Bonds, assuming no growth in assessed value after fiscal year 2016-17. While the Successor Agency believes that the assumptions used for the projected Tax Revenues and debt service coverage below are reasonable, the assessed values, and the Tax Revenues during the forecast period may vary from the projections and the variations may be material. Property value in the Project Area will be subject to the fluctuation of the real estate market throughout the term of the 2016 Subordinate Bonds. There is no guarantee that the assessed value of the Project Area will continue to increase, or that it will never drop below the fiscal year 2016-17 level during the years before the final maturity of the 2016 Subordinate Bonds. See "RISK FACTORS."

Table 6
PARADISE REDEVELOPMENT PROJECT
Projected Tax Revenues
Fiscal Years 2017-18 to 2021-22

Fiscal Year	Taxable Valuation[1]	Incremental Valuation[2]	Tax Increment Revenues[3]	County Admin. Charges & Pass-Through Payments[3][4]	Tax Revenues[3][5]
2017-18					
2018-19					
2019-20					
2020-21					
2021-22					

(1) Includes secured assessed value and unsecured assessed value. [Assumes taxable valuation (total assessed value) increase by two percent per year starting in fiscal year 2017-18. Does not take into account the potential result of any pending or future assessed valuation appeal or adjustment.] See "Assessed Value Appeals and Proposition 8 Adjustments" above.
(2) Equals "Taxable Valuation" minus $_____, the base year value for the Project Area.
(3) Based on one percent of "Incremental Valuation."
(4) See "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS – RPTTF Flow of Funds" and "– Pass-Through Payments."
(5) Equals "Tax Increment Revenues" minus "County Administrative Charges and Pass-Through Payments."

Source: Willdan Financial Services

Table 7
PARADISE REDEVELOPMENT PROJECT
Estimated Debt Service Coverage – Assuming No Assessed Value Growth
(Comparing Tax Revenues and Scheduled Bonds Debt Service)

(A)	(B)	(C)	(D)	(E)	(F)
FY Ending (June 30)	**Tax Revenues[1]**	**2009 Refunding Bonds Debt Service[2]**	**Tax Revenues after 2009 Refunding Bonds Debt Service (Column B minus Column C)**	**2016 Subordinate Bond Debt Service[2]**	**Debt Service Coverage (Column D divided by Column E)**
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051					
2052					
2053					
2054					
2055					
2056					
Total [3]					

(1) Based on estimated fiscal year [2016-17] Tax Revenues (see Table ___), with no further assessed value growth assumed.
(2) Based on scheduled debt service for the corresponding Bond Year, assuming no optional redemption prior to maturity.
(3) Total may not add due to rounding.
Source: by Willdan Financial Services for Tax Revenues; debt service dollar amounts from the Underwriter.

RISK FACTORS

Investment in the 2016 Subordinate Bonds involves elements of risk. The following section describes certain specific risk factors affecting the payment and security of the 2016 Subordinate Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the 2016 Subordinate Bonds and the order of discussion of such risks does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the 2016 Subordinate Bonds. There can be no assurance that other risk factors not discussed under this caption will not become material in the future.

Limited Obligations; Subordinate Status

The pledge for the 2016 Subordinate Bonds will be limited to Tax Revenues – derived from property tax revenues of the Project Area allocated to the Successor Agency's RPTTF – and certain funds created under the Indenture, as provided in the Indenture. Furthermore, such pledge with respect to the 2016 Subordinate Bonds will be subordinate to the pledge with respect to the Outstanding 2009 Refunding Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS" and "TAX REVENUES AND DEBT SERVICE COVERAGE – Projected Tax Revenues; Coverage Projections." No other funds are liable for the 2016 Subordinate Bonds. None of the Town, the State nor any of its political subdivisions, other than the Successor Agency, will be liable for the 2016 Subordinate Bonds.

Reduction in Taxable Value

The projected Tax Revenues shown in this Official Statement are based on certain assumptions. See "TAX REVENUES AND DEBT SERVICE COVERAGE – Projected Tax Revenues; Coverage Projections." No assurances can be given that the assessed value of properties in the Project Area will never fall below the values estimated for the projections shown in Tables __ through __ and the Fiscal Consultant Report attached in Appendix B.

Property values, and correspondingly, assessed values are impacted by many factors which are beyond the Successor Agency's control. The residential property markets in many areas of the State have experienced significant boom, downturn and recovery during the recent decades. With respect to commercial properties, periodic improvement and reinvestment are generally required to maintain their value. The willingness of an owner to upgrade and maintain such property depends on many factors, including vacancy rate (for rental properties) and the financial health of the businesses operated on such property. The Successor Agency has not undertaken to assess the financial conditions of the current owners or occupants of the properties within the Project Area or make inquiries into the means by which such owners financed their properties.

[**To be updated:** Between fiscal years 2004-05 and 2007-08 (during which the 2006 Subordinate Bonds were issued), the assessed value of the Project Area grew by close to 8 percent (or above) annually, or 27 percent in total. The assessed value grew by 2 percent between fiscal years 2007-08 and 2008-09. Then, the assessed value dropped each year between fiscal years 2009-10 and 2013-14. The assessed value of the Project Area increased by approximately 3 percent between fiscal years 2013-14 and 2014-15, approximately 3 percent between fiscal years 2014-15 and 2015-16 and also ___ percent between fiscal years 2015-16 and 2016-17.] Property value and development in the Project Area will be subject to the fluctuation of the real estate market throughout the term of the 2016 Subordinate Bonds.

In addition to the general real estate market fluctuation, a relocation out of the Project Area by one or more major property owners, the discovery of hazardous substances on a property within the Project Area (see "Hazardous Substances" below) or the complete or partial destruction of property caused by, among other possibilities, an earthquake, flood or other natural disaster (see "Natural Disasters" below or any other event which would permit a reassessment of property at lower values), could cause a reduction in the assessed value of properties in the Project Area. Future initiatives or legislation may be approved by the electorate or the legislature which would further limit the increase of assessed value of a property or reduce the tax rate applicable to the property, and could cause a reduction in the Tax Revenues. See "PROPERTY TAXATION IN CALIFORNIA." Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. [The projections set forth in Tables ___ through ___ and in the Report in Appendix B already include an estimated reduction based on the appeals on record as of _____, 2016.] See "TAX REVENUES AND DEBT SERVICE COVERAGE – Assessed Value Appeals and Proposition 8 Adjustments." However, the projections do not take into account any assessed value reduction or tax refund for other future appeals. A reduction of assessed valuation that causes a decline in Tax Revenues or the resulting property tax refunds could have an adverse effect on the Successor Agency's ability to make timely repayments on the 2016 Subordinate Bonds.

Natural Disasters

The value of the property in the Project Area in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on the 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 fire, earth movements, landslides, floods and climatic conditions such as droughts and storms of various types and intensity. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and property value in the Project Area could be diminished in the aftermath of such events. A substantial reduction of the value of such properties could affect the ability or willingness of the property owners to pay the property taxes.

Because of the topography and location of the Town, all or portions of the Town are subject to soil erosion and wildfire hazards.

The Town and its surrounding area have been relatively free from significant earthquakes. There are no known active faults within the Town. There is no guarantee that a significant earthquake will not occur in or near the Town, causing damage to the properties in the Project Area. A shear zone of the Foothills Fault Zone extends into the southern portion of the County. The Cleveland Hills Fault, an active fault, is in the County. Two dams located near the Town, the Paradise Dam and Magalia Dam, if damaged in a major earthquake, could have a significant impact on the properties and people of the Town.

The entire Town is located outside of 100 (one percent) and 500 (0.2 percent) year flood zone as defined by the Federal Emergency Management Agency ("FEMA"). However, localized flooding occurs at locations where the storm drainage facilities have not been able to adequately handle the stormwater drainage. The Town has developed an "Interim Policy" consistent with FEMA policies and objectives. The areas that have been repeatedly inundated during storm events are delineated as Special Permit Zones. A certified elevation certificate based on the determination of the 100-year base year flood elevation per FEMA guidelines is required for any development in these Special Permit Zones.

Consistent with FEMA guidelines, the County has formed a hazard mitigation planning committee ("HMPC") and developed a Local Hazard Mitigation Plan. The Town has adopted the hazard mitigation goals and objectives developed by the HMPC.

Hazardous Substances

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

Property Tax Delinquencies; No Teeter Plan

The Successor Agency does not have any independent power to levy and 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 ability of the Successor Agency to repay the Outstanding 2016 Subordinate Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Successor Agency's ability to make timely debt service payments. The County has not elected to follow the procedures of Sections 4701 et seq. of the California Revenue and Taxation Code, known as the "Teeter Plan" as to general taxes entered and collected on the secured tax roll. Consequently, property tax revenues in the Project Area reflect actual collections. See "TAX REVENUES AND DEBT SERVICE COVERAGE – Tax Collections and Delinquencies.

The payment of the property taxes and the ability of the County to foreclose on the lien of delinquent unpaid property tax may be limited or delayed by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. Although bankruptcy proceedings would not cause the lien of the property tax to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale of tax sale proceedings, thereby delaying such proceedings perhaps for an extended period. Further, should remedies be exercised under the federal bankruptcy laws, payment of the property tax may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over the property tax in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding. The property tax revenues to be deposited into the RPTTF may be impacted, if the County's ability to collect property tax revenues is affected by such bankruptcy, insolvency or other proceedings generally affecting creditors' rights or judicial foreclosure proceedings.

Successor Agency Powers and Resources Limited

The Successor Agency is created pursuant to the Dissolution Act to wind down the affairs of the Former Agency. Its powers are limited to those granted under the Dissolution Act. It does not have any legal authority to participate in redevelopment activities, except to complete work related to enforceable obligations, as defined in the Dissolution Act. Many Successor Agency actions are subject to the review or the direction of the Oversight Board and the DOF, and in some cases, the County Auditor-Controller

and the State Controller. California Health and Safety Code Section 34173(e) states that that the liability of the Successor Agency, acting pursuant to the powers granted under the Dissolution Act, is limited to the extent of the total sum of property tax revenues it receives pursuant to the Dissolution Act and the value of assets transferred to it as a Successor Agency for the Former Agency. See "SUCCESSOR AGENCY."

Prior to dissolution, the Former Agency could, to a certain extent, retain funds on hand accumulated from prior years, which then were available for use if short-term cash flow issues arose. In the event of a delay in the receipt of tax increment in any given year, the Former Agency could (though it was not obligated to) use such other available funds to make payments on the 2016 Subordinate Bonds when due. Under the Dissolution Act, the Successor Agency is required to seek prior approval from the Oversight Board (and, therefore, the DOF, because most Oversight Board actions are subject to DOF's review) in order to pay an enforceable obligation from a source of funds that is different from the one identified on the ROPS. As the result of procedures already completed under the Dissolution Act, such as the due diligence reviews (see "SUCCESSOR AGENCY – Due Diligence Reviews"), the Successor Agency virtually has no alternative resources available to make payment on enforceable obligations, if there is a significant delay with respect to scheduled RPTTF disbursements or if the amount from RPTTF disbursements is not sufficient for the required payment on the enforceable obligations.

Even though the Town has elected to serve as the Successor Agency, the Dissolution Act expressly clarifies that the Town and the Successor Agency are separate public entities. The liabilities of the Former Agency are not transferred to the Town by virtue of the Town's election to serve as the Successor Agency. The liabilities of the Successor Agency are not the liabilities of the Town.

Recognized Obligation Payment Schedules

As discussed under "SECURITY AND SOURCES OF PAYMENT FOR 2016 SUBORDINATE BONDS – Recognized Obligation Payment Schedules," the Successor Agency is required to prepare and submit the ROPS at the prescribed times to the Oversight Sight Board and the DOF for review. The County Auditor-Controller is authorized to only distribute moneys to the Successor Agency from the RPTTF in accordance with a ROPS approved by the DOF. The Successor Agency is authorized to use funds only pursuant to an enforceable obligation listed on a ROPS approved by the Oversight Board and the DOF. See "AUTHORIZATION AND VALIDITY OF BONDS UNDER DISSOLUTION ACT" regarding limitations pursuant Health and Safety Code Section 34177.5(f) with respect to the DOF's review of scheduled payments for the 2016 Subordinate Bonds included in future ROPS.

The Dissolution Act provides the ROPS must be submitted to the DOF at the times prescribed by the Dissolution Act. If the Successor Agency fails to submit to the DOF an Oversight Board-approved ROPS within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations, the DOF may determine if the County Auditor-Controller should withhold any RPTTF amount for payments for enforceable obligations from distribution to taxing entities, pending DOF's approval of the ROPS. If the Successor Agency indeed fails to submit to the DOF an Oversight Board-approved ROPS within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations, and the DOF does not provide notice to the County Auditor-Controller to withhold funds, it is unclear whether the County Auditor-Controller will disburse all of the funds then in the RPTTF to the taxing agencies pursuant to the Dissolution Act provisions relating to RPTTF Residual. The Dissolution Act provides very limited authority to the County Auditor-Controller to withhold RPTTF funds from disbursements to taxing agencies.

The Successor Agency has covenanted in the Indenture to include debt service for the Outstanding Bonds on the appropriate ROPS, so as to enable the County Auditor-Controller to include, as

part of the RPTTF disbursements to the Successor Agency, the amount of Tax Revenues necessary to pay debt service for the Outstanding Bonds.

Future Implementation of Dissolution Act

The Successor Agency's timely receipt of RPTTF disbursements to pay enforceable obligations, including the 2016 Subordinate Bonds, is dependent upon the coordination with, and the implementation of, the Dissolution Act procedures by the DOF and the County Auditor-Controller. While each of the Successor Agency, the DOF, the County Auditor-Controller, and other affected parties coordinate to implement and fulfill the requirements of the Dissolution Act, the Successor Agency cannot give any assurances that future interpretation of specific provisions of the Dissolution Act or their implementation will not affect the timing and amount of RPTTF disbursements to the Successor Agency.

Numerous lawsuits have been filed pertaining to the DOF's implementation of various provisions of the Dissolution Act. Some are still pending. A lawsuit (the "Syncora Lawsuit") was filed by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") on August 12, 2012, with the Superior Court of California in the County of Sacramento, *Case No. 34-2012-80001215*. Syncora is the municipal bond insurer for a number of bond insurance policies for outstanding bonds issued by former California redevelopment agencies. Syncora alleged that the Dissolution Act, and specifically the "Redistribution Provisions" (including 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 such provisions unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation. The Syncora Lawsuit was brought as a petition for writ of mandate and complaint for declaratory relief, inverse condemnation and injunctive relief. On May 29, 2013, the Court entered a ruling. The Court (1) denied Syncora any form of relief requested in the Complaint and Petition on its impairment of contracts claims, on the ground that those claims were premature, as no evidence was submitted by Syncora that any redevelopment agency bonds it insures are in default or that any redevelopment agency bonds are in default at all; and (2) held that Syncora's takings claims are not necessarily premature, that an evidentiary hearing should be conducted to address such claims, and that the parties should file status reports with the Court addressing certain issues in connection with such evidentiary hearing. On August 16, 2013, the parties filed with the Court a proposed stipulated judgment which dismisses Syncora's impairment of contract claims and takings claims without prejudice on grounds of prematurity. The stipulated judgment, as proposed by the parties, was entered on October 3, 2013.

The Successor Agency cannot predict the outcome of any pending or future lawsuit with respect to the interpretation, the implementation or the validity of any provision of the Dissolution Act, including the provisions under which the 2016 Subordinate Bonds are issued. The Successor Agency believes that the federal and State Constitutions clauses regarding contract impairments and takings provide protection to the 2016 Subordinate Bondholders of the 2016 Subordinate Bonds in the event of any lawsuit concerning provisions affecting the validity and payment on bonds issued under the Dissolution Act. However, the outcome of any such lawsuit is beyond the Successor Agency's control.

State Budget

Two of the key bills that comprise the Dissolution Act, AB X1 26 and AB 1484, were enacted by the State Legislature and signed by the Governor as trailer bills necessary to implement provisions of the

State's budget acts for its fiscal years 2011-12 and 2012-13, respectively, with the intention to transfer cash assets held by redevelopment agencies to cities, counties, and special districts to fund core public services and with assets transferred to schools offsetting State general fund costs. Most of the provisions of SB 107 (containing the most recent significant amendments to the Dissolution Act) were also initially presented as part of AB 113, a trailer bill to the fiscal year 2015-16 State Budget, even though SB 107 was eventually enacted in September 2015, several months after the adoption of the State Budget. There can be no assurance that legislation affecting successor agencies or Tax Revenues will not be enacted to implement provisions in connection with the State budget needs or other reasons in the future.

The Successor Agency expects, but cannot guarantee, that the processes for the funding of enforceable obligations prescribed by any new legislative change in the Dissolution Act will not interfere with its administering of the Tax Revenues in accordance with the Indenture and will effectively result in adequate Tax Revenues for the timely payment of principal of and interest on the 2016 Subordinate Bonds when due.

Information about the State budget and State spending is available at various State maintained websites. Text of the enacted State Budget for fiscal year 2016-17 and other documents related to the State budget may be found at the websites maintained by the State Department of Finance, *www.dof.ca.gov* and *http://www.ebudget.ca.gov/*. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at *www.lao.ca.gov*. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, *www.treasurer.ca.gov*.

The full text of each State Assembly bill cited above and other bills pending before the State Senate or State Assembly may be obtained from the "Official California Legislative Information" website maintained by the Legislative Counsel of the State of California pursuant to State law, at the following web link: *http://leginfo.legislature.ca.gov/faces/billSearchClient.xhtml*.

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

Bankruptcy Risks; Enforceability of Remedies

The various legal opinions to be delivered concurrently with the delivery of the 2016 Subordinate 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. The enforceability of the rights and remedies of the owners of the 2016 Subordinate Bonds and the obligations of the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the 2016 Subordinate Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and, consequently, may entail risks of delay, limitation, or modification of their rights.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2016 Subordinate Bonds, or, if a secondary market exists, that such 2016 Subordinate Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Loss of Tax Exemption

Compliance by Successor Agency. In order to maintain the exclusion of interest on the 2016 Subordinate Bonds from gross income for federal income tax purposes, the Successor Agency has covenanted to comply with the applicable requirements of Section 148 and certain other sections of the Internal Revenue Code of 1986, as amended, relative to arbitrage and avoidance of characterization as hedge bonds or private activity bonds, among other things. Interest on the 2016 Subordinate Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the 2016 Subordinate Bonds as a result of acts or omissions of the Successor Agency in violation of these covenants. See "CONCLUDING INFORMATION – Tax Matters."

Future Legislation or Court Decisions. Legislation affecting the tax exemption of interest on the 2016 Subordinate Bonds may be considered by the United States Congress and the State legislature. Federal and state court proceedings and the outcome of such proceedings could also affect the tax exemption of interest on the 2016 Subordinate Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issuance of the 2016 Subordinate Bonds will not have an adverse effect on the tax exemption of interest on the 2016 Subordinate Bonds or the market value of the 2016 Subordinate Bonds.

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedure

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against the 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, regardless of the time of creation of the other liens.

Secured property and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes in the case of delinquency: (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 the 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 for the amount of taxes which are delinquent.

A ten percent penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, on or about June 30 of the fiscal year, property on the secured roll on which taxes are delinquent is declared to be in default by operation of law and declaration of the tax collector. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5 percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county tax collector.

The valuation of property is determined as of the January 1 lien date each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Unsecured property taxes become delinquent if not paid by August 31.

A bill enacted in 1983, Senate Bill 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property upon the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next January 1 tax lien date following the change and thus delayed the realization of increased property taxes from the new assessments for up to 16 months. As enacted, Chapter 498 provides increased revenue to redevelopment agencies, to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Area, Agency revenues may increase.

In 1990, the State Legislature enacted Senate Bill 2557 (Statutes of 1990, Chapter 466) ("SB 2557") which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. California courts have upheld the inclusion of redevelopment agencies as a local government agency which must share the cost of property tax administration. The 1992 enactment of Senate Bill 1559 (Chapter 697) and the decision of the California Court of Appeal in *Arcadia Redevelopment Agency v. Ikemoto* have clarified that redevelopment agencies, such as the Former Agency, are to share in the cost of property tax administration charged by most California counties, including the County. The Dissolution Act provides that before disbursement of moneys from the RPTTF to the Successor Agency, the County Auditor-Controller is entitled to make a deduction for the purposes of the County administrative costs under Section 95.3 of the Revenue and Tax Code.

Unitary Property

Assembly Bill 454 (Statutes of 1987, Chapter 921) ("AB 454") provides the method of reporting and allocating property tax revenues generated from most State-assessed unitary properties (consisting mostly of the properties of public utilities, and inter-county pipelines, flumes, canals, ditches and aqueducts). Under AB 454, the State reports to each county auditor-controller only the county-wide unitary taxable value of each utility, without an indication of the distribution of the value among tax rate areas. AB 454 provides two formulas for auditor-controllers to use in order to determine the allocation of unitary property taxes generated by the county-wide unitary value, which are: (i) for revenue generated from the one percent tax rate, each jurisdiction is to receive up to 102 percent of its prior year unitary property tax increment revenue; however, if county-wide revenues generated from unitary properties are greater than 102 percent of prior year revenues, each jurisdiction receives a percentage share of the excess unitary revenues equal to the percentage of each jurisdiction's share of secured property taxes; (ii) for revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, each jurisdiction is to receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes.

The provisions of AB 454 apply to all State-assessed property, except railroads and non-unitary properties, the valuation of which will continue to be allocated to individual tax rate areas. AB 454 allows, generally, valuation growth or decline of State-assessed unitary property to be shared by all jurisdictions within a county.

Effective January 1, 2007, ABX 2670 changed the method of assessing unitary railroad property. Before ABX 2670, the assessed value of unitary railroad property was allocated to individual tax rate areas within a county where the property is located. ABX 2670 has converted this method of assessment for railroad property to the countywide system. The new method involves establishing a single countywide tax rate area within each county to which the assessed value of specified unitary property of a regulated railroad company would be allocated. Revenues derived from the tax on this value are allocated among local entities in the county pursuant to a specified formula. ABX 2670 also requires, with respect to a "qualified facility" as defined in Revenue and Taxation Code Section 100.11, that 80 percent of the value of the facility and the revenues derived from taxing this value be allocated on a countywide basis, while the remaining 20 percent of this value and resulting revenues be allocated exclusively to the local tax rate areas in the county in which the property is located.

Article XIIIA of California Constitution

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIIIA to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the "full cash value" of property to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIIIA was adopted in October 1986 by initiative which exempts from the one percent limitation any taxes levied to pay bonded indebtedness approved by two-thirds (55 percent in certain instances) of the votes cast by voters for the acquisition or improvement of real property.

On September 22, 1978, the California Supreme Court upheld Proposition 13 over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union School District v. State Board of Equalization*). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in proper cases.

In subsequent elections, the voters of the State approved various measures which further amended Article XIIIA. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first $1,000,000 of the full cash value of other real property between parents and children, does not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIIIA. This amendment has reduced local property tax revenues. Other amendments permitted the Legislature to authorize the transfer of a property's assessed value to a replacement property under certain conditions, such as for residences of persons over 55 years old, for residences of severely disabled homeowners and for contaminated property. Other amendments have excluded certain improvements from the definition of "new construction," such as seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies.

Challenges to Article XIIIA. California trial and appellate courts have upheld the constitutionality of Article XIIIA's assessment rules in three significant cases. The United States Supreme Court, in an appeal to one of these cases, upheld the constitutionality of Article XIIIA's tax assessment system. The Successor Agency cannot predict whether there will be any future challenges to California's present system of property tax assessment and cannot evaluate the ultimate effect on the Successor Agency's receipt of Tax Revenues should a future decision hold unconstitutional the method of assessing property.

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

Future assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, two percent annual value growth) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs, except for certain utility and railroad property assessed by the State Board of Equalization, which is allocated by a different method than the one discussed in this Official Statement.

Article XIIIB of California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIIIB to the California Constitution which has been subsequently amended several times. The principal effect of Article XIIIB is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State 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 appropriation limit is fiscal year 1986-87 and the limit is to be adjusted annually to reflect changes in population, cost of living and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIIIB include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds.

Effective September 30, 1980, the California Legislature added Section 33678 to the Health and Safety Code, which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness, will not be deemed the receipt by the redevelopment agency of proceeds of taxes levied by or on behalf of the redevelopment agency within the meaning of Article XIIIB or any statutory provision enacted in implementation thereof. The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosely* and *Brown v. Community Redevelopment Agency of the Town of Santa Ana*, which cases were not accepted for review by the California Supreme Court.

Proposition 87

Under prior State law, if a taxing entity increased its tax rate to obtain revenues to repay voter approved general obligation bonds, any redevelopment project area which included property affected by the tax rate increase would realize a proportionate increase in tax increment.

Proposition 87, approved by the voters of the State on November 8, 1988, requires that all revenues produced by a tax rate increase (approved by the voters on or after January 1, 1989) go directly to the taxing entity which increases the tax rate to repay the general obligation bonded indebtedness. As a result, with respect to tax rate increases approved on or after January 1, 1989, to repay voter approved general obligation debt, redevelopment agencies no longer receive an increase in tax increment.

Articles XIIIC and XIIID of California Constitution

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID to the State Constitution, imposing certain voter requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the "Supermajority Vote to Pass New Taxes and Fees Act." Proposition 26 amended Article XIIIC of the California Constitution by adding an expansive definition for the term "tax," which previously was not defined under the California Constitution. Tax Revenues securing the 2016 Subordinate Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and outside of the scope of taxes which are limited by Proposition 26.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Tax Revenues available for allocation to the RPTTF and to the Successor Agency for payment on the 2016 Subordinate Bonds.

CONCLUDING INFORMATION

Underwriting

The Successor Agency and Stinson Securities, LLC (which has designated its duly licensed representatives at Newcomb Williams Financial Group to assist the Successor Agency in connection with this financing) (together, the "Underwriter") has entered into a bond purchase agreement (the "Purchase Agreement"). Under the Purchase Agreement, the Underwriter has agreed, subject to certain conditions, to purchase the 2016 Subordinate Bonds at a purchase price of $_____ (which is equal to the principal amount of the 2016 Subordinate Bonds, [plus/less] net original issue [premium/discount] of $_____, and less an underwriter's discount of $_____). The Purchase Agreement provides that the Underwriter will purchase all of the 2016 Subordinate Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement. The Underwriter intends to offer the 2016 Subordinate Bonds to the public initially at the prices set forth on the inside cover of this Official Statement, which prices may subsequently change without any requirement of prior notice.

No Rating

The Successor Agency has not applied, and does not contemplate applying, to any rating agency for an assignment of a rating on the 2016 Subordinate Bonds.

Absence of Litigation

There is no litigation pending and notice of which has been received by the Successor Agency or, to the Successor Agency's knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the 2016 Subordinate Bonds, to contest the validity of the 2016 Subordinate Bonds, the Indenture, the Escrow Agreement or any proceedings of the Successor Agency with respect thereto. To the knowledge of the Successor Agency, there are no lawsuits or claims pending against the Successor Agency which will materially impair the Successor Agency's ability to pay principal of and interest on the 2016 Subordinate Bonds when due.

Municipal Advisor

The Successor Agency has retained A.M. Miller & Co., Inc. as municipal advisor (the "Municipal Advisor") in connection with the issuance of the 2016 Subordinate Bonds. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other securities public or otherwise.

Certain Legal Matters

All of the legal proceedings in connection with the authorization and issuance of the 2016 Subordinate Bonds are subject to the approval of Richards, Watson and Gershon, A Professional Corporation, Bond Counsel. Bond Counsel's final approving opinion with respect to the 2016 Subordinate Bonds will be substantially in the form set forth in Appendix E of this Official Statement. Richards, Watson & Gershon also serves as Disclosure Counsel in connection with the preparation of this Official Statement. Certain legal matters will also be passed upon for the Successor Agency by the Town Attorney of the Town, acting as General Counsel to the Successor Agency.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the 2016 Subordinate Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the 2016 Subordinate Bonds to be included in gross income for federal income tax purposes retroactive to their date of issue. These requirements include, but are not limited to, provisions which limit how the proceeds of the 2016 Subordinate Bonds may be spent and invested, and generally require that certain investment earnings be rebated on a periodic basis to the United States of America. The Successor Agency has made certifications and representations and has covenanted to maintain the exclusion of the interest on the 2016 Subordinate Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law and assuming the accuracy of such certifications and representations by the Successor Agency and compliance with such covenants, (i) interest on the 2016 Subordinate Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, and (ii) the 2016

Subordinate Bonds are not "specified private activity bonds" within the meaning of Section 57(a)(5) of the Code and, therefore, interest on the 2016 Subordinate Bonds is not a preference item for purposes of computing the alternative minimum tax imposed by Section 55 of the Code. Bond Counsel is also of the opinion that interest on the 2016 Subordinate Bonds is exempt from State of California personal income taxes. Bond counsel expresses no opinion as to any other tax consequences regarding the 2016 Subordinate Bonds.

Under the Code, a portion of the interest on the 2016 Subordinate Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the 2016 Subordinate Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. The exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals eligible for the earned income tax credit. Bond Counsel will express no opinion regarding these and other such consequences.

Bond Counsel has not undertaken to advise in the future whether any circumstances or events occurring after the date of issuance of the 2016 Subordinate Bonds may affect the tax status of interest on the 2016 Subordinate Bonds. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the 2016 Subordinate Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issuance of the 2016 Subordinate Bonds, will not contain provisions which could eliminate, or directly or indirectly reduce the benefit of the exclusion of interest on the 2016 Subordinate Bonds from gross income for federal income tax purposes, or have an adverse effect on the market value or marketability of the 2016 Subordinate Bonds.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the 2016 Subordinate Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the 2016 Subordinate Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the 2016 Subordinate Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The 2016 Subordinate Bonds are not subject to special mandatory redemption, and the interest rates on the 2016 Subordinate Bonds are not subject to adjustment, in the event of any such change.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Certain requirements and procedures contained or referred to in relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any Bond, or the interest thereon, if any such change occurs or action is taken upon the advice or approval of bond counsel other than Richards, Watson & Gershon, A Professional Corporation.

If the issue price of a Bond (the first price at which a substantial amount of the 2016 Subordinate Bonds of a maturity are to be sold to the public) is less than the stated redemption price at maturity of such Bond, the difference constitutes original issue discount, the accrual of which is excluded from gross income for federal income tax purposes to the same extent as interest on the 2016 Subordinate Bonds. Further, such original issue discount accrues actuarially on a constant yield method over the term of each such Bond and the basis of each Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Purchasers who acquire Bonds with original issue discount are advised that they should consult with their own independent tax advisors with respect to the state and local tax consequences of owning such Bonds.

If the issue price of a Bond is greater than the stated redemption price at maturity of such Bond, the difference constitutes original issue premium, the amortization of which is not deductible from gross income for federal income tax purposes. Original issue premium is amortized over the period to maturity of such Bond based on the yield to maturity of that Bond (or, in the case of a Bond callable prior to its stated maturity, 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 that Bond), compounded semiannually. For purposes of determining gain or loss on the sale or other disposition of such Bond, the purchaser is required to decrease such purchaser's adjusted basis in such Bond by the amount of premium that has amortized to the date of such sale or other disposition. As a result, a purchaser may realize taxable gain for federal income tax purposes from the sale or other disposition of such Bond for an amount equal to or less than the amount paid by the purchaser for that Bond. A purchaser of that Bond in the initial public offering at the issue price for that Bond who holds it to maturity (or, in the case of a callable Bond, to its earlier call date that results in the lowest yield on that Bond) will realize no gain or loss upon its retirement.

Payments of interest on tax-exempt obligations, including the 2016 Subordinate Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of a Bond is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Prospective purchasers of the 2016 Subordinate Bonds should consult their own independent tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the 2016 Subordinate Bonds at other than their original issuance at the respective prices indicated on the inside front cover of this Official Statement should also consult their own tax advisers regarding other tax considerations, such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the 2016 Subordinate Bonds ends with the issuance of the 2016 Subordinate Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Successor Agency or the owners of the 2016 Subordinate Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the 2016 Subordinate Bonds, under current IRS procedures, the IRS will treat the Successor Agency as the taxpayer and the beneficial owners of the 2016 Subordinate Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the 2016 Subordinate Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the 2016 Subordinate Bonds.

A copy of each of the proposed forms of Bond Counsel's final approving opinion with respect to the 2016 Subordinate Bonds is attached hereto as Appendix E.

Continuing Disclosure

The Successor Agency has undertaken for the benefit of holders and beneficial owners of the 2016 Subordinate Bonds to provide certain financial information relating to the Successor Agency and other data relating to the Project Area not later than the March 1st following the close of each fiscal year, commencing with the report for the 2015-16 fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices will be filed by the Successor Agency or its Dissemination Agent on behalf of the Successor Agency, with the Municipal Securities Rulemaking Board ("MSRB"). The specific nature of the information to be contained in the Annual Report or the notices of events is set forth in "APPENDIX F – FORM OF CONTINUING DISCLOSURE CERTIFICATE." This undertaking has been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

A failure by the Successor Agency to comply with the provisions of the Continuing Disclosure Certificate is not an event of default under the Indenture (although the holders and beneficial owners of the 2016 Subordinate Bonds do have remedies at law and in equity). However, a failure to comply with the provisions of the Continuing Disclosure Certificate must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2016 Subordinate Bonds. Therefore, a failure by the Successor Agency to comply with the provisions of the Continuing Disclosure Certificate may adversely affect the marketability of the 2016 Subordinate Bonds on the secondary market.

In preparation of the refunding described in this Official Statement, the Successor Agency requested Willdan Financial Services (the "Wildlan") to conduct an examination (the "Examination") of the continuing disclosure filings by the Former Agency or the Successor Agency during the period between August 15, 2011 and August 15, 2016. Pursuant to the continuing disclosure certificates executed by the Former Agency in connection with the 2006 Subordinate Notes and the 2009 Refunding Bonds, the Former Agency agreed to provide notices of the occurrence of certain enumerated events (the "Listed Events"), as well as annual reports (containing audited financial statements and certain other information). From the Examination, it was found that, as of August 15, 2016: (i) while the audited financial statements for fiscal years 2013-14 and 2014-15 were filed on a timely basis; the audited financial statements for fiscal year 2012-13 were filed nine days after the March 1, 2014 deadline, and those for fiscal years 2010-11 and 2011-12 had not been filed; (ii) certain information required to be part of the filings (in addition to those reflected in the audited financial statements) were not included in the reports for fiscal years 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15; (iii) there was no notice of Listed Event regarding the Former Agency's dissolution, even though it was described in filed audited financial statements for fiscal years 2012-13 and thereafter; and (iv) no notice of Listed Event was filed for changes of the rating for the 2009 Refunding Bonds that occurred on February 28, 2012, January 28, 2013, August 16, 2013 and December 1, 2014. [Since the completion of this Examination, the Successor Agency has made remedial filings to address the missing notices and other filings identified by the Examination.]

The Successor Agency has taken steps to ensure future compliance with its continuing disclosure obligations in a timely manner, including the engagement of Willdan as Dissemination Agent to assist with its future continuing disclosure filings. [By Town Council and Successor Agency governing board actions taken on October 3, 2016, the Town adopted of a set of continuing disclosure procedures, which is applicable to the Successor Agency.]

Miscellaneous

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

This Official Statement does not constitute a contract with the purchasers of the 2016 Subordinate Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

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

SUCCESSOR AGENCY TO THE
PARADISE REDEVELOPMENT AGENCY

By:_____
Executive Director

APPENDIX A

TOWN OF PARADISE GENERAL INFORMATION

The following information concerning the Town of Paradise (the "Town") and surrounding areas is included for informational purposes only. The information set forth in this Appendix has been obtained from sources that the Town believes is reliable, but does guarantee as to the accuracy or completeness. The 2016 Subordinate Bonds are special obligations of the Successor Agency payable from Tax Revenues pursuant to the Indenture. The 2016 Subordinate Bonds are not a debt of the Town, the State of California or any of its political subdivisions (other than the Successor Agency).

General

The Town is located in Butte County (the "County"), approximately 180 miles northeast of San Francisco and 85 miles north of Sacramento, the State's capital. The Town is nestled in the foothills of Northern California's Sierra Nevada Mountains and sits astride a ridge top with elevations ranging from 1,200 to 2,400 feet above sea level.

Originally settled during the Gold Rush era, the Town and surrounding area grew relatively slowly during the first half of this century. The Town of Paradise is predominately residential in character. The Town's central business district consists of a narrow band of commercial uses along both sides of the Skyway generally between Black Olive Drive and Maxwell Drive. Agricultural uses, including vineyards, orchards, and grazing land, are located primarily in the southern third of the town.

The Town was incorporated in 1979, and has a Council-Manager form of government. The Town Council is consisted of the Mayor and four council members, all elected at-large to four-year terms. The Town Council appoints the Town Manager, who is responsible for the day-to-day administration of Town business and the coordination of all departments of the Town.

Population

The following table shows the estimated population growth for the Town, the County and the State of California for the years shown.

Town of Paradise
Town, County and State Population[1]
Calendar Years 2012-2016

Calendar Year	Town of Paradise	% Change from Prior Period	Butte County	% Change from Prior Period	State of California	% Change from Prior Period
2012	25,879	-1.28%	221,064	0.11%	37,881,357	0.92%
2013	25,588	-1.12	222,250	0.54	38,239,207	0.94
2014	25,569	-0.07	223,120	0.39	38,567,459	0.86
2015	25,501	-0.27	224,121	0.45	38,907,642	0.88
2016	25,405	-0.38	224,601	0.21	39,255,883	0.90

(1) As of January 1 of each year, with 2010 census benchmark.

Source: State of California Department of Finance.

Town's Taxable Valuation

The following is a table showing the Town's taxable valuation for the fiscal years shown. These figures are presented for historical comparison, with reference only to the time frame of the years shown.

Town of Paradise
Assessed Values of All Taxable Property[1]
Fiscal Years 2012-13 through 2016-17

Fiscal Year	Secured Value	Unsecured Value	Total	Percent Change
2012-13	$1,815,672,416	$41,306,232	$1,856,978,648	-3.15%
2013-14	1,850,727,838	40,227,617	1,890,955,455	1.83
2014-15	1,895,042,945	42,768,611	1,937,811,556	2.48
2015-16	1,975,286,396	42,612,676	2,017,899,072	4.13
2016-17	2,077,054,706	43,294,887	2,120,349,593	5.08

(1) Includes homeowners exemption.

Source: Property Tax Reports by Butte County Auditor-Controller.

Construction Activity

The following table shows the number of construction permits issued in the Town and the related values during the years shown below.

Town of Paradise
Construction Permits
Calendar Years 2011 through 15

Calendar Year	Permits Issued	Estimated Residential Valuation	Estimated Commercial/ Industrial Valuation	Total Valuation
2011	713	$10,554,289	$3,416,441	$13,970,730
2012	607	3,049,368	3,522,067	6,571,435
2013	727	8,237,813	1,255,710	9,493,523
2014	826	6,629,765	3,379,893	9,709,658
2015	929	10,987,082	3,001,571	13,988,653

Source: Town of Paradise

Employment

According to the State of California Employment Development Department, the August 2016 preliminary, estimated unemployment rates for the Town, the County and the State were 5.8 percent, 6.7 percent and 5.6 percent, respectively. The following table shows certain employment statistics for the Town and the County for calendar years 2011 through 2015.

Town of Paradise
Town, County and State Employment Statistics
Calendar Years 2011 through 2015[1]

	Town			County	State
Year	Labor Force	Employed	Unemployment Rate	Unemployment Rate	Unemployment Rate
2011	11,000	9,700	12.0%	13.7%	11.7%
2012	11,100	9,900	10.6	12.2	10.4
2013	11,200	10,200	9.0	10.3	8.9
2014	11,200	10,400	7.5	8.6	7.5
2015	11,200	10,500	6.3	7.2	6.2

(1) Not seasonally adjusted. March 2015 benchmark.

Source: State of California, Employment Development Department.

Major employers in the Town include Paradise Unified School District, Feather River Hospital, Youth for Change and the Town.

Per Capita Personal Income

The following table shows the annual per capita personal income for the County, the State and the United States for the years shown.

Butte County, California and the United States
Per Capita Personal Income[1][2]
Calendar Years 2011 through 2015

Year	County	State	U.S.
2011	$33,383	$44,852	$42,453
2012	34,630	47,614	44,266
2013	36,225	48,125	44,438
2014	37,005	49,985	46,049
2015	N/A	52,651	47,669

(1) Per capita personal income is total personal income divided by total midyear population. Estimates for 2010-2014 reflect county population estimates available as of March 2015.

(2) In current dollars, not adjusted for inflation.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Commercial Activity

The following table summarizes the annual volume of taxable transactions within the Town for calendar years shown.

Town of Paradise
Taxable Transactions
Calendar Years 2010 through 2014
(for Transactions, in Thousands of Dollars)

	Retail and Food Services		Total All Outlets	
Year	No. of Permits	Taxable Transactions	No. of Permits	Taxable Transactions
2010	616	$128,477	862	$140,991
2011	601	133,751	838	147,064
2012	641	137,300	876	149,849
2013	696	139,200	930	152,489
2014	699	141,835	926	156,944

Source: Compiled from data published by State of California Board of Equalization.

APPENDIX B

FISCAL CONSULTANT REPORT

APPENDIX C

TOWN OF PARADISE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2015

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF INDENTURE

APPENDIX E

FORM OF BOND COUNSEL OPINION

Upon issuance and delivery of the 2016 Subordinate Bonds, Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[Date of Delivery]

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX G

DTC'S BOOK-ENTRY ONLY SYSTEM

The information in this Appendix 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 does not take any responsibility for the accuracy thereof. The Successor Agency gives no assurances that (i)DTC, the Direct and Indirect Participants or others will distribute payments of principal, premium (if any) or interest with respect to the 2016 Subordinate Bonds paid to DTC or its nominee as the registered owner, to the Beneficial Owners, (ii) such entities will distribute redemption notices or other notices, to the Beneficial Owners, or (iii) an error or delay relating thereto will not occur.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2016 Subordinate Bonds. The 2016 Subordinate 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 Subordinate Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Subordinate Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016 Subordinate Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2016 Subordinate Bonds, except in the event that use of the book-entry system for the 2016 Subordinate Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Subordinate Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2016 Subordinate 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 issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2016 Subordinate Bonds unless authorized by a Direct Participant in accordance with DTC's MMD 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 the 2016 Subordinate 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 Subordinate 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 Successor Agency or the Trustee, 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 Subordinate 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 Subordinate 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, Bond certificates are required to be printed and delivered.

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

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate"), dated _____, 2016, is executed and delivered by the Successor Agency to the Paradise Redevelopment Agency (the "Successor Agency") in connection with the Successor Agency's issuance of its $_____ principal amount Paradise Redevelopment Project 2016 Subordinate Tax Allocation Refunding Bonds (the "2016 Subordinate Bonds"). The 2016 Subordinate Bonds will be issued pursuant to an Indenture, dated as of December 1, 2003 (the "Master Indenture"), as supplemented and amended, including a Fourth Supplemental Indenture, dated as of _____ 1, 2016, each by and between the Former Agency and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the 2016 Subordinate Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined below).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined 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, Sections 3 and 4 of this Disclosure Certificate.

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

"EMMA" shall mean the Electronic Municipal Market Access system located at *http://www.emma.msrb.org*, as the centralized on-line repository for municipal disclosure documents to be filed with the MSRB pursuant to the Rule, or such other successor repository site as prescribed by the MSRB.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board or any successor thereto.

"Official Statement" shall mean the final Official Statement relating to the 2016 Subordinate Bonds.

"Participating Underwriter" shall mean Stinson Securities, LLC (which has designated its duly licensed representatives at Newcomb Williams Financial Group to assist the Successor Agency in connection with this financing), as the original underwriter of the 2016 Subordinate Bonds required to comply with the Rule in connection with offering of the 2016 Subordinate Bonds.

"Rule" shall mean Rule 15c2 12(b)(5) 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.

Section 3. Provisions of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, no later than March 1st following the close of each fiscal year, commencing with the report for the 2015-16 fiscal year, provide to the MSRB, via EMMA, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 15 business days prior to the date specified in subsection (a) above for providing the Annual Report to the MSRB, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Successor Agency to determine if the Successor Agency is in compliance with the first sentence of this subsection (b). If requested by the Dissemination Agent, the Successor Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Successor Agency and shall have no duty or obligation to review such Annual Report.

(c) 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 such form as prescribed or acceptable to MSRB.

(d) The Dissemination Agent (if other than the Successor Agency) shall, if and to the extent, the Successor Agency has provided an Annual Report in final form to the Dissemination Agent for dissemination, file a report with the Successor Agency certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, and stating the date it was provided.

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

(a) The audited financial statements prepared for the Successor Agency or, if none are prepared, the audited financial statements of the Town of Paradise which contains the reporting of the financial transactions for the Successor Agency, for the most recently completed fiscal year. Such audited financial statements shall be 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, as may be further modified by applicable state law. If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the audited financial statements customarily used by the Successor Agency (or the Town, as applicable), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the audited financial statements filed pursuant to the preceding subsection (a) by the date required by Section 3 hereof:

(i) the then currently outstanding principal amount(s) of: (A) the 2016 Subordinate Bonds, (B) the 2009 Refunding Bonds, if any, and (C) any other series of bonds outstanding under the Indenture ("Additional Refunding Bonds");

(ii) assessed valuation of properties within the Project Area for the five most recent fiscal years in the form of Table 1 of the Official Statement;

(iii) a description of pending appeals of assessed values in the Project Area, together with appeals which were successful during the most recently completed fiscal year, but only if total appeals exceed, in the aggregate, five percent of assessed value in the Project Area; and

(iv) Calculation of the debt service coverage ratio for the most recently completed fiscal year (and not projected coverage for future fiscal years) provided by Tax Revenues with respect to the then outstanding 2016 Subordinate Bonds, 2009 Refunding Bonds and Additional Refunding Bonds, in a form similar to Table 7 of the Official Statement.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the Successor Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

Any or all of the items listed above for inclusion in the Annual Report may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which have been 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.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 2016 Subordinate Bonds, which notice shall be given in a timely manner, not in excess of ten business days after the occurrence of such Listed Event:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the 2016 Subordinate Bonds;

(7) Modifications to rights of 2016 Subordinate Bond owners, if material;

(8) 2016 Subordinate Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the 2016 Subordinate Bonds, if material

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency;

(13) 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; and

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within one business day after obtaining knowledge of the occurrence of any of the events listed in Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), inform the Successor Agency of the occurrence of such event. In any case, as soon as reasonably practicable after obtaining knowledge of the occurrence of such event, the Successor Agency shall, or shall cause the Dissemination Agent to, file in a timely manner, not in excess of ten business days after the occurrence of any such event, a notice of such occurrence

with the MSRB, in an electronic format accompanied by identifying information as prescribed by the MSRB.

(c) The Dissemination Agent shall, within one business day after obtaining knowledge of the occurrence of any of any of the events listed in Section 5(a) (2), (7), (8), (10), (13) or (14), inform the Successor Agency of the occurrence of such event and request that the Successor Agency promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d).

(d) Whenever the Successor Agency obtains knowledge of the occurrence of any event specified in Section 5(a) (2), (7), (8), (10), (13) or (14), the Successor Agency shall as soon as possible, in order to meet the ten business day deadline to file notices required under the Rule and pursuant to the following sentence, determine if such event would be material under applicable Federal securities law. If the Successor Agency determines that knowledge of the occurrence of such event would be material under applicable Federal securities law, the Successor Agency shall, or shall cause the Dissemination Agent to, file in a timely manner, not in excess of ten business days after the occurrence of any such event, a notice of such occurrence with the MSRB, in an electronic format accompanied by identifying information as prescribed by the MSRB.

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 Subordinate Bonds. If such termination occurs prior to the final maturity of such 2016 Subordinate Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 7. Dissemination Agent. The initial Dissemination Agent shall be the Willdan Financial Services. From time to time, the Successor Agency may appoint a different Dissemination Agent to assist it in carrying out its obligations (or designate itself as the Dissemination Agent) under this Disclosure Certificate. The Dissemination Agent may resign by providing 30 days written notice to the Successor Agency and the Trustee. The Successor Agency may replace the Dissemination Agent with or without cause.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2016 Subordinate Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver affecting the 2016 Subordinate Bonds either (i) is approved by holders of the affected 2016 Subordinate Bonds in the manner provided in the related Indenture for amendments to such Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of such 2016 Subordinate Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. For purposes of this paragraph, "impact" has the meaning as that word is used in the letter from the staff of the Securities and Exchange Commission to the National Association of Bond Lawyers dated June 23, 1995.

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

No amendment to this Agreement which modifies the duties or rights of the Dissemination Agent shall be made without the prior written consent of the Dissemination Agent.

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

Section 10. Default. In the event of a failure of the Successor Agency or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Participating Underwriter or any holder or beneficial owner of the 2016 Subordinate 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.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent (if different than the Successor Agency) shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, the Owners, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2016 Subordinate Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2016 Subordinate Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the Successor Agency has caused its duly authorized officer to execute and deliver this Certificate on the date first written above.

SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY

By: _____
Executive Director

The undersigned hereby agrees to act as Dissemination Agent pursuant to the foregoing Continuing Disclosure Certificate:

WILLDAN FINANCIAL SERVICES

By: _____

Name: _____

Title: _____

SUCCESSOR AGENCY TO THE
PARADISE REDEVELOPMENT AGENCY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Trustee

FOURTH SUPPLEMENTAL INDENTURE

Dated as of _____ 1, 2016

Relating to

$_____
Successor Agency to the Paradise Redevelopment Agency
Paradise Redevelopment Project
2016 Subordinate Tax Allocation Refunding Bonds

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FOURTH SUPPLEMENTAL INDENTURE

THIS FOURTH SUPPLEMENTAL INDENTURE, dated as of _____ 1, 2016 (this "Fourth Supplemental Indenture"), is entered into by and between the Successor Agency to the Paradise Redevelopment Agency (the "Successor Agency"), a public body, corporate and politic, duly formed and existing pursuant to the laws of the State of California, as the successor to the Paradise Redevelopment Agency (the "Former Agency"), and Wells Fargo Bank, National Association, as trustee (the "Trustee"), a national banking association duly organized and existing under and by virtue of the laws of the United States of America;

WITNESSETH:

WHEREAS, the Former Agency was a redevelopment agency duly formed pursuant to the Community Redevelopment Law, set forth in Part 1 of Division 24 of the Health and Safety Code of the State of California ("HSC"); and

WHEREAS, the Former Agency undertook a program to redevelop a project area known as the "Paradise Redevelopment Project" (the "Project Area"); and

WHEREAS, pursuant to AB X1 26 (enacted in June 2011) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos*, et al., 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012; the Successor Agency was constituted; and an Oversight Board to the Successor Agency (the "Oversight Board") was established; and

WHEREAS, AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the HSC (such Parts 1.8 and 1.85, including amendments and supplements thereto enacted after AB X1 26, being referred to herein as the "Dissolution Act"); and

WHEREAS, before dissolution, the Former Agency issued several series of notes and bonds to finance and refinance redevelopment projects, including its Paradise Redevelopment Project 2006 Subordinate Tax Allocation Notes, in the principal amount of $1,300,000 (the "2006 Subordinate Notes"), and its Paradise Redevelopment Project 2009 Tax Allocation Refunding Bonds, in the principal amount of $4,480,000 (the "2009 Refunding Bonds"); and

WHEREAS, the 2006 Subordinate Notes were issued pursuant to an Indenture, dated as of December 1, 2003 (the "Master Indenture"), as supplemented and amended by a First Supplemental Indenture, dated as of October 1, 2005 (the "First Supplemental Indenture"), and a Second Supplemental Indenture, dated as of December 1, 2006 (the "Second Supplemental Indenture"), each by and between the Former Agency and the Trustee; and

WHEREAS, the Master Indenture, as supplemented and amended by the First Supplemental Indenture and the Second Supplemental Indenture, is referred to herein as the "2006 Amended Indenture"; and

WHEREAS, the 2009 Refunding Bonds were issued pursuant to the 2006 Amended Indenture, as further supplemented and amended by a Third Supplemental Indenture, dated as of

October 1, 2009 (the "Third Supplemental Indenture"), by and between the Former Agency and the Trustee; and

WHEREAS, the Successor Agency is authorized to issue bonds (the "2016 Subordinate Bonds") to refund the outstanding bonded debt issued by the Former Agency, subject to the conditions precedent set forth in HSC Section 34177.5; and

WHEREAS, the Successor Agency desires to issue the 2016 Subordinate Bonds pursuant to the Master Indenture, as previously supplemented and amended, and further supplemented and amended by this Fourth Supplemental Indenture (collectively, the "Indenture"); and

WHEREAS, the 2016 Subordinate Bonds will be issued under the authority of HSC Section 34177.5 and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code; and

WHEREAS, the 2006 Subordinate Notes will mature on December 1, 2016, and on such date, the principal amount of the 2006 Subordinate Notes plus accrued and unpaid interest thereon will become due and payable; and

WHEREAS, pursuant to HSC Sections 34177.5 and 34180, the issuance of the 2016 Subordinate Bonds is subject to the Oversight Board's prior approval and, pursuant to HSC Section 34179(h), all Oversight Board actions are subject to review by the California State Department of Finance (the "DOF"); and

WHEREAS, on July 19, 2016, the Oversight Board adopted Resolution No. 16-03 ((the "2016 Oversight Board Resolution"), approving the issuance of the 2016 Refunding Bonds to refund the 2006 Subordinate Notes; and

WHEREAS, the DOF issued a letter dated September 16, 2016, indicating the DOF's approval of the 2016 Oversight Board Resolution; and

WHEREAS, upon issuance, the 2016 Subordinate Bonds shall be secured by the pledge and lien established under the Indenture that rank subordinate to the outstanding 2009 Refunding Bonds; and

WHEREAS, this Fourth Supplemental Indenture also contains certain amendments to the Master Indenture, as previously supplemented and amended, to add to the Successor Agency's agreements, to cure existing ambiguous or defective provisions and to provide updates and clarifications to reflect (and hence curing, correcting or supplementing provisions that have become ambiguous or defective as the result of) the implementation of the Dissolution Act, each as permitted by Section 8.01(a) or Section 8.01(b) of the Master Indenture and Section 30.01 or Section 30.01(a) or Section 30.01(b), as set forth in the Third Supplemental Indenture; and

WHEREAS, the Successor Agency has determined that all acts and things have been done and performed which are necessary to make the Indenture a valid and binding agreement for the security of the 2016 Subordinate Bonds authenticated and delivered hereunder;

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS FOURTH SUPPLEMENTAL INDENTURE WITNESSETH:

That, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created and originally created by the Master Indenture, as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and Fourth Supplemental Indenture (collectively, the "Indenture"), the mutual covenants herein contained and the purchase and acceptance of the 2016 Subordinate Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, redemption premium, if any, and interest on the 2016 Subordinate Bonds according to their tenor and effect, and the performance and observance by the Successor Agency of all the covenants and conditions in the Indenture and in the 2016 Subordinate Bonds contained on its part to be performed, it is agreed by and between the Successor Agency and the Trustee that the following Articles and provisions set forth in this Fourth Supplemental Indenture are hereby added to, and made a part of, the Indenture:

ARTICLE XXXII
AUTHORITY AND DEFINITIONS

Section 32.01 Supplemental Indenture. This Fourth Supplemental Indenture is supplemental to the Master Indenture, as previously amended and supplemented. Save and except as amended and supplemented by this Fourth Supplemental Indenture, the Master Indenture, as previously amended and supplemented, shall remain in full force and effect.

Section 32.02 Definitions.

(a) Except as otherwise defined in or amended by this Fourth Supplemental Indenture, all terms which are defined in Section 1.01 of the Master Indenture, as supplemented and amended by Section 12.02 of the First Supplement, Section 18.02 of the Second Supplement and Section 25.02 of the Third Supplement, shall have the same meanings, respectively, in this Fourth Supplemental Indenture as such terms are given in said Section 1.01 of the Master Indenture, as amended and supplemented.

(b) With respect to the 2016 Subordinate Bonds and each other series of Bonds Outstanding and for all purposes of the Indenture, the following terms shall have the meanings set forth below. To the extent a term has been previously defined in the Master Indenture (or the First Supplemental Indenture, the Second Supplemental Indenture or the Third Supplement Indenture), the definition of such term shall be superseded by the definition set forth below.

"2009 Senior Interest Subaccount" means the subaccount by that name within the Interest Account established and held pursuant to Section 5.07 of the Indenture, as amended by Section 33.08 of the Fourth Supplemental Indenture.

"2009 Senior Principal Subaccount" means the subaccount by that name within the Principal Account established and held pursuant to Section 5.07 of the Indenture, as amended by Section 33.08 of the Fourth Supplemental Indenture.

"2009 Senior Reserve Subaccount" means the subaccount by that name within the Reserve Account established and held pursuant to Section 5.07 of the Indenture, as amended by Section 33.08 set forth in the Fourth Supplemental Indenture.

"2016 Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, executed by the Successor Agency on the Closing Date in connection with the delivery of the 2016 Subordinate Bonds, as the same may be amended and supplemented from time to time, in accordance with the terms thereof.

"2016 Costs of Issuance Fund" means the fund by that name established and maintained by the Trustee pursuant to Section 35.02.

"2016 Escrow Agreement" means the Escrow Agreement, dated as of _____ 1, 2016, by and between the Successor Agency and the Trustee, relating to the defeasance the 2006 Subordinate Bonds.

"2016 Oversight Board Resolution" means Resolution No. 16-03, adopted on July 19, 2016, by the Oversight Board approving the issuance of the 2016 Subordinate Bonds.

"2016 Reserve Subaccount" means the subaccount by that name in the Reserve Account established and held pursuant to Section 5.07 of the Indenture, as amended by Section 33.08 of the Fourth Supplemental Indenture.

"2016 Subordinate Bonds" means the Successor Agency's Paradise Redevelopment Project, 2016 Subordinate Tax Allocation Refunding Bonds, issued pursuant hereto.

"2016 Successor Agency Resolution" means Resolution No. 16-02, adopted on July 12, 2016, by the governing board of the Successor Agency, approving the issuance and delivery of the 2016 Subordinate Bonds pursuant to the Indenture.

"2016 Tax Certificate" means the Certificate Regarding Compliance with Certain Tax Matters executed by the Successor Agency on the Closing Date, in connection with the issuance of the 2016 Subordinate Bonds, relating to the requirements of Section 148 of the Code.

"2016 Underwriter" means Stinson Securities, LLC (which has designated its duly licensed representatives at Newcomb Williams Financial Group to assist the Successor Agency in connection with this financing).

"Additional Refunding Bonds" means any additional Bonds issued pursuant to Section 4.01 of the Master Indenture, as amended by Section 33.02 of the Fourth Supplemental Indenture.

"Agency" means (i) with respect to actions taken prior to February 1, 2012, the Paradise Redevelopment Agency, and (ii) for all purposes on or after February 1, 2012, the Successor Agency to the Paradise Redevelopment Agency, as the successor to the Paradise Redevelopment Agency pursuant to the Dissolution Act.

"Annual Debt Service" means, with respect to the Outstanding Bonds for which the calculation is being made, means for each Bond Year, the sum of (i) the interest falling due on such Outstanding Bonds in that Bond Year, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds, if any, are redeemed from the Sinking Account, as may be scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds), (ii) the principal amount of such Outstanding Serial Bonds, if any, maturing by their terms in such Bond Year, and (iii) the minimum principal amount of such Outstanding Term Bonds required to be paid or called and redeemed in such Bond Year.

"Bonds" means the 2009 Refunding Bonds, the 2016 Subordinate Bonds and any Additional Refunding Bonds issued pursuant to the terms of the Indenture.

"Bondholder" or "Owner" means the registered owner of any Outstanding Bond according to the registration books held by the Trustee pursuant to Section 2.08 of the Indenture.

"Closing Date" means, with respect to each series of Bonds, the date of original issuance of such Bonds. With respect to the 2016 Subordinate Bonds, the Closing Date is _____, 2016.

"County Auditor-Controller" means the Auditor-Controller of the County.

"Dissolution Act" means Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the HSC, as heretofore amended and as the same may be further amended from time to time.

"First Supplemental Indenture" means the First Supplemental Indenture, dated as of October 1, 2005, by and between the Former Agency and the Trustee.

"Former Agency" means the Paradise Redevelopment Agency (defined as the "Agency" in the Master Indenture), which was dissolved as of February 1, 2012, pursuant to the Dissolution Act.

"Fourth Supplemental Indenture" means the Fourth Supplemental Indenture, supplementing and amending the Master Indenture, as previously amended and supplemented.

"HSC" means the Health and Safety Code of the State.

"Indenture" means the Master Indenture, as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, and all Supplemental Indentures entered hereafter executed and delivered by the Successor Agency and the Trustee.

"Information Services" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org; provided, however, in accordance with the current guidelines of the Securities and Exchange Commission Information Services, shall mean such other facilities or

organizations providing information with respect to called bonds as may be designated by the Successor Agency to the Trustee in writing.

"Interest Payment Date" means, with respect to the 2016 Subordinate Bonds, each December 1 and June 1 so long as any 2016 Subordinate Bond remains Outstanding, commencing [June 1, 2017].

"Law" means the Community Redevelopment Law of the State of California, constituting Part 1 (commencing with Section 33000) of Division 24 of the HSC, as amended by the Dissolution Act, and any additional acts amendatory thereof and supplemental thereto.

"Letter of Representation" means (i) with respect to all Bonds issued pursuant to the Indenture before the Former Agency's dissolution pursuant to the Dissolution Act, the Blanket Issuer Letter of Representations, dated November 5, 2003, from the Former Agency to the Depository, qualifying bonds issued by the Former Agency for the Depository's book-entry system; and (ii) with respect to the Bonds issued by the Successor Agency pursuant to the Indenture after the Former Agency's dissolution, the Blanket Issuer Letter of Representations, dated June 30, 2016, from the Successor Agency to the Depository, qualifying bonds issued by the Successor Agency for the Depository's book-entry system as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute depository.

"Master Indenture" means the Indenture, dated as of December 1, 2003, by and between the Former Agency and the Trustee.

"Maximum Annual Debt Service" means, with respect to the Outstanding Bonds for which the calculation is being made, the largest Annual Debt Service during the period from the date of calculation through the final maturity date of such Bonds.

"Oversight Board" means the oversight board to the Successor Agency established pursuant to HSC Section 34179.

"Principal Payment Date" means each June 1 on which principal (whether maturing principal or Sinking Installment) on any Bond is scheduled to be paid.

"Principal Reserve" means has the meaning given to it in Section 5.02 (as such Section has been amended pursuant to Section 33.06 set forth in the Fourth Supplemental Indenture).

"Record Date" means with respect to any Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redevelopment Obligation Retirement Fund" means the fund by that name established and held by the Successor Agency pursuant to HSC Section 34170.5.

"Refunding Bond Law" means 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.

"Reserve Account Requirement" means, with respect to each series of Bonds Outstanding under the Indenture, as of any calculation date, the least of: (a) 10 percent of the proceeds (as such term is defined by Section 148 of the Code) of the Bonds of such series, (b) 125 percent of Average Annual Debt Service on the Bonds of such series which are then Outstanding, and (c) Maximum Annual Debt Service on the Bonds of such series which are then Outstanding.

"Reserve Credit Facility" has the meaning given to it in Section 5.07 of the Indenture, as amended by Section 33.06 of the Fourth Supplemental Indenture.

"Reserve Subaccount" means a subaccount established for each series of Bonds within the Reserve Account and held by the Trustee pursuant to Section 5.07 of the Indenture, as amended by Section 33.08 of the Fourth Supplemental Indenture.

"ROPS" means a Recognized Obligation Payment Schedule, prepared by the Successor Agency pursuant to the Dissolution Act (including HSC Section 34177 and Section 34191.6), on which the Successor Agency's anticipated payments for enforceable obligations for the upcoming ROPS Payment Period(s) are listed.

"ROPS Period" means the annual fiscal period (commencing on each July 1) covered by a ROPS; provided that if the Dissolution Act is hereafter amended, such that each ROPS covers a fiscal period of a different length, then "ROPS Period" shall mean such other fiscal period per the Dissolution Act, as amended.

"ROPS Payment Period" means the six month fiscal period (commencing on each January 1 and July 1) during which monies distributed on a RPTTF Distribution Date are permitted to be expended under the Dissolution Act; provided that if the Dissolution Act is hereafter amended, such that each ROPS Payment Period covers a fiscal period of a different length, then "ROPS Payment Period" shall mean such other fiscal period per the Dissolution Act, as amended.

"RPTTF" means the Redevelopment Property Tax Trust Fund established and held by the County Auditor-Controller pursuant to HSC Section 34172(c) and 34170.5, into which the property tax revenues that would have been allocated to the Former Agency pursuant to subdivision (b) of Section 16 of Article XVI of the Constitution of the State are deposited and administered in accordance with the provisions of the Dissolution Act.

"RPTTF Disbursement Date" means each January 2 and June 1 (or such other date(s) as provided in the Dissolution Act) on which the County Auditor-Controller is required pursuant to the Dissolution Act to disburse moneys deposited in the RPTTF to the Successor Agency for payment on enforceable obligations pursuant to an approved ROPS.

"S&P" means S&P Global Ratings, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a

securities rating agency, any other nationally recognized securities rating agency designated by the Successor Agency.

"Second Supplemental Indenture" means the Second Supplemental Indenture, dated as of December 1, 2006, by and between the Former Agency and the Trustee.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, New York, New York 10041, or such other addresses provided by the DTC; or in accordance with then applicable guidelines of the Securities and Exchange Commission, such other securities depository or no security depository, as designated to the Trustee in writing.

"Serial Bonds" means Bonds for which no mandatory sinking account payments are provided.

"Sinking Installment" means the amount of money required by or pursuant to the Indenture to be paid by the Successor Agency on any single date toward the retirement of any particular Term Bonds on or prior to their respective stated maturities.

"Sinking Installment Payment Date" means any date on which Sinking Installments on any Term Bonds are scheduled to be paid.

"State Department of Finance" means the California Department of Finance.

"Subordinate Debt" has the meaning ascribed to it pursuant to Section 6.18 of the Indenture, as amended by Section 3.11 of the Fourth Supplemental Indenture.

"Subordinate Interest Subaccount" means the subaccount by that name within the Interest Account established and held pursuant to Section 5.07 of the Indenture, as amended by Section 33.08 of the Fourth Supplemental Indenture.

"Subordinate Principal Subaccount" means the subaccount by that name within the Principle Account established and held pursuant to Section 5.07 of the Indenture, as amended by Section 33.08 of the Fourth Supplemental Indenture.

"Subordinate Reserve Subaccount" means the 2016 Subordinate Reserve Subaccount or another subaccount established for a series of Additional Refunding Bonds within the Reserve Account and held pursuant to Section 5.07 of the Indenture, as amended by Section 33.08 of the Fourth Supplemental Indenture.

"Successor Agency" means the Successor Agency to the Paradise Redevelopment Agency, which was established pursuant to the Dissolution Act as the successor to the Former Agency.

"Supplemental Indenture" means any indenture amendatory of or supplemental to the Indenture.

"Tax-Exempt" means, with respect to interest on any obligations issued by a state or local government, that such interest is excluded from gross income for federal income tax purposes whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax, under the Code.

"Tax Revenues" has the following meaning:

(A) Pursuant to the Dissolution Act, commencing on the date of the dissolution of the Former Agency, "Tax Revenues" shall include all property taxes deposited from time to time into the RPTTF (consisting of all property tax revenues that would have been allocated to the Former Agency pursuant to subdivision (b) of Section 16 of Article XVI of the Constitution of the State and that are deposited and administered in accordance with the provisions of the Dissolution Act), but excluding the following amounts: (i) administrative costs of the County Auditor-Controller deducted pursuant to HSC Section 34183(a); and (ii) amounts payable to affected taxing entities pursuant to the Law (including payments under Health and Safety Code Sections 33676, 33607.5 or 33607.7).

(B) In the event that the provisions of the Dissolution Act are invalidated because of a final judicial decision or a change in law, such that property tax revenues described above are no longer deposited into the RPTTF, then Tax Revenues shall mean all revenues derived from taxes levied on properties that would have been allocated to the Former Agency pursuant to Section 16(b) of Article XVI of the California Constitution, subject to the exclusions stated in paragraph (A) above, as such exclusions are then in effect pursuant to the law of such time.

"Term Bonds" means Bonds which are payable on or before their specified maturity dates from mandatory sinking account payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

"Third Supplemental Indenture" means the Third Supplemental Indenture, dated as of October 1, 2009, by and between the Former Agency and the Trustee.

Section 32.03 Interpretation.

(a) Unless the context otherwise indicates, defined terms shall include all variants thereof, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) Unless otherwise indicated, references herein to Articles and Sections shall be to the Articles and Sections of the Indenture. The words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Fourth Supplemental Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE XXXIII
AMENDMENTS TO INDENTURE

Section 33.01 Global Amendments to Substitute "Successor Agency" for "Agency" and "Bonds" for "Notes".

(a) It is hereby recognized that the Successor Agency is the successor to the Former Agency. All references to the "Agency" in the Indenture pertaining to covenants, obligations and rights and interests of the Agency are hereby amended to refer to, instead, the "Successor Agency." All references to the "Chairman" of the Agency in the Indenture shall mean the Chair of the governing board of the Successor Agency (*ex-officio* the Mayor of the Town). All references to "Executive Director" shall mean the Executive Director of the Successor Agency (*ex-officio* the Town Manager of the Town). All references to "Finance Officer" shall mean the Finance Director of the Successor Agency (*ex-officio* the Finance Director of the Town).

(b) After the Closing Date of the 2016 Subordinate Bonds, there shall be Outstanding under the Indenture, the 2009 Refunding Bonds, the 2016 Subordinate Bonds and any Additional Refunding Bonds which may be hereafter issued pursuant to Sections 4.01 and 4.02 of the Master Indenture, as amended and restated by Sections 33.01 and 33.02 of this Fourth Supplemental Indenture. No additional "notes" will be outstanding or be issued under the Indenture. All references to "Note" or "Notes" heretofore set forth in the Indenture are hereby amended and replaced instead with "Bond" or "Bonds" as applicable. All references to "Book-Entry Notes" set forth in the Indenture are hereby amended and replaced with "Book-Entry Bonds." All references to "Noteholder" or "Noteholders" set forth in the Indenture are hereby amended and replaced with "Bondholder" or "Bondholders." "Additional Notes" shall be "Additional Refunding Bonds."

Section 33.02 Amendments to Section 4.01 of Master Indenture (Conditions to Issuance of Additional Bonds). Section 4.01 of the Master Indenture (which has been previously supplemented by the Second Supplemental Indenture and the Third Supplemental Indenture) is hereby restated and amended in its entirety as follows:

> "SECTION 4.01. Conditions for the Issuance of Additional Refunding Bonds. From and after the execution and delivery of the Fourth Supplemental Indenture, the Successor Agency may not issue any additional Bonds or incur any other obligations which will be secured by a lien and charge upon the Tax Revenues on a parity with the lien and charge securing the Outstanding 2009 Refunding Bonds, or senior to the lien and charge securing the 2016 Subordinate Bonds. The Successor Agency may issue one or more series of Additional Refunding Bonds, payable from and secured by a lien and charge upon the Tax Revenues on a parity with the 2016 Subordinate Bonds, but solely for refunding purposes and subject to the following conditions precedent with respect to each such issuance:
>
> (a) A Certificate of the Successor Agency shall have been filed with the Trustee to the effect that: (i) the Successor Agency is in compliance with all covenants set forth in the Indenture in all material respects; (ii) no

event of default has occurred and be continuing; (iii) the issuance of such Additional Refunding Bonds is in compliance with HSC Section 34177.5 (but only to the extent that such provision of the Dissolution Act is then in effect), and (iv) the Successor Agency expects to be able to make all scheduled debt service payments on the Outstanding Bonds, including such Additional Refunding Bonds to be issued, through their respective final maturity and containing such other statements as may be reasonably necessary to show compliance with the requirements of the Indenture;

(b) The issuance of such Additional Refunding Bonds shall have been duly authorized pursuant to the Law and all applicable laws, and the issuance of such Additional Refunding Bonds shall have been provided for by a Supplemental Indenture which shall specify the following:

(i) The authorized principal amount of such Additional Refunding Bonds;

(ii) The Principal Payment Date(s) and the Sinking Installment Payment Date(s), if any, for such Additional Refunding Bonds; provided that each Principal Payment Date and each Sinking Account Payment shall only be on June 1;

(iii) The Interest Payment Dates for such Additional Refunding Bonds; provided that each Interest Payment Date shall be on June 1 or December 1;

(iv) The authorized denomination of such Additional Refunding Bonds;

(v) The redemption premiums, if any, and the redemption terms, if any, for such Additional Refunding Bonds;

(vi) The amount of each mandatory Sinking Installment, if any, for such Additional Refunding Bonds;

(vii) The amount (equal to the initial Reserve Account Requirement for such Additional Refunding Bonds) to be deposited or transferred into the Reserve Subaccount for such series of Additional Refunding Bonds from one or a combination of the following sources: (A) the proceeds of such Additional Refunding Bonds or (B) the Reserve Subaccount of the Bonds being refunded, or (C) other funds of the Successor Agency legally available therefor;

(viii) The form of such Additional Refunding Bonds; and

(ix) Such other provisions, as are necessary or appropriate and not inconsistent with this Indenture; and

(c) There shall have been delivered to the Trustee a Consultant's Report from an Independent Financial Consultant showing, that (i) the aggregate debt service on such proposed Additional Refunding Bonds is lower than debt service on the Bonds being refunded (in either case, disregarding any optional redemption before maturity), and (ii) the final maturity of any such proposed Additional Refunding Bond does not exceed the final maturity of the Bonds being refunded."

Section 33.03 Amendments to Section 4.02 of Master Indenture (Procedures for Issuance of Additional Bonds). Section 4.02 of the Master Indenture is hereby restated and amended in its entirety as follows:

"SECTION 4.02. Procedures for the Issuance of Additional Refunding Bonds. All of the Additional Refunding Bonds shall be executed by the Successor Agency for issuance under this Indenture and delivered to the Trustee and thereupon shall be delivered by the Trustee upon the Written Request of the Agency, but only upon receipt by the Trustee of the following documents or money or securities:

(a) A certified copy of the Supplemental Indenture authorizing the issuance of such Additional Refunding Bonds;

(b) A Written Request of the Agency as to the delivery of such Additional Refunding Bonds;

(c) An opinion of counsel of recognized standing in the field of law relating to municipal bonds to the effect that: (a) the Successor Agency has the right and power under the Law to enter into such Supplemental Indenture, and such Supplemental Indentures have been duly executed by the Successor Agency; and the Indenture, as supplemented by such Supplemental Indenture, is the valid and binding upon the Successor Agency (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights, by application of equitable principles and by exercise of judicial discretion in appropriate cases), and no other authorization for such Supplemental Indenture is required; (b) the Indenture creates the valid pledge which it purports to create of the Tax Revenues as provided in this Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (c) such Additional Refunding Bonds are valid and binding special obligations of the Successor Agency, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights, by application of equitable principles and by exercise of judicial discretion in appropriate cases) and the terms of the Indenture and entitled to the benefits of this Indenture and the Law, and such Additional Refunding Bonds have been duly and

validly authorized and issued in accordance with the Law and the Indenture;

(d) The Consultant's Report required by Section 4.01(c);

(e) The Certificate of the Successor Agency required by Section 4.01(a); and

(f) Such further documents, money and securities as are required by the provisions of this Indenture and the Supplemental Indenture providing for the issuance of such Additional Refunding Bonds."

Section 33.04 Amendments to Article IV by Addition of Section 4.03 (Incurrence of Subordinate Obligations). Article IV of the Master Indenture is hereby further amended by the addition of Section 4.03, to read as follows:

"SECTION 4.03. Incurrence of Subordinate Obligations. Nothing contained in the Indenture shall limit the issuance of any tax allocation notes or bonds of the Successor Agency payable from the Tax Revenues and secured by a lien and charge on the Tax Revenues if, after the issuance and delivery of such tax allocation notes or bonds, none of the Bonds issued under this Indenture will be Outstanding. Except as provided in Section 6.18 of the Indenture for any period during which the Successor Agency is then in default under this Indenture, nothing contained in this Indenture shall limit the issuance of any tax allocation notes or bonds of the Agency secured by a lien and charge on tax increment revenues (including Tax Revenues) junior to that securing the Bonds Outstanding under this Indenture."

Section 33.05 Amendments to Section 5.01 of Master Indenture (Pledge of Tax Revenues; Establishment of Special Fund). Section 5.01 of the Master Indenture is hereby restated and amended in its entirety as follows:

"SECTION 5.01. Pledge of Tax Revenues; Special Fund. All the Tax Revenues and all money in the funds or accounts provided for in this Indenture (except the Rebate Fund or any other amounts set aside for the payment of arbitrage rebate relating to the Bonds as required by a Tax Certificate or the Code) are hereby irrevocably pledged to the punctual payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Tax Revenues and such other money shall not be used for any other purpose while any of the Bonds remain Outstanding, subject to the provisions of the Indenture permitting application thereof for the purposes and in accordance with the terms and conditions set forth in the Indenture. This pledge shall constitute a first lien on the Tax Revenues and such other money for the payment of the Bonds in accordance with the terms thereof; provided, that such pledge and lien with respect to the 2009 Refunding Bonds shall rank senior to the pledge and lien with respect to the 2016 Subordinate Bonds and any other Additional Refunding Bonds hereafter issued; provided, further, moneys in each Reserve Subaccount, so long as it is on deposit therein and not released therefrom pursuant to the terms of this Indenture, shall be used for the relevant series of Bonds only.

There has been established pursuant to this Indenture a fund known as the "Paradise Redevelopment Agency, Paradise Redevelopment Project Special Fund" (the "Special Fund") to be established and maintained by the Trustee so long as any of the Bonds issued under this Indenture remain Outstanding."

Section 33.06 Amendment to Section 5.02 of Master Indenture (Deposit of Tax Revenues in Special Fund). Section 5.02 of the Master Indenture is hereby amended and restated in its entirety as follows:

"SECTION 5.02. Deposit of Tax Revenues in Special Fund.

(a) The Successor Agency shall include in each ROPS to be submitted after the effective date of the Fourth Supplemental Indenture, a request for the County Auditor-Controller to distribute from the RPTTF to the Successor Agency on each RPTTF Disbursement Date, the following amounts: (i) the interest payment coming due with respect to the Outstanding Bonds during such ROPS Payment Period, (ii) for any ROPS Payment Period which covers payment from July through December of a calendar year, at least one-half of the principal amount (including maturing principal and any Sinking Installment) coming due with respect to the Bonds on June 1 of the next calendar year (the "Principal Reserve"), (iii) for any ROPS Payment Period which covers payments from January through June of any calendar year, an amount equal to the principal amount coming due on June 1 of such calendar year, less the Principal Reserve already received in connection with the immediately prior ROPS Payment Period and deposited with the Trustee, and (iv) amounts, if any, required to replenish each Reserve Subaccount (including payments to the provider of any Reserve Credit Facility for draws on such Reserve Credit Facility), pursuant to Section 5.07 below.

(b) Upon the Successor Agency's receipt of Tax Revenues on each RPTTF Disbursement Date, the Successor Agency shall promptly apply the Tax Revenues pursuant to the ROPS (as approved by the State Department of Finance) and transfer the Tax Revenues received for the payment of debt service of the Bonds (including the Principal Reserve) and any replenishment of the Reserve Subaccounts the Trustee for deposit into the Special Fund; provided, that the Successor Agency shall not be obligated to transfer to the Trustee for deposit in the Special Fund in any Bond Year, an amount of Tax Revenues which, together with other available amounts in the Special Fund exceeds the amounts required to be transferred to the Trustee for deposit in the Interest Account, Principal Account and the Reserve Account in such Bond Year pursuant to the Indenture.

(c) If and only at such time that, during any Bond Year, the moneys deposited into the Special Fund is at least equal to the amount required to the transferred by the Successor Agency to the Trustee for deposit into the Interest Account, the Principal Account and the Reserve Account pursuant to the Indenture for such Bond Year (the "Bond Year Requirement"), then the Tax Revenues in excess of

the Bond Year Requirement shall be released from the pledge and lien hereunder; and such excess Tax Revenues may be applied for other lawful purposes.

(d) All Tax Revenues and any other amounts at any time paid by the Successor Agency and designated in writing for deposit in the Special Fund shall be held by the Trustee solely for the uses and purposes set forth in the Indenture. So long as any of the Bonds are Outstanding, the Successor Agency shall not have any beneficial right or interest in the Tax Revenues pledged hereunder, except only as provided in the Indenture, and such moneys shall be used and applied as set forth in the Indenture."

Section 33.07 Amendment to Sections 5.03, 5.04, 5.05. 5.06 of Master Indenture. Pursuant to the Dissolution Act, the provisions of Sections 5.03, 5.05 and 5.06 regarding the Housing Fund and the Redevelopment Fund are no longer applicable. Pursuant to Section 35.02 below, a 2016 Costs of Issuance Fund will be established for the 2016 Subordinate Bonds. The Successor Agency intends that, to the extent Additional Refunding Bonds will be issued, a separate cost of issuance account or fund for each series of Additional Refunding Bonds will be established under the applicable Supplemental Indenture, as required. Therefore, the provisions of Section 5.04 regarding the Expense Fund is no longer needed. In light of the foregoing, Sections 5.03, 5.04, 5.05 and 5.06 are amended and restated to read, in their entirety, as follows:

"SECTION 5.03. [Reserved].

SECTION 5.04 [Reserved].

SECTION 5.05 [Reserved].

SECTION 5.06 [Reserved]."

Section 33.08 Amendment to Section 5.07 of Master Indenture (Establishment and Maintenance for Use of Moneys in Special Fund). In recognition of the senior status of the 2009 Refunding Bonds, there shall be established additional subaccounts within each of the Interest Account, the Principal Account and the Reserve Account for the 2009 Refunding Bonds, as provided below. Section 5.07 of the Master Indenture is hereby amended and restated in its entirety as follows:

"SECTION 5.07. Establishment and Maintenance of Accounts for Use of Moneys in Special Fund. All Tax Revenues in the Special Fund shall be set aside by the Trustee in each Bond Year when and as received in the following respective special accounts within the Special Fund (each of which is hereby created and each of which the Trustee hereby covenants and agrees to cause to be maintained):

(1) the Interest Account (and within the Interest Account, the 2009 Senior Interest Subaccount, and the Subordinate Interest Subaccount);

(2) the Principal Account (and within the Principal Account, the 2009 Senior Principal Subaccount, and the Subordinate Principal Subaccount);

(3) the Reserve Account (and within the Reserve Account: (i) the 2009 Senior Reserve Subaccount, (ii) the 2016 Reserve Subaccount and a separate subaccount for each series of Additional Refunding Bonds); and

(4) the Surplus Account.

All moneys in each of such accounts (and subaccounts therein) shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section 5.07.

The Trustee shall make deposits in the accounts and subaccounts in the Special Fund in each Bond Year in the following order of priority:

(a) 2009 Senior Interest Subaccount. On or before each Interest Payment Date, the Trustee shall set aside from the Special Fund and deposit in the 2009 Senior Interest Subaccount an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding 2009 Refunding Bonds. No deposit need be made into the 2009 Senior Interest Subaccount if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding 2009 Refunding Bonds on the Interest Payment Dates in such Bond Year. All moneys in the 2009 Senior Interest Subaccount shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the 2009 Refunding Bonds as it shall become due and payable (including accrued interest on any 2009 Refunding Bonds purchased or redeemed prior to maturity).

(b) 2009 Senior Principal Subaccount. On or before each December 1, the Trustee shall set aside from the Special Fund and deposit in the 2009 Senior Principal Subaccount one-half of the aggregate amount of principal coming due (including maturing principal and Sinking Installment) on the Outstanding 2009 Refunding Bonds on the immediately following June 1; provided, that if the Successor Agency has transferred to the Trustee a different amount based on the Successor Agency's receipt of the Principal Reserve (as specified by the Successor Agency to the Trustee in writing), then the Trustee will deposit such different amount into the 2009 Senior Principal Subaccount. Then on or before each Principal Payment Date, the Trustee shall set aside from the Special Fund and deposit in the 2009 Senior Principal Subaccount, an amount of money which, together with any money contained therein, is equal to the aggregate amount of (including maturing principal and Sinking Installment) becoming due and payable on all Outstanding 2009 Refunding Bonds on such Principal Payment Date.

In the event that there shall be insufficient money in the Special Fund to make in full all such principal payments and Sinking Installments with respect to the 2009 Refunding Bonds in such Bond Year, then the money available in the Special Fund shall be applied *pro rata* to the making of such principal payments and such Sinking Installments in the proportion which all such principal payments and Sinking Installments bear to each other.

No deposit need be made into the 2009 Senior Principal Subaccount if the amount contained therein is at least equal to the aggregate amount of principal of all Outstanding 2009 Refunding Bonds becoming due and payable on the Principal Payment Date in such Bond Year. All money in the 2009 Senior Principal Subaccount shall be used and withdrawn by the Trustee solely for the purpose of paying principal of the 2009 Refunding Bonds as they shall become due and payable.

(c) 2009 Senior Reserve Subaccount. On or before each Interest Payment Date, the Trustee shall set aside from the Special Fund and deposit in the 2009 Senior Reserve Subaccount, such amount of money (or Reserve Credit Facility as contemplated below) as shall be required to restore the balance in the 2009 Senior Reserve Subaccount to an amount equal to the Reserve Account Requirement for the Outstanding 2009 Refunding Bonds.

The Trustee shall value the balance in the 2009 Senior Reserve Subaccount semi-annually at least 30 days before each Interest Payment Date in accordance with Section 5.08. If at any time the balance in the 2009 Senior Reserve Subaccount falls below the Reserve Account Requirement for the Outstanding 2009 Refunding Bonds, the Trustee shall promptly notify the Successor Agency in writing. Upon receipt of such notice from the Trustee, the Successor Agency shall take such action as necessary to include the amount necessary to restore the 2009 Senior Reserve Subaccount balance to the Reserve Account Requirement in its next transfer of moneys to the Special Fund as soon as permissible under the Dissolution Act.

No deposit need be made into the 2009 Senior Reserve Subaccount so long as there shall be on deposit therein an amount equal to the Reserve Account Requirement for the Outstanding 2009 Refunding Bonds.

All money in or credited to the 2009 Senior Reserve Subaccount shall be used and withdrawn by the Trustee solely for the purpose of replenishing the 2009 Senior Interest Subaccount or the 2009 Senior Principal Subaccount in such order, in the event of any deficiency in any of such accounts occurring on any Interest Payment Date or Principal Payment Date or for the purpose of paying the interest on or the principal of the 2009 Refunding Bonds in the event that no other money of the Successor Agency is lawfully available therefor, or for the retirement of all 2009 Refunding Bonds then Outstanding, except that so long as the Successor Agency is not in default hereunder, any amount in the 2009 Senior Reserve Subaccount in excess of the Reserve Account Requirement for the Outstanding

2009 Refunding Bonds may, upon Written Request of the Agency, be withdrawn from the 2009 Senior Reserve Subaccount by the Trustee and transferred to the Surplus Account.

Notwithstanding any provision of this Indenture to the contrary, all or any portion of the Reserve Account Requirement for the 2009 Senior Reserve Subaccount may be satisfied by the provision of an insurance policy, a surety bond, a letter of credit or other comparable credit facility, or a combination thereof (collectively, the "Reserve Credit Facility"), which, together with moneys on deposit in the 2009 Senior Reserve Account, provide funds in an aggregate amount equal to the Reserve Account Requirement for the 2009 Refunding Bonds; provided, however, that the Reserve Credit Facility shall be issued by a financial institution whose unsecured debt obligations (or in the case of an insurance company, which obligations are secured by such insurance company's insurance policies) are rated at the time of delivery of the Reserve Credit Facility in one of the two highest rating categories of Moody's (without regard to any numerical or "+/-" modifier). Upon delivery of any Reserve Credit Facility, any cash on deposit in the 2009 Senior Reserve Subaccount in excess of the Reserve Account Requirement for the 2009 Refunding Bonds shall be transferred to the Surplus Account.

(d) Subordinate Interest Subaccount. On or before each Interest Payment Date, the Trustee shall set aside from the Special Fund and deposit in the Subordinate Interest Subaccount an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on the 2016 Subordinate Bonds and all other Additional Refunding Bonds then Outstanding. No deposit need be made into the Subordinate Interest Subaccount if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on such Bonds on the Interest Payment Dates in such Bond Year. All moneys in the Subordinate Interest Subaccount shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on such Bonds as it shall become due and payable (including accrued interest on any of such Bonds purchased or redeemed prior to maturity).

In the event that there shall be insufficient money in the Special Fund to make in full all such interest payments on such Interest Payment Date, then the money available in the Special Fund shall be applied *pro rata* in the proportion to the interest payment then due with respect to each relevant series of Bonds bear to each other.

(e) Subordinate Principal Subaccount. On or before each December 1, the Trustee shall set aside from the Special Fund and deposit in the Subordinate Principal Subaccount one-half of the aggregate amount of principal coming due (including maturing principal and Sinking Installment) on the 2016 Subordinate Bonds and all other Additional Refunding Bonds then Outstanding, on the immediately following June 1; provided, that if the Successor Agency has transferred to the Trustee a different amount based on the Successor Agency's receipt of the Principal Reserve (as specified by the Successor Agency to the Trustee in

writing), then the Trustee will deposit such different amount into the Subordinate Principal Subaccount. Then on or before each Principal Payment Date, the Trustee shall set aside from the Special Fund and deposit in the Subordinate Principal Subaccount, an amount of money which, together with any money contained therein, is equal to the aggregate amount of (including maturing principal and Sinking Installment) becoming due and payable on all the 2016 Subordinate Bonds and all other Additional Refunding Bonds then Outstanding on such Principal Payment Date.

In the event that there shall be insufficient money in the Special Fund to make in full all such principal payments and Sinking Installments in such Bond Year, then the money available in the Special Fund shall be applied *pro rata* to the making of such principal payments and such Sinking Installments in the proportion which all such principal payments and Sinking Installments bear to each other.

No deposit need be made into the Subordinate Principal Subaccount if the amount contained therein is at least equal to the aggregate amount of principal of all 2016 Subordinate Bonds and all other Additional Refunding Bonds then Outstanding becoming due and payable on the Principal Payment Date in such Bond Year. All money in the Subordinate Principal Subaccount shall be used and withdrawn by the Trustee solely for the purpose of paying principal of the 2016 Subordinate Bonds and all other Additional Refunding Bonds then Outstanding as they shall become due and payable.

(f) Subordinate Reserve Subaccounts. On or before each Interest Payment Date, the Trustee shall set aside from the Special Fund and deposit in each Subordinate Reserve Subaccount, such amount of money (or Reserve Credit Facility as contemplated below) as shall be required to restore the balance in such Subordinate Reserve Subaccount to an amount equal to the Reserve Account Requirement for the relevant series of Outstanding Bonds. The Trustee shall value the balance in each Subordinate Reserve Subaccount semi-annually at least 30 days before each Interest Payment Date in accordance with Section 5.08. If at any time the balance in such Subordinate Reserve Subaccount falls below the Reserve Account Requirement for the applicable series of Outstanding Bonds, the Trustee shall promptly notify the Successor Agency in writing. Upon receipt of such notice from the Trustee, the Successor Agency shall take such action as necessary to include the amount necessary to restore such Subordinate Reserve Subaccount balance to the relevant Reserve Account Requirement in its next transfer of moneys to the Special Fund as soon as permissible under the Dissolution Act.

No deposit need be made into a Subordinate Reserve Subaccount so long as there shall be on deposit therein an amount equal to the Reserve Account Requirement for the applicable series of Outstanding Bonds.

All money in or credited to a Subordinate Reserve Subaccount shall be used and withdrawn by the Trustee solely for the purpose of: (A) replenishing, first, the

Subordinate Interest Subaccount to pay for interest on the relevant series of Bonds or, second, the Subordinate Principal Subaccount, to pay for principal (whether maturing principal or Sinking Installment Account) on the relevant series of Bonds in the event of any deficiency in any of such subaccounts occurring on any Interest Payment Date or Principal Payment Date in the event that no other money of the Successor Agency is lawfully available therefor, or (B) for the retirement of all of the then Outstanding Bonds of the relevant series, except that for long as the Successor Agency is not in default hereunder, any amount in a Subordinate Reserve Subaccount in excess of the relevant Reserve Account Requirement may, upon Written Request of the Agency, be withdrawn from such Subordinate Reserve Subaccount by the Trustee and transferred to the Surplus Account.

In the event that there shall be insufficient money in the Special Fund to restore all of the Subordinate Reserve Subaccounts to the applicable Reserve Account Requirement, then the money available in the Special Fund shall be applied to the Subordinate Reserve Subaccounts, on a *pro rata* basis, based on the deficiency of each Subordinate Reserve Subaccount.

Notwithstanding any provision of this Indenture to the contrary, all or any portion of the Reserve Account Requirement for a Subordinate Reserve Subaccount may be satisfied by the provision of a Reserve Credit Facility, which, together with moneys on deposit in such Subordinate Reserve Subaccount, provide funds in an aggregate amount equal to the Reserve Account Requirement for the relevant series of Outstanding Bonds; provided, however, that the Reserve Credit Facility shall be issued by a financial institution whose unsecured debt obligations (or in the case of an insurance company, which obligations are secured by such insurance company's insurance policies) are rated at the time of delivery of the Reserve Credit Facility in one of the two highest rating categories of S&P or Moody's (without regard to any numerical or "+/-" modifier). Upon delivery of any Reserve Credit Facility, any cash on deposit in the a Subordinate Reserve Subaccount in excess of the Reserve Account Requirement for the relevant series of Outstanding Bonds shall be transferred to the Surplus Account.

(g) Surplus Account. Each Bond Year, solely after making the deposits required by paragraphs (a) through (f) above for such Bond Year, the Trustee shall set aside from the Special Fund and deposit in the Surplus Account all money then remaining in the Special Fund. On June 2 of each year if the Successor Agency is not then in default hereunder, the Trustee shall: (i) transfer any money in the Surplus Account to the Successor Agency for lawful use or (ii) upon the Written Request of the Agency, purchase the Bonds as instructed by the Successor Agency.

Notwithstanding the foregoing, in the event of any deficiency in any subaccount of the Interest Account or the Principal Account to pay interest on, or principal of, on the Bonds as such payments are due, the Trustee shall use moneys then on deposit in the Surplus Account, to the extent possible, to make up such deficiency before making draws from any Reserve Subaccount (and apply such moneys in

the following order and priority: (1) interest on the 2009 Refunding Bonds, (2) principal of the 2009 Refunding Bonds, (3) interest on the 2016 Subordinate Bonds and each series of Outstanding Additional Refunding Bonds, *pro rata*, and (4) principal of the 2016 Subordinate Bonds and each series of Outstanding Additional Refunding Bonds, *pro rata*).

Further notwithstanding the foregoing, so long as the Successor Agency is not then in default under the Indenture and the moneys in the Surplus Account are not required for the payment of interest or principal on the Bonds pursuant to the preceding paragraph, moneys in the Surplus Account may be used to redeem any Bonds (to the extent permitted under the Indenture) or purchase Outstanding Bonds, upon the Written Request of the Agency delivered to the Trustee. Any such purchases of Outstanding Bonds may be made by the Trustee, at public or private sale as and when, and at such prices as the Successor Agency may in its discretion determine; provided that, unless otherwise authorized by the Law, such prices (including brokerage or other expenses) shall not exceed the greater of (i) par plus accrued interest or (ii) the price at which such Bonds may then be called for redemption. Any accrued interest payable upon the purchase of Bonds may be paid from amounts held in the Special Fund for the payment of interest on the next following Interest Payment Date. Any Bonds so purchased shall be cancelled by the Trustee forthwith and shall not be reissued."

Section 33.09 Amendment to Section 5.08 of Master Indenture (Investment of Funds and Accounts). The first paragraph of Section 5.08 of the Master Indenture is hereby amended and restated as follows:

"SECTION 5.08. Investment of Moneys in Funds and Accounts. Moneys in the Interest Account, the Principal Account, the Reserve Account and the Surplus Account (and the subaccounts therein) in the Special Fund, upon the Written Request of the Agency, shall be invested by the Trustee in Permitted Investments. Moneys in the each Reserve Subaccount shall be valued at market value and marked to market semi-annually at least 30 days before each Interest Payment Date. The obligations in which moneys in each Reserve Subaccount are invested shall have maturities of no longer than five years, except for investment agreements that are Permitted Investments. The obligations in which moneys in the Interest Account, the Principal Account or the Surplus Account (and subaccounts therein) are invested shall mature prior to the date on which such moneys are estimated to be required to be paid out hereunder. Any interest, income or profits from the deposits or investments of all funds, accounts and subaccounts held by the Trustee (other than the Rebate Fund) shall be deposited in the Special Fund."

Section 33.10 Amendment to Section 6.15 of Master Indenture (Compliance With Law). In recognition of the Dissolution Act and that, pursuant thereto, the Successor Agency no longer holds any Housing Fund and, further, pursuant to HSC Section 34189(a), payments with respect to the Bonds are no longer subject to any limits relating to time and numbers of tax dollars included the Redevelopment Plan pursuant to HSC Sections 33333.2, 33333.4, and 33333.6, Section 6.15 of the Master Indenture is hereby amended and restated in its entirety as follows:

"SECTION 6.15. Compliance with Law. The Successor Agency shall at all times act in compliance with the Law in a manner that would not materially adversely affect the Successor Agency's ability to make timely payment on the Bonds or otherwise perform its obligations under the Indenture."

Section 33.11 Amendment to Section 6.18 of Master Indenture (Issuance of Subordinate Debt). Section 6.18 of the Master Indenture is hereby amended and restated in its entirety as follows:

"SECTION 6.18. Issuance of Subordinate Debt. The Successor Agency covenants that it shall not issue any obligations (herein referred to as "Subordinate Debt") secured by a lien and charge upon the Tax Revenues which is subordinate to the lien and charge securing the Outstanding Bonds if the Successor Agency is then in default hereunder unless the proceeds of issuance of such Subordinate Debt will be used to cure such default. Prior to the issuance of any Subordinate Debt, the Successor Agency shall deliver to the Trustee a Certificate of the Agency to the effect that the Successor Agency expects to be able to make all scheduled debt service payments on the Outstanding Bonds and any outstanding Subordinate Debt (including the proposed Subordinate Debt), through their respective final maturity."

Section 33.12 Amendment to Section 9.02 of Master Indenture (Application of Funds Upon Acceleration). To recognize the senior pledge and lien with respect to the 2009 Refunding Bonds, the last paragraph (which starts with "Second, upon presentation") of Section 9.02 of the Master Indenture is hereby amended and restated in its entirety as follows:

"Second, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then *first* to the payment of such interest, principal, and interest on overdue interest and principal with respect to the then Outstanding 2009 Refunding Bonds without preference or priority among such interest, principal, and interest on overdue interest and principal, ratably to the aggregate of such interest, principal, and interest on overdue interest and principal, then *second* to the payment of such interest, principal, and interest on overdue interest and principal with respect to the other Outstanding Bonds without preference or priority among such interest, principal, and interest on overdue interest and principal, ratably to the aggregate of such interest, principal, and interest on overdue interest and principal."

Section 33.13 Amendment to Section 11.01 of Master Indenture (Liability of Agency Limited to Tax Revenues). To further recognize the senior pledge and lien with respect to the 2009 Refunding Bonds, the second sentence of the second paragraph of Section 11.01 of the Master Indenture is hereby amended and restated to read as follows:

"All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Tax Revenues, and the Tax Revenues constitute a trust fund for the security and payment of the interest on and the principal of the Bonds, to the extent set forth in this Indenture;

provided, however, notwithstanding the foregoing, it is recognized that the 2009 Refunding Bonds shall have a lien on the Tax Revenues that rank senior to the 2016 Subordinate Bonds and any other Additional Refunding Bonds."

Section 33.14 Clarification Regarding Article VIII, Article XXIII and Future Amendments to Indenture. To the extent that a proposed Supplemental Indenture contains amendments that affect only a particular series of then Outstanding Bonds and Owners' consent is required pursuant to Section 8.01 or Section 30.01 for such amendments, then such Supplemental Indenture shall become binding if the written consent of the Owners of 60 percent in aggregate amount of such series of Bonds then Outstanding (exclusive of Bonds disqualified pursuant to Section 8.02). To the extent that a Supplemental Indenture contains amendments that affect all of the then Outstanding Series of Bonds and Owners' consent is required pursuant to Section 8.01 or Section 30.01 for such amendment, then such Supplemental Indenture shall become binding if the written consent of the Owners of 60 percent in aggregate amount of all of the Bonds then Outstanding (exclusive of Bonds disqualified pursuant to Section 8.02). It is reaffirmed that no such amendment shall (1) extend the maturity of, or reduce the interest rate on, or otherwise alter or impair the obligation of the Successor Agency to pay the interest or principal or redemption premium, if any, at the time and place and at the rate and in the currency provided herein of any Bond, without the express written consent of the Owner of such Bonds, or (2) permit the creation by the Successor Agency of any mortgage, pledge or lien upon the Tax Revenues superior to or on a parity with the pledge and lien created in this Indenture for the benefit of the Bonds, without the express written consent of the Owner of such Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, without the express written consent of the Owner of such Bond, or (4) modify the rights or obligations of the Trustee without its prior written assent thereto.

Section 33.15 Clarification Regarding Payment on Business Days. This provision is being added for clarification purposes: Whenever any amount is required to be paid under the Indenture on a day that is not a Business Day, such payment shall be made, without accruing additional interest thereby, on the Business Day immediately following such day.

ARTICLE XXXIV
TERMS OF 2016 SUBORDINATE BONDS

Section 34.01 Designation; Purpose. The 2016 Subordinate Bonds are authorized to be issued in the aggregate principal amount of $_____ and shall be designated the Successor Agency's Paradise Redevelopment Project, 2016 Subordinate Tax Allocation Refunding Bonds. The 2016 Subordinate Bonds are authorized to be issued by the Successor Agency pursuant to the 2016 Successor Agency Resolution, the 2016 Oversight Board Resolution, the Law (specifically, HSC Section 34177.5) and the Refunding Bond Law. The 2016 Subordinate Bonds shall be issued subject to the terms of the Indenture, for the purpose of refunding the 2006 Subordinate Notes. In such connection, proceeds from the sale of 2016 Subordinate Bonds will be used to: (i) provide funds for the retirement of the 2006 Subordinate Notes; (ii) fund a deposit into the 2016 Reserve Subaccount; and (iii) pay costs of issuance of the 2016 Subordinate Bonds.

Section 34.02 Terms of the 2016 Subordinate Bonds.

(a) The 2016 Subordinate Bonds shall be issued as fully registered Bonds without coupons in authorized denominations of $5,000 or any integral multiple thereof and shall be initially issued as Book-Entry Bonds pursuant to Section 2.12 of the Indenture. The 2016 Subordinate Bonds shall be dated their Closing Date and shall bear interest at such rates (payable on each December 1 and June 1, commencing [June 1, 2017]) and shall mature and become payable as to principal on June 1 in each of the years set forth below:

Maturity (June 1)	Principal Amount	Interest Rate

(b) Interest on the 2016 Subordinate Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the 2016 Subordinate Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a 2016 Subordinate Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (ii) a 2016 Subordinate Bond is authenticated on or before the first Record Date with respect to the 2016 Subordinate Bonds, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any 2016 Subordinate Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest shall be paid on each Interest Payment Date to the person in whose names the ownership

of the 2016 Subordinate Bonds is registered on the bond registration books maintained by the Trustee at the close of business on the immediately preceding Record Date. Interest on any 2016 Subordinate Bond which is not punctually paid or duly provided for on any Interest Payment Date, shall be payable to the person in whose name the ownership of such 2016 Subordinate Bond is registered on the bond registration books of the Trustee at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which shall be given to such Owner not less than ten days prior to such special record date.

(c) Subject to Section 2.12 of the Indenture, interest on the 2016 Subordinate Bonds shall be paid by check of the Trustee mailed by first class mail, postage prepaid, not later than each Interest Payment Date to the Owners of the 2016 Subordinate Bonds at their respective addresses shown on the Trustee's bond registration books as of the close of business on the preceding Record Date; provided, however, that at the written request of the Owner of 2016 Subordinate Bonds in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee prior to any Record Date, interest on such 2016 Subordinate Bonds shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request. The principal of the 2016 Subordinate Bonds and any redemption premium shall be payable in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof to the Trustee.

(d) Notwithstanding the foregoing provisions, payments with respect to Book-Entry Bonds shall be subject to the Depository's procedures pursuant to Section 2.12

Section 34.03 Form of 2016 Subordinate Bonds. The 2016 Subordinate Bonds, the certificate of authentication and the assignment to appear thereon, shall be substantially in the form attached hereto as Appendix A to this Fourth Supplemental Indenture, with necessary or appropriate variations, omissions and insertions as permitted or required by the Indenture. The Bonds shall be delivered in fully registered form, numbered from one upwards in consecutive numerical order. The 2016 Subordinate Bonds shall be executed in accordance with Section 2.05 of the Indenture.

Section 34.04 Redemption of 2016 Subordinate Bonds.

(a) The 2016 Subordinate Bonds maturing on or after June 1, 20__ shall be subject to optional redemption, as a whole or in part from maturities specified by the Successor Agency in writing, prior to their maturity at the option of the Successor Agency on any date on or after June 1, 20__, from funds derived by the Successor Agency from any source, at a redemption price (expressed as a percentage of the principal amount of the 2016 Subordinate Bonds to be redeemed) set forth below, together with interest accrued thereon to the date fixed for redemption, without premium:

Redemption Dates	Redemption Price
June 1, 20__ through May 31, 20__	____%
June 1, 20__ through May 31, 20__	
June 1, 20__ and thereafter	

(b) The 2016 Subordinate Bonds maturing on June 1, 20__ and June 1, 20___, are subject to redemption prior to their stated maturity, in part on a *pro rata* basis, from Sinking Installments deposited in the Principal Account on June 1 of each year commencing June 1, 20__ and June 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

2016 Subordinate Bonds maturing June 1, 20__

Redemption Date (June 1)	Principal Amount to be Redeemed
20__	$
20__*	

* Maturity

2016 Subordinate Bonds maturing June 1, 20__

Redemption Date (June 1)	Principal Amount to be Redeemed
20__	$
20__*	

* Maturity

(c) Reference is hereby made to subsections (b), (c), (d) and (e) of Section 2.04 of the Master Indenture selection of Bonds for redemption, purchase in lieu of redemption, notices of redemption, partial redemption and the effect of redemption, with the following clarifications:

(i) The reference to "Section 2.04(b)" in the first sentence of Section 2.04(c) is in error. The provisions of Section 2.04 apply to purchase in lieu of redemption from Sinking Installments of Term Bonds of any series.

(ii) The Successor Agency shall provide written notice to the Trustee of any optional redemption not less than 45 days prior to the proposed redemption date, or such shorter period as acceptable to the Trustee, in the Trustee's discretion.

(iii) With respect to notice of redemption to an Owner, an Information Service and a Security Depository, Trustee may send such notices by such method (in lieu of first class mail) as acceptable or designated by such Owner, Information Service or Security Depository.

(iv) Notwithstanding anything to the contrary in Section 2.04(d) of the Master Indenture, with respect to the 2016 Subordinate Bonds and any Additional Refunding Bonds, the Successor Agency shall have the right to rescind any optional redemption by written notice of rescission. Any notice of optional redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds) then called for redemption. Neither such cancellation nor lack of available funds shall constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall send notices of rescission of such redemption in the same manner as the original notices of redemption were sent.

ARTICLE XXXV
APPLICATION OF PROCEEDS; 2016 COSTS OF ISSUANCE FUND

Section 35.01 Application of 2016 Subordinate Bonds Proceeds. On the Closing Date, the Trustee shall receive proceeds from the sale of the 2016 Subordinate Bonds in the amount of $_____ (which is equal to the aggregate principal amount of the 2016 Subordinate Bonds, [plus/less] an original issue [premium/discount] of $_____, less an underwriter's discount of $_____). The Trustee shall apply such proceeds immediately upon receipt, as follows:

(a) Deposit $_____ into the "Escrow Fund" established under the 2016 Escrow Agreement for the retirement and discharge of the 2006 Subordinate Bonds;

(b) Deposit $_____ into the 2016 Reserve Subaccount (such amount being equal to the initial Reserve Account Requirement for the 2016 Subordinate Bonds);

(c) Deposit $_____ in the 2016 Costs of Issuance Fund.

On the Closing Date, The Trustee shall also transfer $_____ from the Reserve Account (consisting of the moneys therein funded by proceeds of the 2006 Subordinate Notes) to the Escrow Fund established under the 2016 Escrow Agreement. Immediately, thereafter, the Trustee shall transfer balance of the Reserve Account to the 2009 Senior Reserve Subaccount.

Section 35.02 2016 Costs of Issuance Fund. There is hereby established a separate fund to be known as the "2016 Costs of Issuance Fund" to be held by the Trustee. All moneys in the 2016 Costs of Issuance Fund shall be applied to the payment of Costs of Issuance of the 2016 Subordinate Bonds. Money in the 2016 Costs of Issuance Fund shall be disbursed by the Trustee upon delivery to the Trustee of a requisition, substantially in the form attached as Appendix B to this Fourth Supplemental Indenture (or such other form acceptable to the Trustee), executed by an Authorized Representative of the Agency. Each such requisition shall be sequentially numbered and state the name of the person, firm or corporation to whom payment is due, the amount to be disbursed, the purposes for such disbursement and that such obligation has been properly incurred and is a proper charge against the 2016 Costs of Issuance Fund. Upon the earlier of the payment in full of such Costs of Issuance (or the making of adequate provision for the payment thereof, evidenced by a Certificate of the Agency to the Trustee) relating to the 2016 Subordinate Bonds or 180 days after the Closing Date, any balance remaining in the 2016

Costs of Issuance Fund shall be transferred to the Special Fund for debt service payment with respect to the 2016 Subordinate Bonds.

ARTICLE XXXVI
MISCELLANEOUS

Section 36.01 Tax Covenants with Respect to 2016 Subordinate Bonds.

(a) The Successor Agency shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the Tax-Exempt status of interest on the 2016 Subordinate Bonds under Section 103(a) of the Code or cause interest on the 2016 Subordinate Bonds to be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under Section 55 of the Code.

(b) In furtherance of the foregoing tax covenant, the Successor Agency shall comply with the provisions of the 2016 Tax Certificate, which is incorporated in the Indenture as if fully set forth in the Indenture. These covenants shall survive payment in full or defeasance of the 2016 Subordinate Bonds.

Section 36.02 2016 Continuing Disclosure Agreement. The Successor Agency hereby covenants and agrees to comply with the 2016 Continuing Disclosure Agreement. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the requirements of the 2016 Continuing Disclosure Agreement shall not be considered an Event of Default and the Trustee shall have no right to accelerate amounts due under the Indenture as a result thereof; provided, however, that the Trustee and the Owners of a majority in principal amount of the Outstanding 2016 Subordinate Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations in this Section with respect to the 2016 Continuing Disclosure Agreement.

Section 36.03 CUSIP Numbers. Neither the Successor Agency nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bonds, including, but not limited to, the 2016 Subordinate Bonds issued under this Indenture or in any redemption notice or other notice with respect thereto, and any such redemption notice or other notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Successor Agency nor the Trustee shall be liable for any inaccuracy in such numbers.

Section 36.04 Notices. Any notice, request, demand or other communication under the Indenture relating to the 2016 Subordinate Bonds shall be given by first class mail or personal delivery to the party entitled to such notice at its address set forth below, or by telecopy or other form of telecommunication. Such notice shall be effective (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopier, upon the sender's receipt of an appropriate answer back or other written acknowledgment or confirmation of receipt of the entire notice, approval, demand, report or other communication, (c) if given by first class, registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is

deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if by other means of personal delivery, upon receipt by the intended recipient of the notice. Each entity below may, by written notice to the other party, from time to time modify the address or number to which communications are to be given under the Indenture:

If to the Successor Agency:	Successor Agency to the Paradise Redevelopment Agency 5555 Skyway Paradise, California Attention: Executive Director Tel: (530) 872-6291 Fax: (530) 877-5059
If to the Trustee:	Wells Fargo Bank, National Association 333 Market Street, 18th Floor MAC: A0119-181 San Francisco, CA 94105 Attention: Corporate Trust Tel: (415) 801-8592 Fax: (415) 371-3400

Section 36.05 Governing Law. It is hereby affirmed that this Indenture, as supplemented and amended, including by this Fourth Supplemental Indenture shall be governed by, interpreted under, construed and enforced, in accordance with the laws of the State of California.

Section 36.06 Severability. If any provision of this Fourth Supplemental Indenture is found to be invalid, or if the application of this Fourth Supplemental Indenture to any person or circumstance is disallowed or found to be invalid, the remainder of the provisions of the Indenture, or the application of the Indenture to persons or circumstances other than those to which its application was disallowed or found invalid, will not be affected and will remain in full force and effect.

Section 36.07 Counterparts. This Fourth Supplemental Indenture may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Successor Agency has caused this Fourth Supplemental Indenture to be signed by a duly authorized officer of the Successor Agency and to evidence the Trustee's acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by one of its authorized officers, all as of the date first written above.

SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY

By:_____
Lauren Gill,
Executive Director

ATTEST:

By:_____
Dina Volenski,
Agency Secretary

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By:_____
Authorized Officer

APPENDIX A

FORM OF 2016 SUBORDINATE BOND

[UNLESS THIS 2016 SUBORDINATE BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY 2016 SUBORDINATE BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY
PARADISE REDEVELOPMENT PROJECT
2016 SUBORDINATE TAX ALLOCATION REFUNDING BOND

No. R-_____ $____

Interest Rate	Dated Date	Maturity Date	CUSIP No.
%	_____ __, 2014	June 1, 20_	

Registered Owner: **CEDE & CO.**

Principal Amount:

The Successor Agency to the Paradise Redevelopment Agency, a public body, corporate and politic, duly formed and existing under the laws of the State of California (the "Successor Agency"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above in lawful money of the United States of America, and to pay interest thereon at the Interest Rate specified above in like lawful money until the principal hereof shall have been paid, at the Interest Rate specified above, payable on [June 1, 2017], and semiannually thereafter on December 1 and June 1 of each year (each an "Interest Payment Date"). Interest on this 2016 Subordinate Bond shall be computed on the basis of a 360-day year consisting of twelve 30-day months. This 2016 Subordinate Bond shall bear interest from the Interest Payment Date next preceding the date of authentication hereof, unless: (i) it is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date (*i.e.*, the close of business on the 15th calendar day of the month preceding such Interest Payment Date), in which event it shall bear interest from such Interest Payment Date, (ii) it is authenticated on or before the first Record Date with respect to the 2016 Subordinate Bonds, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on this 2016 Subordinate Bond is in

default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest shall be paid on each Interest Payment Date to the persons in whose names the ownership of this 2016 Subordinate Bonds is registered on the registration books maintained by the Trustee (the "Registration Books") at the close of business on the immediately preceding Record Date. Interest on any 2016 Subordinate Bond which is not punctually paid or duly provided for on any Interest Payment Date shall be payable to the person in whose name the ownership of such 2016 Subordinate Bond is registered on the Registration Books of the Trustee at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which shall be given to such Owner not less than ten days prior to such special record date.

The Principal Amount hereof is payable upon presentation of this 2016 Subordinate Bond at the principal corporate trust office of Wells Fargo Bank, National Association, in San Francisco, as trustee (the "Trustee"), or such other office of the Trustee as the Trustee may designate (the "Corporate Trust Office"). Interest hereon is payable by check of the Trustee mailed by first class mail not later than each Interest Payment Date to the Registered Owner hereof at the address of such Registered Owner as it appears on the registration books of the Trustee as of the preceding Record Date; provided that at the written request of the owner of at least $1,000,000 aggregate principal amount of 2016 Subordinate Bonds, which written request is on file with the Trustee prior to the Record Date immediately preceding the applicable Interest Payment Date, interest on such 2016 Subordinate Bonds shall be paid on such Interest Payment Date by wire transfer to such account within the United States of America as shall be specified in such written request.

This 2016 Subordinate Bond is one of a duly authorized issue of bonds of the Successor Agency designated as the Successor Agency's Paradise Redevelopment Project 2016 Subordinate Tax Allocation Refunding Bonds (the "2016 Subordinate Bonds") in an aggregate principal amount of _____ Dollars ($_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities or interest rates). The 2016 Subordinate Bonds are issued under the provisions of Section 34177.5 of the California Health and Safety Code and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law") and pursuant to a Indenture dated as of December 1, 2003 (the "Master Indenture"), by and between the Paradise Redevelopment Agency (as succeeded by the Successor Agency) and the Trustee, as supplemented and amended, including a Fourth Supplemental indenture, dated as of _____ 1, 2016. The Master Indenture, as so amended and supplemented and as the same may be further amended or supplemented from time to time pursuant to the terms thereof, is referred to herein as the "Indenture." Capitalized terms used but not defined herein have the meanings ascribed to them in the Indenture.

The 2016 Subordinate Bonds are issued to provide for the refunding of the remainder Paradise Redevelopment Agency Paradise Redevelopment Project 2006 Subordinate Tax Allocation Notes (the "2006 Subordinate Notes") previously issued under the Indenture. The 2006 Subordinate Notes were issued to provide financing for the costs of redevelopment within a project area in the Town of Paradise, California, as more particularly described in the Indenture (the "Project Area").

The 2016 Subordinate Bonds are limited obligations of the Successor Agency and are payable, as to interest on and principal of the Bonds, exclusively from the Tax Revenues derived from the Project Area and the funds pledged therefor under the Indenture. The pledge and lien on Tax Revenues with respect to the 2016 Subordinate Bonds are ranked subordinate to the pledge and lien with respect to the Paradise Redevelopment Agency Paradise Redevelopment Project 2009 Tax Allocation Refunding Bonds (the "2009 Refunding Bonds") outstanding under the Indenture. The Successor Agency may, from time to time, issue additional bonds (the "Additional Refunding Bonds") secured by Tax Revenues on a parity with the 2016 Subordinate Bonds, but solely for refunding purposes subject to the conditions set forth the Indentures. So long as the 2016 Subordinate Bonds remain outstanding under the Indenture, the Successor Agency may not issue any additional bonds or incur any additional obligations (except the 2009 Refunding Bonds) which are secured by and payable from Tax Revenues which rank senior to the 2016 Subordinate Bonds.

Collectively, the 2009 Refunding Bonds, the 2016 Subordinate Bonds and any Additional Refunding Bonds that may be hereafter issued under the Indenture are referred to herein as the "Bonds."

Reference is hereby made to the Indenture (copies of which are on file at the office of the Trustee) and all supplements thereto and to the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which the Registered Owner of this 2016 Subordinate Bond, by acceptance hereof, assents and agrees.

This 2016 Subordinate Bond is not a debt of the Town of Paradise (California), the State of California, or any of its political subdivisions, and neither the City, said State, nor any of its political subdivisions (except the Successor Agency) is liable hereon, nor in any event shall this 2016 Subordinate Bond be payable out of any funds or properties other than the Tax Revenues.

The rights and obligations of the Successor Agency and the owners of the 2016 Subordinate Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall: (i) extend the maturity of any 2016 Subordinate Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Successor Agency to pay the principal thereof, or reduce the interest rate on, or otherwise alter or impair the obligation of the Successor Agency to pay the interest or principal or redemption premium, if any, at the time and place and at the rate and in the currency provided in the Indenture of any 2016 Subordinate Bond, without the express written consent of the Owner of such 2016 Subordinate Bond, (ii) permit the creation by the Successor Agency of any mortgage pledge or lien created in the Indenture for the benefit of the 2016 Subordinate Bonds (except as provided in the Indenture); without the express written consent of the Owner of such 2016 Subordinate Bond, (iii) reduce the percentage of 2016 Subordinate Bonds required for the written consent to any such amendment, without the express written consent of the Owner of such Subordinate Bonds, or (iv) modify any of the rights or obligations of the Trustee without its written assent thereto. The Indenture and the rights and obligations of the Successor Agency and of the Owners may also be amended at any time by a

Supplemental Indenture which shall become binding upon execution, without the consent of any Owners, for any one or more of the purposes specified in the Indenture.

The 2016 Subordinate Bonds maturing on or after June 1, 20__ shall be subject to optional redemption, as a whole or in part from the maturities specified by the Successor Agency in writing, prior to their maturity at the option of the Successor Agency on any date on or after June 1, 20__, from funds derived by the Successor Agency from any source, at a redemption price (expressed as a percentage of the principal amount of the 2016 Subordinate Bonds to be redeemed) set forth below, together with interest accrued thereon to the date fixed for redemption, without premium:

Redemption Dates	Redemption Price
June 1, 20__ through May 31, 20__	____%
June 1, 20__ through May 31, 20__	
June 1, 20__ and thereafter	

The 2016 Subordinate Bonds maturing on June 1, 20__ and June 1, 20___, are subject to redemption prior to their stated maturity, in part on a *pro rata* basis, from Sinking Installments deposited in the Principal Account on June 1 of each year commencing June 1, 20__ and June 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

2016 Subordinate Bonds maturing June 1, 20__

Redemption Date (June 1)	Principal Amount to be Redeemed
20__	$
20__*	

* Maturity

2016 Subordinate Bonds maturing June 1, 20__

Redemption Date (June 1)	Principal Amount to be Redeemed
20__	$
20__*	

* Maturity

If an Event of Default occurs, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as provided in the Indenture.

This 2016 Subordinate Bond is transferable by the Registered Owner hereof, in person or by an attorney duly authorized in writing by such person, at said Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this 2016 Subordinate Bond. Upon registration of such transfer a new 2016 Subordinate Bond or 2016 Subordinate Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange therefor.

The Successor Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Successor Agency and the Trustee shall not be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this 2016 Subordinate Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the laws of the State of California and that the amount of this 2016 Subordinate Bond, together with all other indebtedness of the Successor Agency, does not exceed any limit prescribed by the laws of the State of California, and is not in excess of the amount of 2016 Subordinate Bonds permitted to be issued under the Indenture.

This 2016 Subordinate Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, THE SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY has caused this 2016 Subordinate Bond to be executed with the manual or facsimile signature of its Chair, in the Successor Agency's name and on its behalf and attested to by the manual or facsimile signature of the Secretary of the Successor Agency, all as of the Dated Date set forth above.

SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY

By:_____
Jody Jones, Chair

Attest: _____
Dina Volenski, Secretary

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TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 2016 Subordinate Bonds delivered pursuant to the within mentioned Indenture.

Date of Authentication: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By:_____
Authorized Officer

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ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

_____

(Name, Address and Tax Identification or
Social Security Number of Assignee)

the within 2016 Subordinate Bond of the Successor Agency to the Paradise Redevelopment Agency and does hereby irrevocably constitute and appoint _____ attorney to transfer the said 2016 Subordinate Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

_____

Notice: The Signature of this assignment and transfer must correspond with the name as written upon the face of this 2016 Subordinate Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed by

_____

Notice: Signature must be guaranteed by a member of an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or other similar program.

APPENDIX B

FORM OF 2016 COSTS OF ISSUANCE FUND REQUISITION

REQUISITION NO. ___

with reference to

$_____
Successor Agency to the Paradise Redevelopment Agency
Paradise Redevelopment Project
2016 Subordinate Tax Allocation Refunding Bonds,
Series A

_____, 20__

I. The Successor Agency to the Paradise Redevelopment Agency (the "Successor Agency") hereby requests Wells Fargo Bank, National Association , as trustee (the "Trustee") pursuant to the Indenture (defined below), under the terms of which the Successor Agency has issued the above-captioned bonds (the "2016 Subordinate Bonds") to pay from the moneys in the 2016 Costs of Issuance Fund established pursuant to Section 35.02 of the Indenture, the amounts shown on Schedule I attached hereto to the parties indicated in Schedule I. Such payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Schedule I or in invoices submitted in accordance therewith.

II. The payees, the purposes for which the costs have been incurred, and the amount of the disbursements requested are itemized on Schedule I hereto.

III. Each obligation mentioned in Schedule I hereto has been properly incurred and is a proper charge against the 2016 Costs of Issuance Fund. None of the items for which payment is requested has been reimbursed previously from the 2016 Costs of Issuance Fund.

As used herein, "Indenture" refers to the Indenture, dated as of December 1, 2003 (the "Master Indenture"), by and between the Paradise Redevelopment Agency (as succeeded by the Successor Agency) and the Trustee, as supplemented and amended, including a Fourth Supplemental indenture, dated as of _____ 1, 2016.

SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY

By:_____
Lauren Gill, Executive Director